

# Germany: Daimler and VW boost production and demand billions in taxpayers' money

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Although around 2,500 people in Germany are being infected by the coronavirus every day, Daimler and Volkswagen started production again this week.

At Daimler, about 80 percent of the 170,000 employees have been affected by short-time working in one form or another since the beginning of April. Only production of the luxury cars, the new S-Class, has been maintained.

Now Daimler is starting up drive and transmission technology production in particular. Not only their plants in Germany, but above all in China, where production is up and running again, are dependent on this. Daimler board member for human resources Wilfried Porth and General Works Council Chairman Michael Brecht proudly declared that some plants would start immediately with three shifts, others with two, or initially only one shift.

In China, 32 of the 33 plants that Volkswagen operates with partners are already producing. In order to ensure the supplying of these plants, VW's component plants in Braunschweig and Kassel restarted production on April 6. The parts plants in Salzgitter, Chemnitz and Hanover in Germany, and in Poland, followed suit after Easter. "The gradual start-up of our plants was important in order to secure supplies to the overseas plants," asserted Thomas Schmall, chairman of the Board of Management of the Volkswagen Components Group.

The production plants are now reopening. This week, VW plants in the Slovakian capital Bratislava and in Zwickau in Saxony are starting up. In Zwickau, VW is building its first electric model, the ID.3 compact car.

Next week will also see the restarting of production at other German VW plants, including the main plant in Wolfsburg and the VW commercial vehicle plant in Hanover. Cars are also to roll off the assembly line again starting next week in Spain, Portugal, Russia and the US. Factories in South America and South Africa are to follow in May.

The organization of worldwide supply chains is a particular problem for Volkswagen, Daimler and all the other auto manufacturers. VW has 6,500 supplier companies in Europe alone. While work has been resumed in China for several weeks now, the production of components in Italy or France is still severely restricted. However, the planned start-ups are now secured, Daimler manager Porth reported.

The fact that production is being restarted and the workforces are being put in mortal danger is the result of a concerted action by the auto manufacturers, the IG Metall union and its works council representative and the German government.

The VW general works council, chaired by Bernd Osterloh, passed a works agreement about two weeks ago, "which lays down the framework for a controlled ramp-up of production in the factories." The "100-point plan to fight the pandemic" applies to the company's approximately 630,000 employees worldwide.

The 100 or so health protection measures range from the obligation to wear masks and to adhere to safety distances and hygiene rules, to the requirement to regularly measure body temperature. Osterloh said that VW was setting "a standard in the industry."

This was also claimed by the board of directors and the chairman of the works council, Brecht of Daimler, who together announced the official resumption of production. "We have always said that when we start again, the risk of infection should be lower here than outside the company," Brecht announced.

The company and the works council developed measures for the protection of employees based on risk assessments for each workplace. "In principle, the catalogue that emerged from this is the catalogue that was used as the basis for the recommendation of the VDA industry association and ultimately, also for the considerations of the German government," Porth said. "We have done a lot of preparatory work on this."

In other words, the corporations and works councils jointly devise the mechanisms by which workers are sent back into the factories and through which the federal government then justifies its criminal policy of ending the lockdown in order to revive profits.

In an additional act of intimidation, works council leader Brecht and personnel director Porth have also warned that workers could still lose their jobs if, at least in the medium term, profits do not start to flow again.

According to the DPA [Deutsche Presse-Agentur] press agency, Porth emphasised that if demand levels off below what the company has based its plans on, it would also be clear that

the previous savings targets and planned job cuts would not be enough. “The fact that we will have to make adjustments is obvious,” said Porth. How this would be implemented would have to be seen in due course. “We do not yet know how the market will react,” added Brecht.

In order to stimulate demand, Daimler believes that measures “which could strengthen demand in these times of great uncertainty among customers are definitely worth considering.”

VW is less reticent in this respect. Similar to BMW, which is demanding an “innovation premium,” the VW group is embellishing its demand for further billions in handouts (in addition to the billions in state short-time work benefits) with a call for tax bonuses when consumers buy an “environmentally friendly vehicle.”

German manufacturers are now proposing a new edition of the “eco-rebate,” which was financed from diversification funds after the global economic crisis of 2008-2009. At that time, car buyers who scrapped their more than nine-year-old car received a premium of €2,500 [US\$2,707] towards buying a new car, which is why the name “scrappage premium” quickly became established.

Although the number of new passenger car registrations rose in 2019 by more than 700,000, or 23 percent compared to the previous year, the number of new car registrations was still extremely low. But of the 2 million scrappage premiums paid out, German manufacturers received relatively little, with their mostly expensive and larger vehicles. This is because drivers of cars that are at least 10 years old are rarely in a financial position to afford a BMW, Mercedes, Audi or higher-class VW, let alone a Porsche. The premiums therefore went largely to Asian manufacturers of small cars.

The daily *Süddeutsche Zeitung* reported on Tuesday that “behind the scenes” there was “haggling” over lower VAT (sales tax) rates. Because many cars are company cars, “and especially many of them are German makes,” the flat-rate taxes of 0.5 percent for cars with alternative drives and 1 percent for cars with combustion engines could be halved.

Companies can offset the purchase of expensive company cars against tax. But drivers of company cars have to pay tax on this so-called monetary benefit, at 1 percent of the purchase price per month. Thus, for a vehicle costing €50,000, €500 per month must be taxed, which is to be halved.

VW COO Ralf Brandstätter did not commit himself in talks with finance daily *Handelsblatt*, but left the government some leeway. On May 5, car manufacturers, industry representatives and the trade unions will meet with the federal government for the next auto summit, where a bonus model will certainly be suggested to the government.

Brandstätter is of the opinion that this will put other European countries under pressure. “The fact that we are now starting production again is also a signal to Europe,” he said. Volkswagen, he said, was counting on the uniform lifting of restrictions in Europe on public life and in the economy. “This

has been understood in politics,” said the millionaire confidently. Other European countries would then have to follow suit very soon with their own support programmes.

The money must flow quickly, Brandstätter said. Car dealerships have opened again, and soon the road traffic offices and vehicle registration offices will also be back in business. For Brandstätter, this would be the right moment and a support programme should be available at that time. “It would be good news if this went hand in hand,” he said. The VW manager said such a programme would probably have to be ready in May or June. “Together, we must succeed in overcoming this pandemic,” he added.

Brandstätter, like all the auto executives and trade union officials, equates the fight against the pandemic with securing the company’s profits. For the boardrooms, the government and the union leaders, the coronavirus crisis is first and foremost an economic crisis, to which the health and lives of workers must also be sacrificed.

Brandstätter claims that the promotion of the automotive industry can be justified from an economic point of view. “Many people will benefit when the automotive industry gets going again,” he stressed.

This is the old mantra of capitalism. The workers are fine when the economy is fine. Brandstätter does not care that this is an obvious lie right now. While the number of victims of the COVID-19 pandemic is rising worldwide, shareholders’ profits are climbing due to the rise of the stock markets. The top few percent of society live in their own world.

It is urgently time to take the auto companies out of the grip of shareholders, their executives and works councils and turn them into social property democratically controlled by the workers.

Then the car companies could also be put in the service of the fight against the pandemic. At present, the factories’ only purpose is to make a profit. To cover this up and justify starting production, VW is now also producing simple face masks. “There is already a machine with a weekly production of 500,000 masks in China. In Braunschweig, a second machine will achieve similarly large quantities,” Brandstätter announced. VW also wants to produce disinfectants for surface cleaning.

The cynical and inhuman claim of the car companies is that none of this was possible before, since then it concerned human lives, not profits and dividends.



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