

Volkswagen: 30,000 jobs under imminent threat

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17 October 2021

At a supervisory board meeting of the Volkswagen Company at the end of September, VW chairman Herbert Diess told some 20 assembled corporate and trade union representatives to prepare for a new massive round of job cuts. The results of the meeting were made public by the *Handelsblatt* newspaper on October 13. Diess declared that up to 30,000 jobs would become redundant at VW, i.e., one quarter of the company's core workforce.

The main plant in Wolfsburg, the largest factory in the world with about 60,000 employees, had to be immediately converted to the production of electric autos, Diess stressed. Currently, it mainly produces the popular VW Golf and Tiguan combustion models.

Diess had already experienced the collapse of a major factory, he declared, when he was manager for BMV autos in Birmingham, UK. Due to the failure of management to act, and the role of trade unions in blocking innovation, the plant was finally forced to close down, Diess warned.

Now the core brand VW and especially its main plant in Wolfsburg are under pressure. In the past, Diess has repeatedly referred to VW's competitor Tesla, which is building a so-called giga-factory in Grünheide near Berlin in Brandenburg. Tesla plans to produce about 500,000 electric autos from next year based on a workforce of around 10,000. The main VW plant in Wolfsburg employs about 60,000 people, including 25,000 in production, and expects to produce less than 500,000 autos this year.

For the second year in a row, the Wolfsburg plant is threatened with a historic decline in its postwar production. Last year, Wolfsburg produced just under half a million vehicles, reported the car magazine *Automobilwoche*. This year even fewer autos are expected to roll off VW assembly lines. This means that Wolfsburg is far below its most recent 10-year average of just under 780,000 autos per annum.

Almost a fortnight ago, Diess prepared 120 managers for a massive attack on jobs in a video conference. An electric auto at the Tesla plant in Grünheide is scheduled to be built in 10 hours. At its Zwickau plant, VW needs three times as long for the production of its models.

The most recent auto sales figures for Germany mark the lowest level of new car registrations in September since 1991, with German auto brands suffering heavily.

Compared to the same month last year, Mercedes (-49.8 percent), Mini (-45.0 percent), Audi (-38.9 percent), VW (-23.3 percent) and BMW (-18.7 percent) recorded the most dramatic declines. Despite losses, VW retains the largest market share of 15.7 percent, but a comparison with Tesla illustrates why Diess has now decided to go on the offensive.

The best-selling car in Germany in September was once again the VW Golf, with 6,886 new registrations. But it was closely followed in second place by Tesla's Model 3, which sold 6,828 units.

Diess is now planning to accelerate VW's internal "Trinity" project. VW is developing a new production model under this name as a new premium model with VW's own software operating system and far-reaching autonomous capabilities, to be produced at the company's main plant starting in 2026.

According to *Handelsblatt*, the next generation of VWs will have a completely new structure and be much more efficient to produce. Whereas the VW Golf could be produced in 10 million variants depending on customer wishes, Trinity allows less than a hundred variants.

In Wolfsburg, car bodies are still made of several steel and aluminium sheets that must be welded together. In future, a body made from a single cast and without the use of individual sheets of metal should lead to vast increases in productivity. Tesla is already planning this type of production at its new factory in Grünheide.

However, less complexity also means fewer work steps and fewer jobs, according to *Handelsblatt*, and Diess has already drawn up various scenarios with up to 30,000 jobs at risk in the course of restructuring. The VW management has already converted some plants, including those in Zwickau and Brussels, while the VW factories in Hanover and Emden are currently undergoing transition to e-mobility. So far, only Wolfsburg has been excluded from this process. Diess wants that to change.

Handelsblatt quotes an insider declaring that reception to Diess' speech was "harsh." But while the supervisory board, made up of representatives of big business, finance and senior trade union and works council officials, may have some criticisms of Diess's approach, they all agree on the end goal.

"There is no question we have to address the competitiveness of our plant in Wolfsburg in the face of new market entrants," a VW spokeswoman said after the supervisory board meeting. In a few days' time Diess will gather his top managers for an executive meeting where he will present his various scenarios and initiate the massive job cuts.

The chair of the VW general and company works council, Daniela Cavallo, successor to Bernd Osterloh, is backing Diess and has the job of justifying and implementing the cuts to the workforce. In light of the low-capacity utilisation at the VW plant in Wolfsburg, she has already proposed the restructuring of production.

The executive board and works council guaranteed a capacity utilisation of at least 820,000 vehicles at VW's main plant for 2020 in the "Pact for the Future" agreed in 2016. As a result of this "Pact" 30,000 jobs have already been sacrificed. In mid-2018, they were even plans to set a target of producing 1 million vehicles a year. "Even adjusted for the current negative factors of Corona and semiconductor shortages, we are far from these jointly agreed plans," Cavallo now says.

The much-vaunted Trinity project will not turn the tide, said the works council leader. The Wolfsburg site must find a faster path to e-mobility. But this would have to be a "volume-capable model"—such as the ID3, ID4 and the upcoming ID5 model—by as early as 2024. However, according to the board's plans so far, these all these models are to be produced in other factories.

The next four weeks will see an intensification of haggling between the works councils at individual factories. On November 12, the VW supervisory board will meet again in Wolfsburg, to agree future investment planning. It will then be finally decided at which factories the various models will be produced.

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Last week, the *Frankfurter Allgemeine Zeitung* wrote that the works councils attach importance to the fact that there be no negative consequences for the various plants. The demand for e-cars was growing faster than many had expected, and Wolfsburg, for example, could absorb the additional demand.

However, the growing demand for e-cars does not solve the problem that fewer workers are needed for their

production. The VW works councils all support job cuts in principle, but then seek to ensure the cuts take place at any other factory than their own. In this way they divide the workforce and sabotage any effective resistance. This has been the case ever since CEO Diess moved to VW from BMW in 2015 and imposed a radical course of restructuring on Germany's biggest automaker.

The works councils and IG Metall are the main pillars for the auto companies' assault on jobs, working conditions and wages. The auto corporations and their shareholders are using the switch to e-mobility and the coronavirus pandemic to reverse all the gains made by auto workers in the course of bitter strikes since World War II, and thereby continue their orgy of self-enrichment.

VW profits and shareholders' dividends have swelled despite the pandemic and short-time work. In 2020, the company made around €10 billion in profits before interest and taxes. In 2021, this sum was trumped in the first half of the year with a profit of €11.34 billion.

At the beginning of July, VW raised the profit targets for the entire company. For 2025, the Wolfsburg-based company now calculates a profit margin of between eight and nine percent, i.e., an increase of one percentage point. Around a 4 percent profit margin is planned for the main VW brand, while its subsidiaries Audi and Porsche plan returns of at least 11 percent for their luxury models.

At all of these automakers, it is the increased exploitation of their workforces that lies behind the increase in profits. At Audi, IG Metall already agreed to cut 9,500 jobs in 2019, with more than half of these jobs already lost.

Alongside VW, all other auto companies in Germany and worldwide are squeezing their workforces to the bone to satisfy the shareholders' lust for ever higher profits and dividends. Workers must answer this offensive with their own, international declaration of struggle.

For this reason, the International Committee of the Fourth International and its affiliated Socialist Equality Parties founded the International Workers Alliance of Action Committees in May to coordinate and organise the worldwide struggles of all workers. Autoworkers play a central role in this struggle due to the nature of modern closely interlinked international production.

We call on all autoworkers to contact us and unite in action committees that function completely independently of the trade unions.



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