

# Volkswagen prepares to carry out restructuring at workers' expense

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The full extent of the emissions manipulation at Volkswagen and the identity of those responsible for it are still unknown. But demands are already being raised to seize the opportunity provided by the scandal to fundamentally restructure the company and make it more profitable. The 600,000 workers employed by VW around the world at 119 factories will bear the brunt of this process.

Rather than identifying the criminal efforts by VW and other major concerns to secure their market share and profits as the source of the emissions scandal, the *Frankfurter Allgemeine Zeitung* blamed it on a lack of corporate governance and transparency and the wrong company structure. "Awkward questions are not being asked. Things that needed to be tackled long ago have been put off," the mouthpiece for the German stock exchange declared.

The *Süddeutsche Zeitung* stated in an editorial, "Even if the process is painful and drawn out, credibility can be won back in the end. But the change must be fundamental."

The *Süddeutsche* names Siemens as the role model for the required changes. "Siemens, for example, was shaken by a huge corruption scandal. Above all, due to pressure from US authorities, the company introduced new structures and ethical guidelines. As a consequence, the Siemens of today has nothing in common with the Siemens of that time."

This is true, as every Siemens employee can attest. Since the corruption and bribery scandal exploded eight years ago, one restructuring programme has followed another. Management was changed, the workforce reduced and speed-up imposed, pushing workers to the limit. In 2006, 475,000 worked at Siemens. At the beginning of this year, the figure stood at just 342,000. A further 13,500 are being laid off over the course of

this year.

The criminal machinations of Siemens management, which cost the company almost €3 billion, served as the pretext for restructuring the entire company to increase profitability. With an annual turnover of €72 billion last year, Siemens achieved record profits of €5.5 billion.

The same plan is now being prepared for implementation at VW and, as was already the case at Siemens, a key role is being played by the IG Metall trade union and the works council controlled by it.

There have been long-standing complaints that profits at Volkswagen, particularly for its core VW brand, are too low. Over recent years, it has been the Chinese market, where VW has sold more cars than in the European Union that has ensured continued growth. But with the downturn in China, this has now been put into question.

This was one of the major issues behind the conflict between VW chief executive Martin Winterkorn and chairman of the board and major shareholder Ferdinand Pi?ch, which led to Pi?ch stepping down earlier this year. IG Metall backed Winterkorn at the time. IG Metall's former chairman Berthold Huber summarily took over as chairman of the supervisory board after Pi?ch's resignation, a post he still holds. Prior to this, in autumn 2014, IG Metall presented its own cost-cutting plan with the aim of increasing profits to €5 billion, tripling them from 2 to 6 percent.

Following the exposure of the emissions scandal, the continuation of Winterkorn as chief executive was no longer tenable. The presidium of the supervisory board met the entire day Wednesday and in the evening Winterkorn announced his resignation. The board meeting set for Friday, which was due to have extended Winterkorn's contract by two years, will nominate his successor.

Significantly, the presidium of the board, the actual centre of power in the company, consists of three trade union representatives—deputy chairman of the board Huber, works council chair Bernd Osterloh, and his deputy Stefan Wolf, one social democrat close to the trade union (Lower Saxony state premier Stefan Weil, who represents the state as a shareholder), and one representative of a major shareholder, Wolfgang Porsche (head of the Porsche family). The third position reserved for a representative of the shareholders has been vacant since Pi?ch stepped down. Huber, who heads the supervisory board and presidium, is the decisive figure.

Huber already played a significant role in the restructuring of Siemens. The IG Metall leader was also deputy chairman of the board at Germany's largest electronics concern. "Together with chairman Gerhard Cromme he emerged as one of the most important and hard-working investigators," the *Süddeutsche Zeitung* enthuses. He was involved in all the decisions that led to the destruction of 130,000 jobs.

Huber, a former Maoist, who transformed IG Metall into a major service company, is known as a pragmatist, who by his own admission prefers "cooperation" with companies rather than "conflict." "He sees co-determination not as opposition, but as an opportunity to shape," writes the *Süddeutsche Zeitung*. It forgot to add: always in the interests of the shareholders.

The newspaper is convinced that Huber will play the same role along with his works council colleagues at VW, writing, "Now he has to clean up again, the country's most pragmatic trade unionist."



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