

Volkswagen uses emissions crisis to impose deep cuts

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At an extraordinary general meeting of employees at Volkswagen's main plant in Wolfsburg on Tuesday, VW chief executive Matthias Müller announced a fundamental restructuring of the company.

Speaking in front of more than 20,000 employees, Müller said that the consequences of the recently-exposed emissions manipulation for finances and corporate policy could not yet be assessed. While €6.5 billion had been set aside in the third quarter, "this will be insufficient," Müller said. In addition, "significant fines" and "demands for compensation" had to be expected.

All spending and costs therefore had to be reviewed and reduced where possible. This will "not take place without pain," explained the former Porsche head, who was appointed to head VW just two weeks ago as the successor to Martin Winterkorn.

Müller is well known as a "decisive reformer," wrote *Spiegel Online*. His qualification for the top job at Europe's largest automaker was his role in increasing turnover at Porsche by 15 percent. He has now assumed responsibility for a task at VW that goes far beyond the measures he adopted at Porsche. The "existential crisis" that has emerged as a result of the manipulation of emissions readings is to be used to restructure the global company at the expense of the workforce to make it more profitable.

Investors have complained for a long time that Volkswagen's profits, particularly those at its core VW brand, are too low. The firm's Chinese business, where Volkswagen has sold more vehicles over recent years than in Europe, ensured growth and profits. This is now acutely threatened by the economic crisis in China.

Since Porsche is also part of Volkswagen, Müller began his speech by declaring, "Volkswagen is my home." He continued, "That links me to Mr. Dr.

Winterkorn, to whom I give thanks from this position for all he has achieved for Volkswagen over the past three decades." This only added insult to injury for many workers, since it is becoming ever clearer that the former VW chief bares major responsibility for the emissions manipulation.

The *Süddeutsche Zeitung* commented on Müller's speech, "Top managers have a preference for making things sound more positive than they really are." If Müller now speaks of unavoidable pain for the workforce, this was a very dramatic statement by management standards. "It means: now, dear colleagues, let's get down to business." Müller's statement signified a "major cultural change" at VW.

The works council and IG Metall trade union are playing a key role in the planned restructuring of the concern. At the beginning of the meeting, works council chair Bernd Osterloh appealed to workers in a nearly one-hour-long speech to collaborate closely with company management. Works councillors and union representatives acted at the meeting as cheerleaders for chief executive Müller and the board. As Müller approached the speaker's podium, the works councillors began a sustained round of applause.

The union officials distributed thousands of T-shirts with the slogan, "VW: one team, one family." Placards and signs proclaimed the same slogan. This campaign in support of the board, which is directly implicated in the criminal machinations surrounding the emissions manipulation, is preparing the way for major cuts and lay-offs.

Already in October last year, when the main issue was how VW could be made more efficient, the works council presented the board with its own 400-page proposal to save €5 billion at the VW core brand. Ever since, cooperation between the works council, IG

Metall and company leadership has been intensified.

When a conflict broke out early this year between former CEO Winterkorn and chairman of the supervisory board and major shareholder Ferdinand Piëch, IG Metall and the works council demonstratively aligned themselves with Winterkorn. Former IG Metall leader Berthold Huber assumed the role of chairman in the wake of Piëch's resignation.

Huber thus led the actual power centre of the company, the presidium of the supervisory board. Three trade union representatives (including Huber, works council chair Osterloh and his assistant Stefan Wolf), and a trade union-aligned Social Democrat (Lower Saxony State Premier Stefan Weil, who represented the state as a shareholder) controlled a voting majority.

At its meeting Wednesday, the VW board appointed former Finance Director Hans-Dieter Pötsch to the position of chairman. But because Pötsch, as a long-term member of the board, is not free from suspicion in the criminal machinations surrounding the emissions manipulation, he will not lead the internal investigation scandal. The presidium of the board has formed its own commission that will be led by former trade union chief Huber.

Huber played a leading role in the restructuring of Siemens. The IG Metall leader was also deputy chairman of the board at Germany's leading electronics company. "He presented himself as one of the most important and tireless investigators along with Siemens chairman Gerhard Cromme," the *Süddeutsche Zeitung* attested on his behalf. He was involved in all of the decisions that led to the elimination of 130,000 jobs.



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