

# The new works council leader at Volkswagen: What does she stand for?

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Just over a week ago, 46-year-old Daniela Cavallo took over as the influential chairperson of the joint works council at Volkswagen, which has 670,000 employees worldwide. Nothing will change regarding the policy of the works council. Cavallo follows in the footsteps of her predecessor Bernd Osterloh and, like him, will faithfully defend the interests of the company and its shareholders.

The 64-year-old Osterloh is gilding his retirement with a highly paid three-year contract as personnel director at the VW truck subsidiary Traton. His aim in his new post is to turn Traton into a “global champion” in the commercial vehicle industry. For his services, this longstanding leader of the IG Metall trade union will pocket an annual salary of 2 million euros.

The German media writes in chorus that Cavallo’s appointment opens the way for a new and different approach at VW Group and the entire auto industry. But even if the public is spared Osterloh’s macho appearance and his sham battles with the head of VW, Herbert Diess, this will do nothing to alter the orientation of the works council and IG Metall.

Cavallo was chosen by Osterloh. He made her his deputy two years ago and introduced her to his most important contacts in and around VW. Osterloh regularly took her to meetings with members of the two families which own VW, namely the Porsche and Piëch dynasties. At meetings with the family clans in Salzburg and Zell am See, the two union bureaucrats “discreetly sounded out strategies and personnel plans,” reports *Der Spiegel* in its current issue.

Now, Cavallo has been unanimously elected Osterloh’s successor on all works council bodies—the joint and company works councils, and the European and global company works councils. She will also take over his mandates on the VW supervisory board and presidium as soon as possible.

It is therefore safe to assume that Cavallo may bring a different style but not a different policy to the VW works council. She herself emphasised in a joint press statement with Osterloh that she wanted to build on “his achievements ... The challenges in the transformation of our company and our industry remain great ... With the timing and process of this change at the top, we are demonstrating our reliability: we thus stand for continuity and predictability.”

Cavallo, Osterloh and an entire army of works councillors and union officials are united in the goal of turning VW into a “global champion” and strengthening the company against international

competition at the expense of the workforce.

The new works council chairwoman commenced an apprenticeship and her trade union career at VW after leaving school in 1994. Already as a trainee, she worked as a representative for youth and apprentices. She quickly caught the attention of the IG Metall and works council leaders and was promoted accordingly.

In 2002, aged 27, she became a shop steward and advocate of “Auto 5000” in Hanover. The contract “5000 times 5000,” introduced in 2001 by the then VW personnel manager Peter Hartz in cooperation with IG Metall, established a low-wage sector inside the company for the first time.

Hartz was the author of the federal anti-welfare laws which bear his name, which created a huge low-wage sector in Germany. In his function inside VW, Hartz and the union took advantage of high unemployment levels at the time to slash wages and introduce poorer working conditions. Under “5,000 times 5,000,” 5,000 former unemployed persons were to receive a monthly fixed wage of DM 4,500 and a performance-related bonus of DM 500.

According to its own admission, VW saved more than 20 percent on personnel costs with the new scheme. “Whereas the trade unions had previously warned against dumping wages, they are now responsible for dividing the pay structure and establishing a collectively agreed low-wage sector, which leads in turn to an ever accelerating downward spiral,” commented the WSW 20 years ago.

During her time as a full-time shop steward, Cavallo studied business administration part-time. In 2013, she joined the joint works council. In 2016, she played a leading role in the negotiations on the infamous “Pact for the Future” with Karlheinz Blessing, who was then head of human resources at VW. Blessing had also been a long-time IG Metall and SPD functionary.

Now, *Der Spiegel* praises Cavallo for insisting at the time that jobs should only be eliminated if the work involved was clearly no longer necessary. Blessing is said to have “almost despaired” of her attitude. “She is good at the business of bureaucracy and formalities,” the magazine quotes one VW manager, “she is quite prepared to conduct a war of attrition.”

This portrayal shows above all how remote the union, management (and *Der Spiegel*) are from the concerns and needs of the VW workforce. The “Pact for the Future” agreed by VW, IG Metall and the works council cleared the way for the slashing of 30,000 jobs, combined with a massive deterioration of working

conditions.

Osterloh has described his successor as follows: “Strong in leadership, empathetic and capable of strategic thinking that will surprise many.” Cavallo presented her perspective on February 11 at a so-called perspective dialogue on “Industry and climate protection based on the example of the auto industry.” The dialogue was initiated by the German president Frank-Walter Steinmeier, who invited leaders of German industry and trade unions.

Cavallo advocated a close alliance between trade unions, companies and government and cooperation between German auto companies in global markets. One is forced to rely on electric mobility because of politically determined climate targets, she said, and called upon German auto companies not to get caught up in petty conflicts.

“If the auto industry does not manage to change,” this would have “immense effects” on entire regions. Close cooperation between all relevant players was needed, Cavallo told the assembled trade union, industry and government representatives. Germany as a business haven needed “consensus at all levels,” otherwise well-paid industrial jobs would be lost.

Her perspective is in line with the concept for a “National Industrial Strategy 2030” presented by the German economics minister Peter Altmaier (CDU) at the beginning of 2019. It reads: “Industrial policy strategies are experiencing a renaissance in many parts of the world; there is hardly a successful country that relies exclusively and without exception on market forces.” And further: “There are quite evidently strategies for rapid expansion with the clear aim of conquering new markets for one’s own economy and—wherever possible—monopolising them.”

Since the outbreak of the coronavirus crisis, the initial reservations of the business elite against state intervention have been dropped. Currently, billions of taxpayers’ money is being used to finance mass layoffs, infrastructure programmes and key technologies. This suits the trade unions, which have long called upon the government to provide subsidies, protective tariffs and protectionist measures for German companies to prop up the national economy.

The merging of the unions with the state and business is characteristic of times of crisis, trade war and war. Leon Trotsky, the founder of the Fourth International, wrote in 1940 in the unfinished article “The Trade Unions in the Epoch of Imperialist Decline”:

Monopoly capitalism does not rest on competition and free private initiative but on centralized command. The capitalist cliques at the head of mighty trusts, syndicates, banking consortiums, etcetera, view economic life from the very same heights as does state power; and they require at every step the collaboration of the latter. In their turn the trade unions in the most important branches of industry find themselves deprived of the possibility of profiting by the competition between the different enterprises. They have to confront a centralized capitalist adversary, intimately bound up with state power. Hence flows the

need of the trade unions—insofar as they remain on reformist positions, i.e., on positions of adapting themselves to private property—to adapt themselves to the capitalist state and to contend for its cooperation.

This is aimed directly against workers who pay with their wages and jobs. The unions’ policy of “defending specific locations” divides workers from their colleagues in other factories and countries who are being exploited by the same corporations. At the same time, the fierce struggle for markets and profits threatens to lead to catastrophic wars.

Investors and owners expect Cavallo to join VW boss Diess in pursuing this course. She met Diess officially for the first time in her new function in the middle of last week.

She had already made clear at the end of November what she regards as her task. At that time, the works council was celebrating 75 years of “co-determination” (i.e., intimate collaboration between unions and management) and Cavallo gave the keynote speech. She said that climate change was not only calling petrol and diesel engines into question, but the auto industry’s core business—individual mobility. VW workers, especially those in the component plants, were currently experiencing “a discussion about a final deadline for the content of their daily work,” she explained.

Hundreds of thousands of jobs are on the line in the auto industry in the coming months and years. Cavallo sees her job as facilitating this upheaval, or “shaping” it, as she would say.

VW workers not only confront the corporation, its board and shareholders, but also IG Metall and its works council. They must organise independently of the union and take the fight against job cuts, for higher wages, health protection and better working conditions into their own hands.

The way forward in this struggle was signalled on May 1, when the International Committee of the Fourth International and its affiliated Socialist Equality Parties worldwide led the call for the formation of an International Workers Alliance of Rank-and-File Committees (IWA-RFC).



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