Volkswagen demands 20 percent wage cut

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Volkswagen wants to cut the wages of its 120,000 employees in Germany by almost 20 percent, thereby saving €2 billion a year. This became known on Wednesday evening after the second round of negotiations on the VW company wage agreement.

Finance daily *Handelsblatt* had already reported on the proposed cuts in advance:

• Wages will be reduced by 10 percent (instead of the demanded 7 percent increase) and frozen for the years 2025 and 2026.

• Supplementary payments, bonuses and gratuities will be cancelled without replacement.

• Older workers who have been able to reduce their weekly working hours to between 25 and 33 hours (on the assembly line) or 26 and 34 hours (in administration) since the "Future Pact" contract of 2005 will have to work a full 35 hours again.

• Temporary workers will no longer be paid according to VW's own wage scales, but rather according to the lower industry scales.

• The number of apprentices will be reduced from 1,400 per year.

The threat of mass layoffs and the closure of entire plants is still on the table with this provocative offer. Volkswagen wants to save a total of almost €4 billion a year. But management has indicated that it would be willing to discuss the preservation of production locations if the IG Metall union and the works council agree to massive wage cuts, whereby maintaining a location does not mean that all jobs will remain.

A wage reduction, as provocatively being demanded by the VW management, is unprecedented in post-war German history. For many VW workers who have families, houses to pay for and other obligations to meet, it would be financially devastating. Nevertheless, the IG Metall and the works council have already signalled their willingness to compromise.

Since the head of the works council, Daniela Cavallo, went public on Monday with the warning that VW intended to close three plants and lay off tens of thousands, all statements by the works council and IG Metall officials have focused on the demand to maintain all locations. They did not question the company's cost-cutting targets, nor did they call for a fight against them.

Instead, they demanded management work very closely with them on the cuts and job losses, as it has in the past. IG Metall negotiator Thorsten Gröger, for example, declared that a "viable future concept for all locations" was the "entry ticket" for further negotiations.

By a "viable future concept," Gröger means—just as VW boss Oliver Blume and the shareholder families Porsche and Piëch do—a concept that yields at least a 6.5 percent return.

Stephan Weil (Social Democrat, SPD), State Premier of Lower Saxony, which holds a 20 percent stake in the VW Group and where the company headquarters and main plant are situated, also stated that it was crucial "to maintain the industrial substance of the automotive industry in Lower Saxony," and that all sides would have to contribute to this.

Coinciding with the second round of contract bargaining, Volkswagen reported a 64 percent drop in profits for the third quarter compared to the same period last year. But if one takes a closer look at the figures, the shareholders and managers are continuing to make massive profits.

In 2023, the group as a whole, which also includes brands such as Škoda, Seat, Audi and Porsche, posted record sales of €332 billion and a profit of €22.6 billion. It paid out €4.5 billion in dividends, more than is now to be saved on the VW brand in one year.

The VW Group was thus in line with the trend. The 40 most valuable German companies listed on the DAX stock index distributed a total of €54 billion in

dividends in 2023–also a historic record. The front-runner was the Mercedes-Benz car company, which gave its shareholders €5.5 billion.

The Volkswagen brand, which has the lowest return on investment in the VW Group, is still in the black despite the slump in profits. It generated a surplus of €1.6 billion in the third quarter of 2024.

The austerity programme, for which the workers at VW are to pay with their jobs and incomes, is a consequence of the bitter global struggle for market share and profits, which is being fought on the backs of the international working class and is increasingly taking the form of trade wars and outright war.

Volkswagen is rapidly losing market share, especially in China, where it sold one in three cars until recently. Last spring, Volkswagen lost its position as market leader there to the Chinese electric carmaker BYD. BYD now sells more cars in China than all VW brands–Volkswagen, Audi, Porsche, Skoda, Jetta and Sehol–combined.

The attack on jobs and wages can only be repelled if workers unite internationally and place their social rights above the profit claims of the corporations. This requires breaking with the trade unions and their works council representatives, which take the side of “their” respective national corporations in both the international trade war and the attacks on workers.

To drive back the planned attacks and defend all plants and workplaces, independent action committees must be built and linked up worldwide in the International Workers Alliance of Rank-and-File Committees (IWA-RFC).