

# German government and EU Commission complicit in Volkswagen scandal

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**29 September 2015**

The leadership of the Volkswagen group, the German government and the European Union (EU) Commission knew about the manipulation of emissions readings in diesel vehicles for years but did nothing to raise the alarm. In Brussels, the German government even ensured that delays were imposed on the introduction of strengthened emissions monitoring, which would have exposed the fraud. And it is continuing to do so.

One week after the eruption of the VW scandal, it is not credible to maintain that the criminal manipulation of emissions readings was merely the responsibility of a few technicians and supervisors in the company's development division.

The auto parts supplier Bosch, which provides the technology for treating vehicle emissions, warned VW in a letter in 2007 that the planned use of the supplied software was illegal. It was only intended for use during tests, and not for normal driving conditions. In 2011, a VW technician also raised a concern in writing about the illegal practices.

Despite this, VW built the software into 11 million vehicles worldwide. It ensured that the release of nitrous oxide, which is damaging to the environment and health, was considerably lower during tests than during normal driving.

Chief executive Martin Winterkorn obviously knew about this for some time. He admitted to the American authorities on September 3 and possibly even earlier that the software had been used, several weeks before the scandal became public. Allegedly he did not inform VW's supervisory board.

Winterkorn subsequently resigned under pressure from the board. As a condition for his resignation, he had the board confirm that he had no knowledge of the manipulation of emissions readings. "Without the complete declaration of innocence from all sides, the

issue would certainly not have been resolved so smoothly and rapidly," wrote the *Frankfurter Allgemeine Zeitung*. The state prosecutor in Braunschweig has since begun an investigation into Winterkorn on suspicion of fraud.

According to a *Bild am Sonntag* report, the former VW chief insisted that his contract, which ran until the end of 2016, be paid out in full in spite of this. While tens of thousands of VW employees fear for their jobs, one of those chiefly responsible has been handed tens of millions. As the top earning German manager, Winterkorn earned around €16 million in the 2014 business year. He was due to receive the same amount this year.

The unscrupulousness and criminality with which VW carried out the "greatest fraud in German business history" (*Focus* magazine), would not have been possible without the cover-up by politicians. The German government was sure that they had nothing to fear from the German and European authorities. They only responded when the Environmental Protection Agency in the US, where VW is a competitor to the domestic automakers, became involved.

It has been an open secret for some time that the harmful gases emitted by diesel vehicles were many times higher than the quantities measured in laboratories, and not only at VW. Already in 2011, scientists with the Joint Research Centre (JRC) of the European Union in Ispra, Italy, discovered that emissions from tested diesel vehicles surpassed the regulatory limit for harmful gases by 14 times. Two years ago, the JRC then explicitly warned in a report about the sort of manipulation conducted by VW.

With 2,800 employees and an annual budget of €350 million, the JRC is directly accountable to the EU Commission and carries out research at its direction.

Private environmental organisations carrying out their own tests came to similar conclusions. The International Council on Clean Transport (ICCT), whose investigations triggered the VW scandal, determined in tests last October that emissions of nitrous oxides from 15 modern diesel vehicles were seven times greater than EU regulations. In some models, it was 25 times over the limit.

Shortly before the VW scandal was made public, the NGO Transport and Environment published a report showing that only three of 23 vehicles met the new “Euro 6” emissions norm. On average, harmful gas emissions were five times over the legal limit.

However, for years nothing was done. Specialists blame this on the influence of the auto industry lobby in Brussels and the blocking tactics of the German government. Greenpeace calculated on the basis of publicly available data that diesel producers employ 184 lobbyists in Brussels, and spent €18.5 million on lobbying work last year. For them, much is at stake. Currently half of all cars sold in the EU are diesel, while 25 years ago it was just 10 percent. Environmental friendliness has served along with low fuel usage as an important selling point.

German producers, including VW, Audi, BMW and Mercedes, are considered to be leaders in the diesel technology field. The German government therefore blocked all efforts by the JCR and EU Commission to introduce real life tests to measure emissions while the vehicles are driving, which would have uncovered the fraud.

And it continues to do so. The *Welt am Sonntag* cited an internal policy paper from the government, which stated that they are seeking to delay the introduction of a new, more realistic emissions test from 2017 to 2021.

The boundless criminality exposed at VW has produced alarm in political circles and editorial offices. This has nothing to do with the threatening of 600,000 jobs at VW. On the contrary, the VW scandal is seen as an opportunity to fundamentally restructure and slim down the company.

The media is instead concerned about the impact on Germany’s claim to hegemony within Europe, as well as the danger that workers draw anti-capitalist conclusions from the VW scandal.

Marc Beise in the *Süddeutsche Zeitung* declared the VW debacle to be a “signal,” because it discredited the

country’s claim to “moral leadership in Europe” (!). He understands “moral leadership” to mean the arrogance with which Germany dictated draconian austerity programmes to Greece and other indebted countries.

“Steeled” by economic successes, “the Merkel Republic [could] afford to impose the ‘correct’ economic policy for Europe,” wrote Beise. “But the political influence and moral impetus over highly indebted EU states rests on the image that the Germans, unlike others, are not perceived as inefficient or even corrupt, but rather aware of their responsibilities and law-abiding, that they do ‘good’ business and government.” This image has been destroyed by the VW scandal.

The economist Thomas Straubhaar complained in *Die Welt* that the VW scandal was “another episode in a long series of failures in leadership by company managements, who in the striving to maximise profit have ignored moral decency, laws and regulations, resulting in the abuse of the very freedom that provides them with a free market economic system.” This fed “the widespread mistrust of the capitalist market economy in Germany.” When disingenuous forces hold leadership positions in business, there is no requirement for “enemies to discredit capitalism and the market economy.”

Straubhaar, a committed neoliberal, cannot explain why such “failures” and “disingenuous leadership forces” are so common, and relies on moral appeals. He called on business leaders to adopt a stance of “decency” and the “values, cultivated over centuries, of a reputable businessman.”

In fact, the frequency of criminality and fraud within the top echelons of corporate management is an expression of the complete bankruptcy of capitalism, which is based on the private ownership of the means of production and the enrichment of a tiny minority at the expense of the vast majority.



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