

Ten thousand jobs in danger at Volkswagen

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The most recent issue of *Manager Magazin* reports that more than 10,000 jobs are in danger of being cut at Volkswagen. This news was deliberately printed in order to prepare Volkswagen workers for the potential mass layoffs.

Volkswagen brand manager Herbert Diess has already called for 10 percent growth in profits in the current year, the magazine writes. According to Diess this will require thousands of job cuts.

According to the *Manager Magazin* article, Diess wants to raise “efficiency”—by which he means he wants to cut costs—by 10 percent in all areas, in production, management, development and distribution. According to an unnamed “Volkswagen managers” Diess is planning to cut a massive number of jobs by early summer at the latest.

Diess will most likely begin his austerity offensive in the component plants. In Germany, vehicle components are manufactured in the Braunschweig, Salzgitter, Kassel, Chemnitz, Hannover, Emden and Wolfsburg factories. The Volkswagen Corporation and its numerous subsidiaries also operate many additional component factories worldwide. Altogether, the Volkswagen Corporation is active in 20 countries in Europe and 11 countries in Latin America, Asia and Africa, where a total of 119 factories employ 620,00 men and women.

Indeed, Diess has not provided any concrete numbers, according to the *Manager Magazin*, but has decided that cutting 7,000 casual workers will not be enough. The jobs of permanent Volkswagen employees are also on the chopping block. How many and which jobs will actually have to be cut also depends on the fallout from the revelations about the companies fraudulent manipulation of gas emissions tests.

The corporation immediately denied the report in *Manager Magazin*. The German Press Agency (dpa) reported that, according to information “from Volkswagen board of director circles,” job cuts of the “dimensions reported” are not under discussion.

Volkswagen corporate works council head Bernd

Osterloh also spoke on the issue: “Economic efficiency and employment are equally important goals at Volkswagen,” he said. For the employees, this means that they would have to “actively take part in the growth of productivity.” A precondition for this is the guarantee from the corporation that their jobs are secure and will remain so,” he said. “In the interests of the employees, we would not have it any other way.”

It is unclear which Volkswagen managers provided information to *Manager Magazin*, but the approach is sufficiently familiar from the past and is part of an established partnership between corporate leadership, works council and the union, IG Metall. The corporation spreads information in the press or itself announces thousands of job cuts, the union and the works council howl and threaten opposition, and, in the end, help to implement the job cuts “in accordance with the social contract.”

This mechanism has once again been set in motion at Volkswagen. Last July, after working for BMW, Volkswagen brand manager Diess came to the company with the support of IG Metall and the works council. He is supposed to make the core brand Volkswagen more profitable. Most recently, it had a profit margin of about two percent. The corporation had only recently announced that Volkswagen would achieve an operative profit margin of six percent by 2018. “This is why Chief Executive Matthias Müller supports the austerity, according to corporation circles,” *Manager Magazin* reported. Originally, Diess and Bernd Osterloh, chairman of the General works council at Volkswagen, had agreed to carry out the austerity course amicably and collaboratively. To this end, the works council had presented its own austerity package.

The corporate fraud over gas emissions that became known in September delayed the usual course of the “social partnership.” This made it unclear—and remains unclear to this day—whether and to what extent sales numbers will decline as a result of the scandal.

In the first months after the fraud revelations, sales

numbers remained relatively stable. Since then, they have only partially declined. The emissions scandal has still not had serious consequences in this respect.

More importantly, Volkswagen increasingly senses the deepening crisis of the world economy. The Volkswagen Corporation announced its first sales decline in more than a decade last year. In 2015, sales at Europe's largest auto maker sank by two percent to 9.93 million vehicles.

While Audi and Porsche were still able to increase sales, the worldwide sales of the core Volkswagen brand collapsed at the end of last year. Sales sank in December by 7.9 percent. In the entire previous year, 4.8 percent fewer Volkswagen brand cars were sold worldwide than were sold the year before.

Above all in China, the Volkswagen Corporation's most important export market, the sales numbers sank by 3.4 percent. Brazil, where VW at one time sold more cars than it did in Germany, is on the brink of an economic depression. The auto market contracted there in the past year by a quarter. The Volkswagen brand declined even more than its competitors, namely by 38 percent. In five years Volkswagen's market share in Brazil has contracted by nearly a half.

Volkswagen is also having a hard time in Europe. More cars were sold by all producers put together in the previous year. In December alone, passenger car sales numbers rose in the European Union by almost 17 percent. At Volkswagen, they only rose around five percent, reported the producer association Acea. This represents a loss in market share by 22 percent. In October, the first month after the diesel emissions manipulation revelations, it still held a market share of more than 25 percent.

In the middle of November, Diess and Osterloh announced in a joint interview that there would be "losses" to the special bonuses given to the employees. Diess told the "core workforce" at that time that he "believes" the company can keep them. Osterloh confirmed this, stating, "If sales decline, then we have less employment—that is really a clear case." Diess and Osterloh planned to manage the "adjustments" with the 7,000 casual workers; that is, to let their contracts run out.

One month later, in December, Volkswagen reported that the contracts of 600 casual workers at the Zwickau location would be phased out in two stages. Osterloh and the works councils are keeping the casual workers quiet until then. The works councils claim that they are negotiating possible replacement jobs for these workers within the company.

The contracts of 900 casual workers at the factory in Baunatal have been extended by a half a year for the time being. A corporation spokesperson said that Volkswagen could not provide any information on what would happen after six months.

The media report on the mass job cuts appeared only a few days after a summit meeting of the works council. On January 15, Osterloh and the general secretary of the corporate works council Gunnar Kilian met with works council presidents, Peter Mosch (Audi), Uwe Hück (Porsche), and Athanasios Stimoniaris (MAN) in Ingolstadt. The restructuring of the corporation and other courses of action were discussed. Osterloh said afterwards that the meeting was about "the further renovation and the consequences of the Diesel scandal as well as about the further shaping of the entire corporation."

Indirectly, Osterloh made it clear that the rationalizing program and the planned job cuts had been worked out in close collaboration with IG Metall and the works council. The works council has its own strategies for the further development of the Volkswagen Corporation, said Osterloh, and added: "It is necessary to take further steps in a consistent manner with the corporate structure, which bears our stamp to a substantial degree."

The article in *Manager Magazin* signals the beginning of mass layoffs, wage cuts and a drastic worsening of working conditions. The employees must prepare for an intense struggle. They must understand IG Metall and the works council for what they are: accomplices of the corporate leadership who are systematically seeking to prevent every common struggle. First the casual workers will be dumped, then there will be further, more drastic cuts for the approximately 120,000 permanent Volkswagen workers at one location after another: Wolfsburg, Hannover, Salzgitter, Braunschweig, Emden and Kassel.



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