

Police raid at VW: Works council members defend their high salaries

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The German industrial union IG Metall and its works councils at Volkswagen (VW) are always ready to sacrifice the jobs, wages and rights of the workforce upon the altar of “competitiveness” and “return on investment.” If, however, their own six-figure salaries are on the line, they defend them by every means possible.

On the Tuesday before last, police conducted a raid of Volkswagen in Wolfsburg, Germany over excessive works council salaries. Armed police officers searched board offices, as well as rooms of the works council and the legal department, for several hours. According to the public prosecutor’s office, four private residences were also searched, “which have nothing to do with VW.”

The reason for the raid was “salary payments to works council members in violation of the ban on favoritism in the Works Constitution Act,” a spokesman for the Braunschweig public prosecutor’s office told the press.

According to the German Works Constitution Act, members of the works council “may not be disadvantaged or favored because of their activities.” Because of their work on the works council, they should not earn less, but also not more than their colleagues in production and administration.

In practice, however, this is not at all the case. Some works council members are not only released from their duties, but also receive salaries and benefits that are much closer to the income of a manager than to the wages of a worker. Bernd Osterloh, the predecessor of the current VW General Works Council Chairwoman Daniela Cavallo, at times hauled in up to €750,000 a year.

The works councils are worth these large sums to the VW Group because they ensure discipline and order in the plant, suppress any resistance to the Group’s attacks and thus partly replace middle management.

Osterloh’s predecessor, Klaus Volkert, was so obviously bought off that the judiciary finally intervened and sentenced him to prison without probation for “disloyalty.” VW personnel manager Peter Hartz, the inventor and namesake of the hated Hartz social security laws in Germany, was also sentenced to two years’ probation for disloyalty and favoring the VW works council chairman.

Hartz paid Volkert a “special bonus” of €200,000 a year for 10 years in addition to his already high income and gifted Volkert’s Brazilian girlfriend a total of €400,000. He financed luxury world travel and prostitutes for the works councils, paying undisclosed

expenses of €780,000 within just two years.

Volkert and Hartz ended up in court, but this did nothing to change the corruption and venality of the works councils. This is shown by the latest raids.

Osterloh has maintained that he has never received unjustified payments. He believes that he is worth every euro that VW has paid him. After all, he saved the Group many billions of euro at the expense of the workforce through his own cost-cutting proposals. He also justified his high income by saying that he had turned down the €7 million-a-year post of personnel director that VW had offered him.

The Braunschweig public prosecutor’s office took a different view and launched an investigation in 2017. As a result, the VW Group cut the salaries of 15 works council members. They received “only” €8,000 per month, corresponding to the top bracket of the standard wage scale. Since bonuses, which are usually higher than the basic salary, were also eliminated, their income was roughly halved. Osterloh himself lost 40 to 80 percent of his pay.

The investigation then, as now, was not directed against the works councils, but against the personnel managers who approve the salaries and are traditionally appointed by IG Metall. The charges ultimately failed at the Braunschweig Regional Court, which gave its judicial blessing to the corrupt cooperation between the group and the works councils at the end of September 2021 and acquitted the four accused VW managers of the charge of breach of trust.

VW paid the affected works councils high salaries again starting in spring 2019 following internal arbitration proceedings. According to *Handelsblatt*, the latest search addresses this incident. Namely, at the beginning of the year, the Criminal Court Senate of the Federal Court of Justice (BGH) overturned the acquittals of the Regional Court of Braunschweig and reopened the proceedings against the four acquitted HR managers.

Following the BGH ruling, VW again cut the salaries of several dozen works council members. Many took legal action against this in labor courts. These have so far ruled in favor of the works councils in 16 of 17 cases, justifying their high salaries. A spokesman for the VW works council commented: “Something is required under labor law that can simultaneously be a risk under criminal law,” and called on the federal government to end this state of affairs with a legal clarification.

While the middling ranks of the works council caste go to court

to defend the high salaries they are paid for their corrupt services, the high princes of the works council generally rise directly into management.

Bernd Osterloh became a board member of truck subsidiary Traton for two years in 2021, after 16 years at the head of the works council, and had his retirement income gilded with an annual salary of up to €2.5 million.

Jens Rothe, chairman of the VW works council in Zwickau and the general works council in Saxony until February 2023, has become head of human resources at the Transparent Factory in Dresden to advance “the strategic realignment of the site,” according to a VW press release. In Dresden, 340 employees produce 38 model ID.3 every day, but it is unclear for how much longer. Rothe is haggling over just this with his former colleagues on the works council.

The last person, to date, to announce his transition into management is long-time Audi General Works Council Chairman Peter Mosch. After 17 years as works council chairman, the 51-year-old has declared that he will use his skills “elsewhere” for Audi, having asked the company management to offer him another position. For the time being, he intends to retain his supervisory board positions until successors are named. Mosch is deputy head of the supervisory board of Audi and VW’s Cariad software unit, as well as a member of the supervisory board of the VW Group as a whole.

Even if works council members may no longer be flown to Thai brothels at corporate expense as they were under Peter Hartz, but instead are served with six- and, if they rise to the board, seven-figure annual salaries, the relationship remains the same: they are paid stooges of the corporations.

Since works councils were first enshrined in German law in 1920, they have served to suppress class struggle and subordinate workers to the interests of corporations in the name of “co-determination” and “social partnership.” On January 13, 1920, some 100,000 workers led by the Independent Social Democrats (USPD) and the German Communist Party (KPD) demonstrated in front of the Reichstag (parliament building) against the passage of the first Works Council Act. Prussian police opened fire, killing about 100 demonstrators and wounding numerous others. Reich President Friedrich Ebert (SPD) imposed a state of emergency so that the law could be passed.

After World War II, the legal entrenchment of co-determination and works councils served to suppress demands for socialization and workers’ control, which were widespread after the crimes committed by German corporations in the Third Reich. The Krupps, Flicks, Quandts, Porsches and many others had amassed huge fortunes through the exploitation of forced laborers and concentration camp slaves.

During the post-war upswing, improvements in social conditions were achieved within the framework of co-determination, and committed works councils were able to win a lot for their colleagues. But with the growing pressure of global competition and the threat of jobs being relocated to low-wage countries, that has changed.

Works councils and trade unions see it as their task to defend “Germany as a business location” by ensuring its

“competitiveness.” They pursue the same goal as the managers. Most of the works councils therefore see nothing at all objectionable about their managers’ salaries. Some—like Osterloh and Mosch—even consider themselves better managers.

This development can be observed in all unions around the world. In Germany, the symbiosis of companies, unions and works councils is already built into the Works Constitution Act. What is punished as bribery and corruption in many countries is called co-determination and social partnership in Germany, and is legitimized by law. The fact that the horrendous salaries of works council members fall in a legal gray zone incenses union officials. That is why they are calling for remedial action by the legislature.

The unions are reacting to the growing crisis in the global economy, the intensification of international competition, especially in the auto industry, and the escalation of the war against Russia, on which billions are being spent, by merging even more closely with the state and the company.

The Volkswagen Group, which in addition to VW and Audi also includes Porsche, Skoda, Seat and other brands, has developed this system of co-management like no other. Now VW is planning a huge restructuring of production with a stringent cost-cutting program. Returns on investment are to be doubled and tripled. Shareholders, management, IG Metall and works councils are cooperating as usual. Allegedly, this is the only way to safeguard “competitiveness,” and thus jobs, in the long term.

This equation of the interests of companies and workforces is false. In reality, job cuts, work pressure and wage reductions do not save a single job, rather save the profits of the shareholders. In the case of VW, these are the two family clans of Porsche and Piëch, whose fortunes are estimated at almost €40 billion; the state of Lower Saxony, which holds 20 percent of VW shares; and the Emirate of Qatar, with 17 percent.

The fight against the onslaught of attacks can only be won through formation of rank-and-file committees that organise resistance independently of IG Metall and their works councils and establish contact with the 670,000 workers of the VW Group all over the world.

In order to build rank-and-file committees at VW, Audi, Porsche and other manufacturers as well, contact us via WhatsApp message to the following number: +49 163 33 78 340 and register using the form below.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact