

The political issues in the Volkswagen scandal

Peter Schwarz**26 September 2015**

The Volkswagen scandal continues to expand. It is now clear that the manipulation of exhaust emissions test results by the world's second largest car maker was not limited to vehicles sold in the United States. The software used for this illegal deception was built into 11 million cars worldwide. In Germany alone, 2.8 million vehicles are involved, according to Transport Minister Alexander Dobrindt. This is more than 5 percent of all vehicles registered in the country.

Heads are rolling at Volkswagen, whose share price has plummeted. CEO Martin Winterkorn is already gone, and other top executives are expected to follow. However, the criminal efforts of VW to deceive its customers and the authorities cannot be explained by the misconduct of a few individuals.

According to the *Frankfurter Algemeine Zeitung*, the illegal software was developed in 2005 to market German diesel cars in the US based on their supposedly environmental-friendly control of pollutants. Since it was deemed economically unfeasible to meet the strict US emissions standards by technical means, the company resorted to manipulation and deception. Given the protracted period during which this fraud was perpetrated and the large number of vehicles involved, many people must have known about it.

Volkswagen employs 600,000 staff and brings together under a single roof twelve distinct car-making operations, turning out mass-produced brands such as VW, Skoda, Seat and Audi; prestige brands such as Porsche, Bentley and Bugatti; and Scania and MAN trucks. The corporation owes its success not least to German engineering skill and the reputation for reliability with which it is associated. That this engineering skill was used systematically to defraud testifies not merely to the criminality of individual VW employees, but more fundamentally to the irrationality of the economic and social system in which the corporation operates.

VW is not an isolated case. Other carmakers such as General Motors and Toyota and global corporations such as Siemens have been engulfed in similar scandals. Just last week, GM agreed to a settlement with the US government that avoids criminal prosecution for the firm's decade-long cover-up of an ignition defect that resulted in hundreds of deaths and injuries.

Other producers of diesel vehicles, including BMW, Opel, Peugeot and Mercedes, are suspected of similarly tampering with emissions test results. Measurements by environmental organizations have for years shown huge divergences between actual nitrogen oxide emissions and laboratory test results. The companies insist this is the result of legal "tricks"—using fully charged batteries, maintaining excessive tire pressure, establishing unrealistic laboratory conditions, etc.—and not manipulation by means of specially developed software as at VW. But this is a matter only of the degree of the fraud and deception.

All of these companies operate globally and are under constant pressure to increase their profits. Since the 1980s, shareholder value, i.e., the short-term increase in a company's stock price, rather than the long-term development of production, has become the guiding principle of capitalist industry. Gaining new market share, intensifying labour productivity, slashing labour costs determine the fate of giant corporations—whether they live or die.

With the 2008 financial crisis, this trend assumed manic proportions. Central banks flood the financial markets with cheap money, which, due to extraordinarily low interest rates, flows largely into stock market speculation. The German stock index DAX, which during the financial crisis fell from its previous record of 8,000 points to below 4,000, has since surpassed 12,000. A small financial elite has enriched itself immeasurably and insists on defending

its obscene wealth at the expense of the working class.

It is not possible to predict how many thousands or tens of thousands of workers will lose their jobs as a result of the VW scandal. But one thing is already certain, the increase in profits will continue at the expense of the workforce.

Porsche CEO Matthias Müller was appointed Friday to head the entire VW Group following Winterkorn's resignation. His chief qualification is the fact that he increased the percentage return on sales for the sports car manufacturer to 15 percent. He now has the same task at VW. But it is far easier to hike the return on sales at a company that sells cars priced as high as €768,000 than to obtain such a result at a company that produces for the mass market, where competitive pressures are much higher.

VW workers will not accept new attacks on their jobs and incomes without a fight. But they face a basic political problem: the trade unionist methods and organizations of the past have totally exhausted themselves. There is no other industry where the model of social partnership and class collaboration has been perfected to such an extent as the auto industry, and at no company more pervasively than VW. The IG Metall union, the works council it controls, and the top management are virtually one and the same. Former IG Metall Chairman Berthold Huber heads the VW Supervisory Board and is considered its key figure.

The union and works council consider the future of VW from the same standpoint as the company shareholders and management, i.e., from the standpoint of international competitiveness, no matter how high the cost in workers' jobs and conditions. Last year, the works council presented its own plan to save the company €5 billion annually. The workers confront not only VW management, but also the trade unions and the works council. To defend their jobs and incomes, they need a completely new strategy.

Its starting point must be the international character of modern production. The globalization of production is in itself an enormously progressive development. It greatly increases the efficiency of human labour and creates the material conditions to overcome poverty and backwardness worldwide and increase the material and cultural level of all mankind.

But within the fetters of the nation state and private ownership of the means of production, upon which

capitalism is based, globalised production is transformed into its opposite. It becomes a means to pit workers of different countries against each other and subordinate all areas of economic and social life to the insatiable demands of finance capital.

Workers need to draw the necessary conclusions. In order to fight the attacks of the corporations, they have to break with the nationalist politics of the trade unions, build their own independent committees of struggle, and unite with their class brothers and sisters internationally.

And they must make the defense of their rights and past social gains the starting point for a struggle for a socialist society, advancing the demands for workers' control of production, the nationalization of the corporations under public ownership, and the reorganization of economic life on the basis of social need instead of the capitalist drive for profit.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact