Trade union, works council and CEO impose cost-cutting programme on Volkswagen workforce in Germany

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20 December 2020

At a Supervisory Board meeting last week, representatives of the owners and trade unions at Volkswagen (VW) unanimously agreed to launch a cost-cutting programme in competition with US-based electric vehicle manufacturer Tesla. The burden of this is to be borne by the workforce at VW itself and throughout the parts supplier chain.

The Supervisory Board's decision had been preceded by months of dispute between company CEO Herbert Diess and General Works Council Chairman Bernd Osterloh. Five years ago, when the top manager was poached from BMW, Osterloh had proudly declared that Diess was "our man." But in the end, the IG Metall trade union and the works council no longer trusted him to successfully lead the fight against competitors from China, Europe and the US, especially Tesla.

The jobs, wages, working conditions and the health of the workers were never the question. Diess, Osterloh and their respective entourages agree that the transformation to electric vehicles and competition with other automakers are all about shareholder interests. Their goal is to establish Volkswagen as a "global champion" in the international battle for markets and profits, driving other competitors out of the market.

The works council and IG Metall are the driving force behind this, even if it means the destruction of tens of thousands of jobs and an intolerable increase in productivity.

To divide the workforce and suppress any resistance, they proceed according to the St. Florian principle: "Spare my house, set another on fire!" Jobs at VW have priority over those in the supplier industries, jobs in Germany over those abroad, and jobs at the main Wolfsburg plant over those at other locations. Accordingly, IG Metall had already organized the closure of the Opel plants in Antwerp and Bochum, before it was the turn of the main plant in Rüsselsheim, which is now being shut down one slice at a time.

The basis of the "reconciliation" between Diess and Osterloh was the promise that Wolfsburg would be developed into a factory for the highly automated production of electric vehicles, setting new standards for the automotive industry. So far, the VW Group had mainly converted plants in Brussels, Hanover, Zwickau, and Emden to the new technology. Works council leader Osterloh had therefore been calling to produce an electric vehicle in Wolfsburg for months.

The world's largest auto factory, with around 60,000 employees, Wolfsburg is currently only running at about half capacity. Originally, production of one million cars a year was planned there. But according to Osterloh, it would only be just under 500,000 in 2020 because of the coronavirus pandemic.

Last week, production was partially halted in Wolfsburg and other plants because of bottlenecks in supplying semiconductors and a shortage of seat foam for the Golf 8. Despite the rampaging pandemic in Germany, however, the shutdown over the holidays is to be somewhat extended only in individual areas to ramp up production again as quickly as possible and press ahead with the restructuring plans.

Last Monday, the Supervisory Board agreed, "Wolfsburg will become a showcase location for the highly automated production of e-vehicles." A new electric vehicle with improved battery technology and more modern software is to be built there as early as 2025, or by 2026 at the latest.

What this means for the workforce can only be guessed at present, as the management and works council are not giving away any concrete details. VW plans to produce the vehicles almost fully automatically and to cut production times in half. Cars are to come off the production line within ten hours, like at Tesla's new factory in Grünheide near Berlin. Currently, VW workers in Zwickau need around 20 hours for Volkswagen's ID.3 electric car.

This offensive is exactly to the liking of Osterloh and the shareholders. The head of the works council had already proudly reported to *Welt am Sonntag* at the beginning of

September, “In the meantime, we’re in the middle of electrifying our fleet.” He saw a good chance that VW could overtake US manufacturer Tesla in terms of unit sales and software. “If Tesla sets up three factories where you can build between 300,000 and 500,000 cars, then we’re talking about a unit output of between 900,000 and 1.5 million,” Osterloh said. “We want to achieve that in 2023 as well, probably sooner.”

At Monday’s supervisory board meeting, Diess announced he wanted to shape the framework conditions in Wolfsburg “so that we can keep up with Tesla, maybe even overtake it at one point or another.” And on Tuesday, in a speech broadcast throughout the group to some 15,000 VW managers, he enthused, “This will allow us to keep up with Tesla and will even be better in terms of production costs.”

Achieving that will require widespread attacks on workforces throughout the supplier chain, at all VW plants and in Wolfsburg itself. Tens of thousands more will be added to the 20,000 VW job cuts already agreed upon this year—on which IGM and the works council expressly agree.

After a kind of “formal apology” to Diess (according to finance daily *Handelsblatt*), the supervisory board announced there would only be a necessary reduction in staff “via the proven personnel instruments,” i.e., through collaboration with the unions and works council. It resolved to reduce fixed costs, including wage costs for permanent workers, by 5 percent by 2023. In production, which is already highly rationalized, this is only possible with further staff reductions. To guarantee this, Diess’ favourite, Arno Antlitz, who has been head of finance at the VW brand for ten years, has been appointed CFO of the entire group.

The suppliers are to bleed even more. Here, costs are to be cut by seven percent within two years. That means adhesion contracts for the suppliers, for which the workers there will pay with jobs, wage cuts and increased productivity. To this end, the supervisory board appointed Murat Aksel as the new head of purchasing. Aksel, like Diess, comes from BMW, where he was a feared cost-cutter in purchasing.

Thomas Schmall, who will take over the newly created board-level “Technology” department, is regarded as “Osterloh’s pupil,” according to *Handelsblatt*. Like Osterloh and Diess, he is in favour of the company’s own battery cell production and an acceleration of the switch to electric mobility.

The financial markets, i.e., investors and shareholders, have understood the message. Within two days, VW shares rose by around 12 percent and have remained at that level ever since.

In his Wednesday morning newsletter, former *Handelsblatt* editor-in-chief Gabor Steingart cheered the proposals, saying, “Germany’s auto industry has finally taken up the pursuit of electromobility—powerfully and across the group.” He said this applied both to the VW, BMW, and Daimler groups—which alone are investing €70 billion in electric vehicles over the next five years—and to the supplier chain, such as Bosch and Continental.

International investors were not just betting on Tesla, Steingart said. “They are betting on the beginning of a new era.” Those who resolutely bet on the electrification of their product range will be rewarded, he added. “Herbert Diess’ E-strategy and its backing in VW’s supervisory board has encouraged the stock market to skyrocket this week.”

This is being done on the backs of the workforce. In the summer, WSWS wrote that the leadership dispute at VW was ushering in a new phase of close cooperation between management and the union, “designed to prepare the group for a global economic war and aimed directly at employees.”

That came to fruition with last Monday’s decision by the supervisory board. The developments of last week have once again highlighted the special role of IG Metall and the works council led by Bernd Osterloh. In all corporations, the works council representatives are stooges of the management; at VW, they help steer the global corporation. The special arrangements at VW, where the Social Democratic Party-led Lower Saxony state executive is a major shareholder, means they determine who steers the group and in what direction. And they do this not in the interests of the workforce, but of the shareholders. This was once again borne out by the events of last week.

For this reason, the WSWS and the Sozialistische Gleichheitspartei (Socialist Equality Party, SGP) are calling for the establishment of independent rank-and-file action committees to discuss and organize immediate measures for the principled defence of all jobs, wages, and social benefits, but also to improve job security—against the policies of IG Metall, Osterloh and his works council representatives. The defence of jobs, incomes and social gains requires the international unity of the working class and a socialist perspective that places social needs above the profit interests of capital.