

Top IG Metall official takes over as human resources chief at Volkswagen subsidiary

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Bernd Osterloh, head of the joint works council at Volkswagen and leading member of the IG Metall trade union, has always been convinced he has exactly what it takes to be a manager. In fact, he is the living embodiment of the transformation of the trade unions and their affiliated works councils into paid agents of big business.

It has just been announced that Osterloh is to take over as manager at VW's truck and bus subsidiary, Traton SE, with an annual salary of around €2 million. His job will be to impose a strict austerity program upon the workforce, and he is due to take up his new post as early as May 1.

A number of media reports have claimed that Osterloh is changing sides. This is totally false. Osterloh has always represented the interests of VW against its workforce.

A trained office administrator, Osterloh joined Volkswagen 44 years ago and has been on the works council for 39 years. In 2005, 16 years ago, he took over as chairman of the joint works council from Klaus Volkert, who had to resign and went to prison after details emerged of his sex escapades and corruption at the company's expense. Upon taking over, Osterloh vowed complete transparency in his work as head of the works council in a company that currently employs 670,000 workers.

By transparency, Osterloh did not mean an end to the secret agreements struck with the VW board behind the backs of the workers, which Osterloh continued to make in the manner of his predecessor. VW personnel manager Peter Hartz (author of the notorious anti-welfare Hartz laws) had bribed Klaus Volkert with luxury trips and prostitutes. Osterloh, on the other hand, was only interested in hard cash.

He did not advertise the fact that in his best years he

received up to €750,000 a year as head of the company works council. But when his salary was briefly limited to "only" €100,000 in the wake of investigations by the public prosecutor, he publicly vented his anger. Osterloh considered it quite appropriate that he had become a millionaire through his works council activities. After all, thanks to his efforts, the company had saved far greater sums at the expense of the workers.

As new personnel director at Traton, Osterloh is now lined up to pocket almost three times as much as he did in his best years as a works council member, namely at least €170,000 a month or €2 million per year, plus a hefty pension.

He will turn 65 in September and could retire in July 2022. Based on his previous salary, he would be able to draw a pension running into several tens of thousands of euros a month. Evidently this is not enough. "I want to be active entrepreneurially again and in the coming [!] years contribute very concretely with my work on the board to ensure that Traton successfully masters its path to becoming a global champion in the commercial vehicle industry," he explained.

Workers should take this as a warning. Since Osterloh took over the chairmanship of the works council, he has enforced cost-cutting, guaranteeing fat dividends for the VW owner families Porsche and Piëch, as well as the state of Lower Saxony, where VW has its headquarters.

He is proud of the role he played in developing savings targets and new strategies for submission to VW's highly paid management. In 2014, he presented the company executive with 400 pages of proposals for savings aimed at allowing the company to increase annual profits by €5 billion within just three years, tripling the return on investments from 2 to 6 percent.

Then, just one year later, in the wake of the exhaust emissions scandal, which cost the company billions in compensation, Osterloh was offered the post heading human resources to replace Horst Neumann, who had retired. Osterloh refused, however, calculating that he would be better positioned as head of the works council to press ahead with a rigorous savings program to compensate for the consequences of the diesel emissions fraud. In 2016, he worked out a “Pact for the Future” involving the shedding of 30,000 jobs, including 23,000 in Germany.

Now he and his works council have used the COVID-19 pandemic to carry out further attacks on jobs and conditions in line with the company’s plans for conversion to electric mobility. Another 25,000 jobs are to be sacrificed to finance the necessary billion-euro investment.

Osterloh has also systematically used his position at the head of the works council to elevate “his people” into important posts. Thus, he has paved the way for his former deputy on the company supervisory board and joint works council, Daniela Cavallo, to be his successor. She is to succeed him on both the works council and the VW supervisory board.

He also has influenced the distribution of posts on the company executive. Gunnar Kilian, a close confidant of Osterloh, has been the VW personnel director since April 2018, and Kilian is also responsible for HR at Traton.

It is also an open secret that the current VW boss Herbert Diess is “Osterloh’s man.” The works council leader is said to have personally arranged for Diess’ transfer from BMW to the VW headquarters in Wolfsburg. At a later point, when Diess expressed disagreements with Osterloh about the running of the company, it cost the former dearly. The *Süddeutsche Zeitung* wrote at the end of last week: “Diess was on the verge of being sacked last year; one of the deciding factors in the dispute and then his subsequent retention was: Osterloh.”

Osterloh is now being handsomely rewarded for his decades of work in the interests of the company owners.

He is not an isolated case. The transfer into management of leading IG Metall and works council officials who have earned their stripes by attacking the workforce is integral to the German business model.

Gunnar Kilian at VW, Markus Grolms at Thyssenkrupp Stahl and Oliver Burkhard at the Thyssenkrupp parent company are among the best known cases. They all now pocket several million euros every year.

VW supervisory board Chairman Hans Dieter Pötsch thanked Osterloh for his many years of work for the company. “He has supported and helped to drive forward important strategic steps for the further development and transformation of the company.”

Billionaires Wolfgang Porsche and Hans Michel Piëch, whose families hold a majority stake in Volkswagen through the holding company Porsche SE, stated there was no question that Osterloh was qualified for the executive position at Traton due to his entrepreneurial skills and high level of professional expertise. They declared, “We therefore expect him to make a decisive contribution to the ongoing restructuring in the Traton Group.”

Diess also expressed his praise and hinted at the purpose of Osterloh’s move to the Traton board. In the truck sector, according to Diess, a transformation comparable to that taking place in the auto business was in all likelihood imminent.

The MAN and Scania brands only recently merged into the Traton commercial vehicle division. At the beginning of the year, IG Metall had already agreed to the destruction of 3,500 jobs at the truck and bus manufacturer MAN in Germany and Austria. In addition, rationalization is expected following the purchase of US truck manufacturer Navistar.

Osterloh may rant about doing away with duplicate structures and competences, about the pursuit of synergy effects & etc. ... But for the workers, this translates into job cuts. With Traton, Volkswagen plans to become the world market leader in the truck sector. This is why the company needs Osterloh’s “competence.” He will use his long experience as works council leader and his relations inside IG Metall to once again wipe out many thousands of jobs.



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