

# Volkswagen announces thousands of layoffs

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The German automaker Volkswagen Group has announced thousands of layoffs at its VW and Audi brands. The slashing of up to 7,000 jobs by the world's second largest automaker is part of the ongoing jobs bloodbath in the global auto industry.

The move by VW follows GM's announcement of 14,000 job cuts and the closure of five plants in the US, speculation that Ford may cut 25,000 jobs, mostly in Europe, and tens of thousands of job cuts in China by US and Korean-based automakers.

The global job-cutting is largely being driven by the powerful financial interests that are pushing car companies to increase returns to investors even as vehicles sales stagnate and companies spend billions on the fierce competition over electric and self-driving cars.

VW's largest shareholder, Wolfgang Porsche, told reporters at the Geneva Auto Show last week that the company's production costs are too high, and that the scale of its manufacturing footprint must be re-examined. Porsche said VW and Audi were "not flexible enough" and suggested that certain segments of production could be outsourced to outside contractors.

The financial daily *Handelsblatt* reported that Volkswagen's corporate board, headed by CEO Herbert Diess, plans to cut €5.9 billion in annual production costs beginning in 2023. Salaried positions would be cut by 5,000 as part of a broader programme to eliminate 7,000 jobs.

The Frankfurt stock exchange and other global investors have been punishing VW share value because it has not achieved the profit margins of its global competitors. Last year, VW brands' margin fell to 3.8 percent, down from 4.2 percent, well below the 8 percent profit margins achieved by rivals Toyota and French automaker PSA.

In a call with investors Tuesday, VW CEO Diess said labor costs were "a big concern" and the company's finance chief Arno Antlitz said the cuts would enable the company to achieve a six percent profit margin by 2022.

In a letter to Audi's 90,000 employees, division head Bram Schot said, "Audi needs to come to grips with

costs...Audi must develop, produce, and do business more efficiently. No topic can be off limits."

Schot continued, "There is no way to avoid the fact that we must review our employee structure," saying that not all workers who retire will be replaced. For his part, Wolfgang Porsche demanded that VW roll back on plans to hire all its trainees for full-time positions.

Job and wage cuts are not the only options being considered. The shutdown of entire plants or production sectors is not being ruled out, according to Schot's letter. "We will integrate projects, take a closer look at the awarding of vehicle production contracts and plant allocation, and we have to optimise plant-specific capacity," states the letter. The original plan was to build the electric vehicle platform PPE in Ingolstadt and Neckarsulm, but this is no longer certain, Schot said.

"We will streamline our production network, optimise its organisation and flexibility, and increase our productivity," wrote the Audi chief executive without revealing how many jobs would fall victim to this cost-cutting programme.

Far from fighting the layoffs, IG Metall has once again signaled its willingness to collude in the brutal cost-cutting campaign. The works council and corporate board, which includes IG Metall representatives, are preparing a new version of their notorious Future Pact 2016, which led to the destruction of 30,000 jobs around the world, including 23,000 in Germany. The works council and IG Metall not only imposed the attacks on the workforce, but help draft the plans, and they were richly rewarded for it.

According to Bloomberg News, Bernd Osterloh, the long-time IG Metall and VW Works Council official, "signaled support for further cutbacks in principle, stressing a job guarantee until at least 2025 remains in place with any job reductions based on voluntary agreements. He also urged a draft labor pact on retraining employees for software and digital operations, Osterloh told Bloomberg News in an emailed statement.

Peter Mosch, chairman of the Audi works council in Ingolstadt, appealed to the corporate board to come up

with a joint strategy to implement the cost-cutting, saying, “We require a common goal to aim at, we have to revive the Audi spirit.”

The background to the drastic and accelerating attacks is the restructuring of the entire auto industry. Shrinking car markets in China, North America and other locations and the immense investments required for developing electric vehicles and digital self-driving cars are driving a new round of mergers and acquisitions, which will cost workers tens of thousands of jobs.

Volkswagen and Ford have been in talks to team up on electric and autonomous vehicles and would “fit together geographically really well and product line-wise,” according to Bill Ford, executive chairman of the US automaker. Speaking at a conference on electric battery storage in Houston Tuesday, the great-grandson of founder Henry Ford said, VW and Ford “both came to the same realization that as big as our balance sheets are, no company can do this alone.”

Just last week, Daimler Benz and BMW announced a partnership to develop self-driving cars due to budgetary constraints. Prior to that, they announced the integration of their car sharing services.

VW workers are also being forced to pay with their jobs for the actions of top VW and Audi executives who oversaw the intentional programming of diesel engines to activate their emission controls only during laboratory emissions testing. VW has been forced to pay €28 billion thus far for manipulating diesel engines, while Audi recently accepted fines of €800 million.

Similar scandals have engulfed Jeep, Volvo, Renault, Hyundai and other automakers, with Fiat Chrysler announcing Wednesday that was recalling 865,000 vehicles after settling claims that it manufactured vehicles that emitted more pollution than legally allowed in the US.

The VW and Audi executives are portraying the savage cost-cutting campaign as an investment in the future. In reality, VW Group made operating profits of €14.2 billion in 2018, a rise from 2017. That year, the company doubled its payouts to wealthy shareholders, including its largest, the Porsche and Piëch families, whose fortunes were first accumulated under the Nazi regime.

While the costs of the diesel scandal and technological developments are being offloaded onto the workforce, wealthy shareholders are taking advantage of these developments to enrich themselves still further.

Things developed similarly following the 2008–09 global financial crisis. The bankers and speculators, who

triggered the crisis through criminal activities, are richer than ever thanks to multi-trillion bailout programmes and a flood of credit from the central banks, while the working class, and entire countries like Greece, are left to pay the price.

Record corporate profits side-by-side with stagnating or falling real wages and the proliferation of part-time and precarious employment, including in the auto industry, has led to growing opposition from autoworkers. In the first ten weeks of 2019 alone, Hungarian VW workers have struck, *maquiladora* auto parts workers in Matamoros, Mexico, revolted against the companies and the unions, Canadian workers conducted wildcat strikes over the closing of GM’s Oshawa, Ontario, assembly plant and in Brazil, Ford workers struck after the announcement of the closure of the São Paulo plant. In the US there is deep opposition to GM’s plant closings and plans by the UAW to use the automakers’ threat to jobs as a hammer to push through a new round of concessions in contracts later this year.

The global assault on jobs requires an internationally coordinated response by autoworkers. This means breaking free from the grip of the IG Metall, the UAW and other nationalist and pro-capitalist unions, and building new organizations of struggle to mobilize the working class to defend its social rights, including the right to a good-paying and secure job. This must be fused with the fight to build a powerful political movement to fight for socialist policies, including the transformation of the giant banks and automakers like VW, Ford and GM into public enterprises, collectively owned and democratically controlled by the working class.



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