

Volkswagen's rigged game: union officials and company executives unite to destroy jobs

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The eagerly awaited meeting of the Volkswagen Group's supervisory board on Thursday was a rigged game organised by the executive board, the works council and IG Metall union. Fearing an explosive reaction from the workforce, the supervisory board—a 20-member body consisting of an equal number of shareholder and employee/union representatives—reached no concrete decisions on plant closures or the number of jobs to be cut, but it did set the course for them.

In the days leading up to the meeting, numerous media outlets, beginning with *Manager Magazine*, had reported on plans by VW CEO Oliver Blume to close four plants and destroy up to 140,000 jobs. The works council and IG Metall remained silent for days. On 1 July, the VW Group Works Council finally answered questions from the workforce on the “IG Metall at VW” website. In doing so, it admitted that it had long been aware of the savings plan known as the “Group Target Picture.” It had already submitted a comprehensive catalogue of 86 questions on the matter to top management in mid-May, wrote the works council, and had received a 43-page reply on June 25, which it was now evaluating.

However, it refused to go into the contents of the plan. These were “partially highly confidential because they are relevant to competition. Both the questions and the answers can therefore not be made public within the company.” It even refused to answer the question of whether the supervisory board would deal with the restructuring plan on July 9. That was subject to a duty of confidentiality, the violation of which, “according to Section 404 of the Stock Corporation Act, carried fines and even imprisonment” it stated. By this logic, the executive board could set the factory ablaze, but the works council may not shout “fire”, because that would violate the duty of “confidentiality”!

The works council was clearly extremely nervous, fearing that the anger in the workforce would erupt in spontaneous walkouts and protests. To calm the waters, it called for token protests at all sites on the day of the supervisory board meeting, but these were deliberately kept small. Our reporter

from Neckarsulm, where the entire Audi plant along with 15,000 jobs is on the hit list, reported:

As stated in the announcement, it was an “action by works council reps, union stewards and youth representatives in front of factory gate 6—ordinary workers were excluded from the protest. About 500 predominantly younger people, equipped with IG Metall accessories, dominated the gathering and created the impression that they had assembled to intimidate ordinary employees.

IG Metall organised this with the intention of preventing rank-and-file workers from taking part—a lesson learned from the events at Mercedes in Sindelfingen, where more than 20,000 workers had unexpectedly gathered on July 3.

About 20 to 25 non-uniformed workers left the event in the middle of the half-hour spectacle; one said: “This is nonsense, I’m going back to work.”

In Osnabrück, around 80 union members protested in front of the VW plant. At the Audi plant in Ingolstadt, a few hundred union members organised a flash mob during the lunch break. In Stuttgart, a car rally of automotive workers took place. And at the main plant in Wolfsburg, union officials demonstrated away from the public on the factory premises, where the supervisory board meeting was taking place. Only Group Works Council Chairwoman Daniela Cavallo stepped in front of the factory gate to speak to the media.

Before the supervisory board meeting, the presidium met, comprising four representatives of the shareholders—three members of the Porsche-Piëch clan and the State Premier of Lower Saxony, Stephan Weil (SPD)—and four so-called “employee representatives”—including IG Metall chairwoman Christiane Benner and Group Works Council Chairwoman Cavallo. It prepared the meeting and ensured that no conflicts were played out in public. The supervisory board therefore initially reached no decision on critical issues and postponed discussion of topics that “required consent,” in which the works council has a say, to later meetings.

The union representatives currently hold a majority with

ten votes on the supervisory board, since a seat on the capital side has been vacant since the withdrawal of Julia Wiegand in June. They could therefore block all resolutions. In addition, the state of Lower Saxony, which holds over 20 percent of the voting rights, often votes with the union representatives. Works council and IG Metall apparently wanted above all to avoid having to show their colours right now by agreeing to the elimination of further jobs and the closure of entire sites. Having supported the destruction of 35,000 jobs a year and a half ago on the grounds that this would secure all sites, they would now be left exposed and lose the last vestiges of their authority.

But both supervisory board and executive board have, in any case, set the course for the slash-and-burn policy that the works council is trying to deny. They merely need time to soften up and wear down the workforce. Something at which IG Metall is an expert.

According to information from the *Frankfurter Allgemeine Zeitung*, the executive board has already decided to drastically reduce the model range. The offering of around 150 models across all group brands is to be halved, and equipment variants reduced. The complexity of the offering would thus decrease by 75 percent. Global production capacity, which has already fallen from 12 to 10 million vehicles per year, is to be reduced to 9 million. These plans only make business sense if tens of thousands of jobs are destroyed and several sites closed—in other words, if the plans whose existence works council and IGM stubbornly deny are actually implemented.

After the meeting, Cavallo feigned indignation. *Mitbestimmen*, the newspaper of the VW works council, published a flyer with the sensational headline “Cavallo issues ultimatum to Blume.” The ultimatum reads: “In the course of tomorrow (10 July), Group CEO Oliver Blume must take a position vis-à-vis the workforce and comment unequivocally on the rumours about the alleged executive board plans.” If Blume did not comply with the ultimatum, Cavallo threatened, “then after the summer break there will be extraordinary works meetings VW-wide and simultaneously, to ask the executive board members to the microphone there.” That is what is called a rebellion on one’s knees.

In reality, IG Metall and the works council are preparing to collaborate even more closely with the executive board in the next round of slash-and-burn than before. This is shown by a joint letter that the Group Works Committee (KBA) and the Volkswagen Management Association (VMA) sent to the workforce on the day after the supervisory board meeting. The KBA unites the works council leaderships of all German brands and companies, while the VMA is the representative body for managers. The letter from the works

council barons reads as if it had been written by Roland Berger or another management consultancy. Behind a veil of moral indignation—The executive board’s treatment of the workforce is unsurpassable in its disrespect—it renews the offer of cooperation and offers advice on how the slash-and-burn can be implemented more effectively and smoothly. “We know only too well how hard the economic pressure is at present, how tight the competition and how compelling the need to change things fundamentally—and that means also using levers that will be painful,” the letter states.

It advocates a more effective leadership structure: “Urgently required” is “the rapid implementation of a new control model in the Group Executive Board. ... Overall, the Group Executive Board must be streamlined and departments dissolved or merged where necessary. These steps will ensure the necessary speed in the operational implementation of the transformation.” The works council barons consider austerity measures and job cuts indispensable: an “intensive overhead cost analysis” is “essential for the practical application of socially acceptable personnel instruments,” in the finest management-speak. And time and again they emphasise their readiness for class collaboration: “Change can only succeed for the company’s top management together with the workforce.”

The rank-and-file Volkswagen Action Committee distributed a statement headlined “We demand strikes and industrial action at all sites! Break the control of the IG Metall apparatus! Defend every job!” in front of several plants on the day of the supervisory board meeting. “The first step in the fight against the jobs massacre is to continue building and strengthening the action committee,” it states. “We need this new organisational structure in order to break the dictatorial control of the IG Metall officials and the works council, with their constant intimidation and threats.” The statement advocates industrial action to defend every job, opposes the conversion to arms production and calls for international cooperation among all sites.

The Action Committee invites you to an online discussion meeting on Wednesday, 15 July at 6 pm (CET), for which you can register anonymously.



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