Millions for Volkswagen CEO, no money for European migrants

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There are occasions when a confluence of events can give a more accurate picture of social conditions than a gamut of statistics on income, unemployment and poverty. Last weekend, newspapers and Internet sites in Germany reported that the Federal Labour Ministry had decided that citizens of 17 European countries coming to Germany will no longer have the right to apply for welfare (Hartz IV) benefits.

One day later, on Monday, another report dominated the headlines—the news that the nine members of the Volkswagen executive doubled their salary last year to a total of €70 million. CEO Martin Winterkorn alone took in €17.4 million, of which €11 million was a bonus payment. €17.4 million is the equivalent of €2,000 per hour, 365 days a year, 24 hours a day.

The previous year as well Winterkorn was the top earner among the CEOs of companies registered on the German DAX stock index, although with the lesser sum of €9.3 euros.

Alongside Winterkorn, other board members were able to take home between €7.2 million and €8.1 million.

These obscene levels of remuneration were approved by the VW supervisory board, which includes nine members of the IG Metall trade union and the works council, plus two politicians from the state of Lower Saxony. The 20 members of the supervisory board did not go away empty-handed. They pocketed €7.4 million for just six meetings held in the course of a year. Works Council Chairman Bernd Osterloh defended the payoff to Winterkorn, praising him as “the outstanding personality among the auto bosses.”

The record profits for VW last year—€15.8 billion—benefited not only the executive and supervisory board. The dividends of some €885 million will further enrich the major shareholders, headed by the Porsche and Piech families, who own more than half of the shares, and the sheikh of Qatar.

While the top 10,000 in the upper crust of German society pat themselves on the back and line their pockets, future migrants from Europe are to be denied welfare benefits. Up to now, citizens from 17 European countries were entitled to such benefits in Germany, based on the provisions of the European Convention on Social and Medical Assistance which was passed in 1953. The 18 participating countries, including Greece, Italy, Spain, Ireland and Turkey, had mutually agreed to grant benefits under the same conditions for all of their citizens.

In October 2010, the German Social Court ruled in the case of a Frenchman that Hartz IV payments fall into the remit of the European treaty. Since then, immigrants from the 17 European states have been entitled to Hartz IV benefits, i.e., €364 a month plus rent subsidies.

According to the Federal Employment Agency, only a handful of citizens from the 17 states have applied for benefits. Based on this argument, the agency is ending assistance altogether. The effect of the latest ruling will be to counter the increased levels of immigration which are a direct result of the German government's policy for Europe.

The austerity programs imposed by the European Union under pressure from Germany have resulted in poverty and mass unemployment in Greece, Spain, Portugal, Italy and other European countries. Young people in particular face no future in their homeland and are forced to seek work abroad. The message from Germany is that they are not welcome and should not expect to receive benefits here.

The government is quite open about this. “We will not fight the problems in Greece or Spain by permitting young people to receive Hartz IV here," a spokesman from the Labour Ministry said Friday. "We want to prevent the constant movement taking place between social security systems."

The economics editor of the *Süddeutsche Zeitung*, Roland Preuss, supported this approach. Outrage over the move is unwarranted, he wrote, because "Hartz IV was never designed for those who expect more benefits than in their home country."

Over the past two decades, the EU's external borders have been turned into a fortress on the basis of a similar line of reasoning, i.e., the threat of "economic refugees." The EU has erected walls, barbed wire and armed patrols. People fleeing war, persecution, hunger and misery are prevented from entering Europe.

The German government is not alone. French President Nicolas Sarkozy, who is campaigning for reelection, has adopted the anti-immigrant slogans of the extreme-right National Front and made the restriction of immigration a central issue. He even threatened withdrawal from the Schengen treaty, which guarantees free movement within the EU, if immigration to France is not significantly reduced.