IG Metall trade union backs Volkswagen board

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The Volkswagen board is using the exhaust emissions scandal to impose the biggest attacks on jobs, wages and working conditions in the history of the company. That is the essence of the "Strategy 2025" presented by VW CEO Matthias Müller last week. As in the past, IG Metall and the union-dominated works council are backing the top executive's plans.

This was shown at the shareholders general meeting held last Wednesday. When the current chairman of the supervisory board Hans Dieter Pötsch (former Chief Financial Officer who participated in the emissions fraud) came under pressure from small shareholders, his deputy, IG Metall chairman Jörg Hofmann, gave him demonstrative backing. Pötsch enjoyed "a high degree confidence" from the IG Metall, was qualified, and had to be re-elected as chairman of the board, Hofmann insisted.

In advance of the meeting, the supervisory board agreed to pay salary packages totalling over 63 million euros to the very executive board members responsible for the fraudulent emission results on 11 million diesel vehicles sold worldwide. This resulted in a 50 percent decline in the value of company shares.

On Monday last week, the Braunschweig public prosecutor's office announced it would investigate two VW board members, former VW CEO Martin Winterkorn who resigned in September 2015, and the incumbent board member Herbert Diess responsible for the VW passenger vehicles brand. Both are accused of having informed shareholders about the manipulation of the exhaust results too late and damaging the company.

The day before the VW general meeting, the Federal Financial Supervisory Authority (BaFin) reported that it had filed charges against the entire Volkswagen Board with the public prosecutor. BaFin held all ten members of the Executive Board responsible for alleged market manipulation.

On the Supervisory Board, representatives of the IG Metall, the works council and the Social Democrats from the state of Lower Saxony, which is a major shareholder, hold the majority. If these supposed "worker representatives" had wanted, they could voted against the measures of the Executive Board or even dismissed them. Instead, the unions, works council and Social Democrats are working closely with the executive board to impose massive job cuts and destroy the gains won by workers over generations of struggle.

It is no coincidence that the new "Strategy 2025" bears the title "Together 2025". Officially the aim is "together" to make Volkswagen an international leader in the fields of mobility services, electric mobility, battery technology and self-driving cars by 2025.

In a letter to the workforce last week, however, works council leader Bernd Osterloh indicated what is really at stake. He wrote, "For the Volkswagen brand, we have started the process for a pact for the future". This should "bring more efficiency—for example, by stringent compliance with the product development process, reducing the complexity and variety of products and the consistent continuation of the efficiency programme—the Volkswagen Way".

In plain English, behind code words like "Pact for the Future" and "efficiency" are hidden the cost cutting agreement the board reached with the works council in autumn 2014 in a 400-page paper. At the time, in an interview with the *Frankfurter Allgemeine Zeitung*, Osterloh openly declared, "We must ensure that we put cars on the road with a reasonable return. To do so, the costs in the factories must come down".

The long anticipated elimination of ten percent of the 30,000 administration jobs is only the start. In an interview with *Börse-Online*, Professor Ferdinand Dudenhöffer of the Centre for Automotive Research (CAR) at the University of Duisburg-Essen explained what will happen to the workers. The marketing strategy, he said, in the “core VW passenger vehicles brand” anticipates “at least three billion to be saved annually”.

Unlike the VW board and the works council, Dudenhöffer speaks openly about how these savings can be achieved. As parent company, Volkswagen AG “downright bristled with being unproductive”. All supply chain activities, “such as the transmission plant in Kassel, the axles and steering systems plants in Braunschweig and the foundry activities or seat production at Si-Tech seem to be very unproductive and should be spun off and made independent sub-contractors”. The high in-house pay rates were currently being paid in the supply chain, he said, and that had to change.

The total of 114,000 workers paid the in-house rates created “personnel costs of 7,300 euros apiece”. Around the corner at Conti it was only “3,700 euros per month and apiece”. The in-house VW supply business ate up more than two billion annually in personnel costs. In component manufacturing alone there were 67,000 people on five continents and in 26 locations who did not belong to the “core business of a mobility provider”. And anyway, VW was “completely oversized in the number of employees”.

Börse Online makes clear the massive job cuts that are being discussed behind the backs of the workers to keep VW competitive internationally. The VW Group, with more than 600,000 employees, builds around ten million cars a year. Toyota, however, builds “a similar number of vehicles with approximately 345,000 employees”, it writes.

Negotiations with the works council on the “Pact for the Future” proposed by Osterloh will be led for the VW board by Karlheinz Blessing. The personnel director and long-time IG Metall functionary would “probably have to sell the first job cuts”, *Manager Magazin* wrote last December. That had “succeeded well” at his previous employer. Although Dillinger Steel Works (the largest heavy plate plant in Europe) had “cut almost ten percent of its 5,000 posts”, there had not been “much public resistance”.

However, the criminal intrigues of the VW board and the pent-up anger of the autoworkers give rise to doubts that the cuts being negotiated in detail by Blessing and Osterloh will “succeed well” and happen “without resistance”.