

# The cutbacks at Volkswagen and the international struggle of auto workers

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The management of the Volkswagen Group, working in close collaboration with the corporatist IG Metall union and its works council, is preparing a massive restructuring of production, huge job cuts and savage austerity measures at its flagship manufacturing center in Wolfsburg, Germany.

At least 30,000 jobs are at stake. Entire factory sections are to be shut down and personnel costs drastically reduced in order to triple the profit rate. For every percentage point of additional profit, savings of about one billion euros are necessary, a company spokesperson explained.

Many workers have been shocked at the enormity of the attacks underway. The *World Socialist Web Site* report about them has been read almost a hundred thousand times. In order to organise resistance to this, two things are important for workers to understand.

Firstly, Volkswagen's slash-and-burn is part of an international attack on the working class. To finance the huge costs of war and trade war and to drive up share prices further, capital and governments are attacking all social gains and rights.

The auto bosses are using the shift to e-mobility to dramatically increase profits. Studies and strategy papers of the international car companies plan to cut up to 40 percent of jobs in the global auto industry. This jobs massacre is to be used to drastically reduce wages and social benefits. The individual locations will be mercilessly played off against each other, as Ford has demonstrated with the so-called "bidding war" between Saarlouis, Germany and Valencia, Spain.

The struggle to defend jobs and wages must therefore be prepared and waged as an international struggle from the outset.

In the US and Canada, the contracts for 170,000 autoworkers at the "Big Three" automakers (Ford, General Motors and Stellantis) expire in mid-September. The dispute at VW coincides with one of the biggest contract struggles in decades in America. In addition, there is a growing strike movement in many European countries. In Turkey, collective bargaining for 150,000 workers in the auto and metal industries is taking place this autumn. Workers have already announced they will no longer accept the wage-cutting contracts that the unions have agreed to in the past.

Secondly, the control of the IG Metall union and its works council representatives, who function as a tool of corporate management and exercise a veritable dictatorship over the workers, must be broken. This requires the building of an independent rank-and-file action committee uniting all VW workers who are serious about fighting. The action committee must oppose the capitalist profit logic and put the needs and rights of the workers above the returns of the billionaires and investors.

Such action committees have already been formed in several car plants and joined together to form a network. They are part of the International Workers Alliance of Rank-and-File Committees (IWA-RFC), which is coordinating the growing resistance of workers across national boundaries. The founding of an action committee at VW will make a decisive contribution to building an axis of resistance between Wolfsburg and Detroit and to making the struggle against the slash-and-burn at VW part of a systematic, international offensive in the car and supplier industry.

The announcement of the so-called "Performance Programme," which was jointly elaborated by corporate management, the works council, IG Metall and the Social Democratic (SPD) state government, is a deliberate provocation. Workers are to be intimidated and caught unawares. If it is possible to impose such a comprehensive social cutback in the auto city of Wolfsburg, the same will happen in all other car and supplier factories as well as in other industrial plants.

Volkswagen is the largest European car manufacturer. The Wolfsburg manufacturing center is the largest factory in the world, with around 60,000 employees. All told, VW employs some 670,000 workers in 122 factories on all continents, 120,000 in Germany alone. Hundreds of thousands more are employed in the supplier industry. If you add in family members, the fate of several million people is directly dependent on the outcome of this struggle.

## Collaboration between management and trade unions

At the top of the corporation are two clans of oligarchs who dominate the board of directors and supervisory board through their majority share holdings: the Porsches and the Piëchs. They owe their power to the fact that they are descendants of Ferdinand Porsche and his son-in-law Anton Piëch, who as favourites of Adolf Hitler built up the Volkswagen factory for the Nazis. The foundation stone for the Porsches' and Piëchs' billion-dollar fortune was laid by 20,000 forced labourers who produced armaments for the Wehrmacht (Hitler's army) under inhumane conditions at the VW plant during the Second World War.

The second power factor in the company is the IG Metall trade union and the works council. The first chairperson of IG Metall, Jörg Hofmann, is deputy chairperson of the VW supervisory board and, together with the chairperson of the general works council, Daniela Cavallo, sits on the company's executive committee where all important decisions are discussed.

In no other German corporation is collaboration between management and trade union as sophisticated as at Volkswagen. IG Metall and the works council, with an army of full-time functionaries, ensure that the decisions of the management board and supervisory board are implemented smoothly and try to nip any resistance in the bud.

All the problems faced by workers in the car and supplier industry can be seen at VW as if under a magnifying glass.

For decades, VW was able to expand its production, make high profits and pay above-average wages to the core workforce. When global competition intensified, new competitors appeared in Japan, Korea and China and exhaust emission standards were tightened. VW management responded by resorting to criminal methods, including programming diesel engines to active emissions controls during regulatory tests—not in real life conditions. The company had to pay many billions of euros in fines for the diesel emissions scandal.

This was offset by an aggressive expansion of business in China. Since the 1980s, Volkswagen had been the market leader in China with its core VW brand. In recent years, the group sold around 40 percent of its vehicles in China and made a large part of its profits there. In the meantime, however, sales have declined significantly. Chinese manufacturers such as SAIC, BYD, Geely and Xpeng are emerging as competitors and expanding into Europe.

The Chinese producer BYD, which only makes electric vehicles, increased its market share to eleven percent in the first quarter, surpassing Volkswagen and Toyota in China. Other Chinese manufacturers such as Nio, Geely or Great Wall also sell far more EVs than Volkswagen.

Fierce competition is being fought on the backs of workers in China and in Germany. VW is responding to the rising market share of Chinese producers by investing billions, taking stakes in Chinese companies and start-ups that bring the technical know-how for e-mobility. Last month, Volkswagen announced a long-term partnership with Chinese carmaker Xpeng in the fields of electromobility, software and self-driving cars. The Wolfsburg-based carmaker is also in talks with the start-up Zhejiang Leapmotor Technology about extensive cooperation.

The focus is not only on access to technologies and raw materials such as lithium, nickel, cobalt, graphite and rare earths needed to build EVs, but also on drastically increasing profits and driving up exploitation. While wages lag far behind inflation and tens of thousands fear for their jobs, corporate owners and investors are only satisfied with double-digit profit rates.

The board of directors, shareholders, IG Metall, the works council and the state government work closely together in this restructuring and profit increase and the associated attacks on the workforce. They coordinate every move to suppress resistance and divide the workforce by country and location, between permanent and temporary workers, etc.

The change at the top of the company last autumn from Herbert Diess to Oliver Blume was mainly aimed at making collaboration with the works council and IG Metall even closer. Blume is highly praised by the works council representatives because he involves them closely in his planning. Blume and his team enjoy “the fullest support” of the works council, works council head Cavallo declared, and they work together “in a spirit of trust and on equal terms.” We have already shown in an earlier article what this “trusting cooperation” means.

Therefore, the first important step in the struggle to defend jobs, wages and social standards is to build an independent action

committee. The International Workers Alliance of Rank-and-File Committees offers its support in this. It will help VW workers establish links with action committees in other countries and workplaces—General Motors, Stellantis, Ford, UPS and others—offering them the opportunity to exchange information and prepare and coordinate a joint counter-offensive.

### A programme that meets workers’ needs

A few weeks ago, the network of action committees of autoworkers in the US published a programme that can also serve as a model for the struggle at VW. It bases its demands not on what company executives think is affordable, but on what workers need for a dignified standard of living. It sets out the following demands as the basis for all new agreements in the car industry:

- **Not a single layoff or plant closure!** Developments in automation and technology must be deployed to shorten the workweek, not throw workers out of a job and increase profits. If EVs require fewer labor hours to build, then the workweek should be reduced from the exhausting 40, 50 and even 60 hours workers routinely labor to 30 hours a week with no loss in pay, and the work divided among all workers.

- **A 40 percent general wage increase and the restoration of COLA** (cost-of-living) raises, to make up for years of wage freezes and the havoc caused by high inflation.

- **An end to all tiers and “progression” wage schemes** by immediately bringing up lower tiers to top pay and benefits. Lower wage scales must be immediately raised to the highest wages and benefits.

- **The transfer of all temporary and part-time workers to full-time status**, with full pay and benefits.

- **Full funding of pensions and high-quality healthcare** for all current workers and retirees.

- **The re-establishment of the eight-hour day** with wages that allow us to provide for ourselves and our families.

- **Rank-and-file control over line speed and production standards**, to be enforced by local rank-and-file committees to ensure that workers’ health and safety comes first.

We call on all VW workers: Get in touch via Whatsapp message on +491633378340 or fill in the contact form.

In the action committee, we will discuss how to overcome the dictatorship of the IG Metall and its works council representatives and how the struggle has to be conducted to defend all jobs and all social gains. We will also report on the struggles and experiences of autoworkers in the US and other countries and develop international cooperation.



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