

Volkswagen: “New era” in social policy means thousands of auto jobs cut

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Volkswagen is sticking to its plans to cut up to a quarter of its 130,000 jobs in Germany, close down entire plants and reduce wages by at least 10 percent. VW boss Oliver Blume made this clear on December 3 at a factory meeting in Wolfsburg attended by more than 20,000 employees.

The day before, around 100,000 VW employees at all sites had walked off the job for two hours and demonstrated their willingness to fight against the cutbacks. But Blume was unimpressed.

The VW boss also rejected the offer from the IG Metall union and works council to freeze wages for 25 months and thus hand the company €1.5 billion. Although this was a “starting point,” it was “unfortunately not nearly enough to defend the future of Volkswagen,” said Blume. VW was a “case for restructuring,” the wage level was about twice as high as the European average and the price pressure “immense.” Demand was falling. “This is forcing us to act now,” he said.

Even in the fourth round of contract bargaining on December 9, the company did not relent, although 100,000 VW employees again went on strike, this time for four hours. VW chief negotiator Arne Meiswinkel subsequently declared that the parties were still “a long way” from a “viable solution,” stressing, “We need short-term, realisable and sustainable cost reductions to finance our future investments. We have not yet reached that point.”

For decades, VW was regarded as a model company for so-called “social partnership.” Nowhere else do the trade union, works council and management work so closely together as here. Since the state of Lower Saxony, governed by the Social Democrats (SPD), holds 20 percent of the voting rights, the IG Metall and SPD even have a majority on the VW Supervisory Board.

However, the workforce has not benefited from this for a long time. Instead, the highly paid works council princes and trade union officials act as co-managers to ensure that the social cuts pass smoothly. Until now, they have endeavoured to make job and wage cuts and the increase in work pressures “socially acceptable”—in other words, to keep the pain threshold low enough so that there was no open revolt. But that is now a thing of the past.

The Board of Management’s declaration of war on the workforce heralds a new era in social policy that affects more than just VW. Just as the ruling class declared a “new era” in Germany’s military and foreign policy, effectively declaring war on the nuclear power Russia and supporting the slaughter of Palestinians in Gaza, it is also focussing on confrontation in social policy. The two are inextricably linked.

Without understanding this and drawing the necessary conclusions, it is not possible to defend a single job.

Global battle for profits and market share

The globally operating auto companies are engaged in a fierce battle for profits and sales markets, which is being fought on the backs of the workforce. Ex-Stellantis boss Carlos Tavares has described the brutal battle for market leadership in electric vehicles as a “Darwinian” fight for survival that will leave only a handful of global car manufacturers.

Tavares is a notorious cost killer. Nevertheless, he was fired by Stellantis on December 1 because profits had collapsed despite mass redundancies and plant closures. The transnational group includes the brands Peugeot, Citroën, Opel, Fiat and Chrysler.

The inflated financial markets are breathing down the necks of the auto industry. They are exerting massive pressure to squeeze ever higher profits out of the workforce. It is significant that the German DAX share index broke through the 20,000-point barrier for the first time in the same week that VW announced the cutbacks. Since the beginning of the year, the DAX has risen by 19.5 percent despite the economic slump—and the rally continues. The fortunes of the billionaire oligarchs are growing in inverse proportion to unemployment and poverty.

In order to keep the orgy of enrichment going, the car companies have to achieve double-digit profit margins. According to a study by the consulting firm EY, Suzuki was the world’s most profitable car company in the third quarter of 2024 with an operating profit of 12.7 percent of sales (EBIT), followed by Kia (10.9) and Tesla (10.8). Mercedes was in seventh place with 7.3 percent, BMW in ninth place with 5.2 percent and Volkswagen in 12th place with 3.6 percent out of 16 companies surveyed.

EY describes the period from July to September 2024 as a “very dark quarter” for the German car companies, because Mercedes, BMW and Volkswagen together generated “only” €7.1 billion in profit, half as much as in the same period last year. All 16 car companies analysed by EY made a profit of €29 billion in the third quarter of 2024, 24 percent less than a year earlier.

The battle for market share and profits is increasingly turning into a trade war. Just as a hundred years ago, when the imperialist struggle for the redivision of the world resulted in two catastrophic world wars, fascist dictatorships and murderous exploitation, it is now once again moving towards war and dictatorship.

The US is blocking the supply of state-of-the-art IT technology to China in order to hinder the country’s economic rise. President Biden has imposed punitive tariffs of 100 percent on Chinese electric cars. The EU has followed suit and also increased tariffs on Chinese electric vehicles. Biden’s successor Donald Trump is also threatening Europe, Canada and Mexico with punitive tariffs. Germany in particular, which has a high trade surplus with the US, is being targeted.

The “Darwinian struggle for survival” is increasingly being fought by military means. Germany is arming itself to a degree not seen since Hitler and is supporting Ukraine in the war against Russia with billions of euros. Berlin wants to take control of strategic raw materials and cheap energy, which are available in large quantities in both countries, as it did in the first two world wars.

“The war in Ukraine is also a battle for raw materials. The country has large deposits of iron, titanium and lithium, some of which are now controlled by Russia,” announced Germany Trade and Invest a year and a half ago. The federal foreign trade agency estimates the value of Ukraine’s raw material deposits alone at \$12.4 trillion. Russia, by far the largest country in the world, harbours even more gigantic mineral resources.

The wars in the Middle East and the military encirclement of China pursue the same goals. The US has been waging war virtually non-stop for over 30 years to defend its position as the world’s leading power. The US is compensating for its economic decline by utilising its enormous military superiority. Germany and Europe support Washington in this endeavour and are massively rearming themselves in order to be able to pursue their imperialist interests independently.

Frontal attack on the working class

This pro-war policy requires a frontal attack on the working class. Everything workers have fought for over decades in terms of wages, a social safety net and democratic rights must be reversed. The slash-and-burn at Volkswagen is only the most visible expression of this. Millions of jobs, the future of entire regions, pensions, healthcare, social benefits and education are at stake. And not just in Germany, but all over the world.

Leading business representatives are open about this. Hans-Werner Sinn, president of the ifo Institute until 2016, sees “Germany’s existence as a global economic nation” at risk. “The much-vaunted deindustrialisation is not a horror scenario of the future, but has been underway for seven years,” he said at the German SME Award ceremony at the beginning of November and called for social cuts. The “excessive welfare state” is too costly and “acts as a powerful competitor to the private sector on the labour market.” In other words, it is an obstacle to lower wages and more intense levels of exploitation.

Leader of the Liberal Democrats (FDP) Christian Lindner has issued the slogan: “Dare more, Milei and Musk.” Since then, the media has been lavishing praise on the fascist Argentinian president, no longer regarded as “El Loco,” the madman, but as a genius.

“Javier Milei’s economic balance sheet after one year is impressive,” cheers the conservative *Frankfurter Allgemeine Zeitung*. “The libertarian economist has brought Argentina’s horrendous inflation under control within a few months, presenting balanced budgets and positive trade balances, rising reserves and stable exchange rates.”

Karl-Heinz Paqué, head of the FDP-affiliated Friedrich Naumann Foundation, writes that you do not have to like Milei’s behaviour, “Nevertheless, his stability policy agenda must be taken seriously. He wants—for the first time in decades—to lead Argentina back to economic prosperity as part of an integrated global economy. He wants a functioning market economy. He wants to do away with the protectionist planned economy of Peronism ... And that is the right thing to do.”

What is Milei’s actual record that is causing such delight in Germany?

In his first year in office, he cut state spending by a third, made 30,000 public sector workers redundant, abolished rent controls, support for the poor and price controls, closed soup kitchens, stopped subsidies for the provinces and abolished regulations for companies. Hundreds of thousands have lost their grants and other social assistance programmes. The official poverty rate has risen from 40 percent to 52 percent. The super-rich, on the other hand, are rejoicing.

Milei admires the bloodthirsty Argentinian military dictatorship as a role model and regularly meets with Donald Trump and his representative for social austerity, Elon Musk, the richest man in the world. Milei serves as a

role model for Trump’s government of billionaires. The fact that he is now also being praised in Germany shows what social attacks the leading circles in business and politics are planning. This is what lies behind the confrontational behaviour of the VW Board of Management.

Jobs massacre in the car industry

The auto and supplier industry faces a tsunami of mass redundancies. According to a study by the VDA industry association, the number of employees in this sector peaked at 958,000 in 2019. By 2023, 46,000 jobs will have been cut. If this trend continues, 186,000 fewer people will be working in the German automotive industry in 2035 than in 2019.

However, the study only considers the consequences of the switch to electric vehicles, which require much less effort to produce, but not the impact of the escalation of the trade war and war. In reality, the trend of the last four years is accelerating enormously.

Sales of electric cars, which were supposed to replace internal combustion engine (ICE) autos, have stalled in Europe due to falling incomes, high prices and a lack of infrastructure. The VW plant in Zwickau, which exclusively produces electric cars, is far from being fully utilised, is cutting jobs and is repeatedly working short-time. Together with the plant in Emden, which is also being converted to just electric car production, it is now one of the company’s candidates for closure.

In China—where more than half of all electric cars registered worldwide (23.4 million) were on the road at the end of 2023, and more electric cars were sold than ICE autos for the first time in July this year—domestic producers are leading the way. A third of newly sold electric and hybrid vehicles in China come from domestic manufacturer BYD.

By contrast, the market share of German manufacturers, who have made their highest profits in China to date, has fallen from 25 to 17 percent, and they are hardly able to sell electric cars. While they still sold around 40 percent of all cars in China in 2020, this figure is now less than a third. VW, long the market leader in China, has already sold off one of its 26 Chinese plants in Xinjiang and now also wants to dispose of the factory in Nanjing. Mercedes, which previously sold a third of its luxury cars in China, has been selling fewer than 100 units of its electric S-Class EQS per month there since May.

Mercedes is also planning extensive cost-cutting measures. The company has announced it will “reduce its costs by several billion euros annually” in the coming years but has left open how this will be achieved. According to reports, up to 20,000 jobs are at risk. A study by the IMU Institute Stuttgart, found that 83,000 of the 240,000 jobs in the automotive sector in the Stuttgart region, where Mercedes has a strong presence, will disappear over the next 20 years.

VW subsidiary Audi is currently closing its plant in Brussels with 3,000 employees. Thousands of jobs in Germany are also on the redundancy list. Up to 4,500 jobs are to be cut in the “indirect area,” i.e., primarily in the development division. Internal talks with the works council about the planned redundancies have already begun, as *Manager Magazin* reported at the beginning of November.

Ford has closed its plant in Saarlouis in Germany and is also cutting thousands of jobs in Almussafes, Spain. A few days ago, the company announced the termination of a further 2,900 jobs in Cologne, where 11,500 of the 20,000 jobs that once existed there still remain. Ford is even considering pulling out of Europe altogether.

The future of the German Stellantis subsidiary Opel is also in doubt. In Italy, tens of thousands protested against Stellantis’ cost-cutting plans in October. According to trade union estimates, 25,000 of the 86,000 jobs in Italy are under threat.

The situation in the supplier industry is particularly devastating, with the big players in this sector destroying tens of thousands of jobs worldwide. In Germany alone, there are currently 14,000 jobs being destroyed at ZF Friedrichshafen, 13,000 at Continental, 10,000 at Bosch and 2,800 at Schaeffler. In addition, smaller suppliers with several hundred jobs are going bankrupt week after week. Reports about this can usually only be found in the local press. One in six major insolvencies this year involved an automotive supplier.

This jobs massacre is not limited to Germany. Almost every country is affected. The Japanese company Nissan, for example, is cutting 9,000 of its 134,000 jobs worldwide and is desperately looking for investors. According to a high-ranking manager, it just has “12 or 14 months to survive.”

Build independent rank-and-file action committees

The defence of jobs at VW requires a break with the IG Metall bureaucracy, the building of independent action committees, the international unification of the working class and a socialist strategy.

Workers in the auto industry must not allow themselves to be drawn into the “Darwinian struggle for survival” of the big car companies. This not only threatens their livelihoods, but also human culture. Nobody would survive a third world war fought with nuclear weapons.

IG Metall and its works council representatives are stooges of management. Before the fight has even begun, they have offered wage cuts of €1.5 billion without even asking those affected for their opinion. And this despite the fact that the company distributed three times as much, namely €4.5 billion, to shareholders in June! Three years ago, after the IPO of its subsidiary Porsche, VW even paid out a special dividend of €10 billion, so the shareholders are swimming in money.

VW General Works Council Chairwoman Daniela Cavallo appeared at the factory meeting on December 3 with Labour Minister Hubertus Heil in tow. Heil’s SPD, which has headed the Labour Ministry almost without interruption for 25 years, has contributed to social cuts like no other party and initiated the “new era” in foreign and war policy. Heil tried to dissuade the workforce from fighting by praising Germany’s corporatist system of “co-determination,” which places union reps on all important company committees, and calling for compromise. Otherwise, he said, look at the changed global situation, high energy costs and competition from China.

Cavallo herself made it clear that the €1.5 billion concession was just the beginning. Although she threatened to “escalate” action if the Management Board insisted on its position, she also signalled that the works council was prepared to make further concessions. “We want to bring this to a good end before Christmas,” she stressed. There had to be concessions on both sides, “otherwise it’s not a compromise.”

The Works Council and IG Metall are on the side of the Management Board. They view the interests of the company from the same perspective as the shareholders and management. Their well-paid functionaries are at the forefront of the “Darwinian struggle for survival,” playing the workforces of different plants and countries off against each other and are prepared to make any concession to ensure that “their” national location remains competitive in the global battle for lower costs and higher profits.

Although the Volkswagen Group, to which VW belongs, has 114 production plants in 27 countries on four continents and employs 675,000 people, the works council is not defending the common interests of the global workforce against the billionaire owners, but the profit interests of the owners against the workforce.

Cavallo’s works council has not lifted a finger to support its Belgian

Audi colleagues in Brussels in the fight for their jobs, even though they work for the same company. However, the Belgian workers—like Chinese, American, French or Italian workers—are not competitors of the German workers, but their allies in the fight against the profit-hungry corporations.

VW expends large sums of money on the works council because it needs it to maintain “industrial peace,” i.e., to suppress resistance from the workforce.

The VW works council is notorious for its corruption. Cavallo’s predecessor Klaus Volkert even spent two years in prison for allowing himself to be bought off. Things did not go any better under Bernd Osterloh, who headed the Works Council from 2005 to 2021. Not satisfied with earning up to €750,000 a year, after leaving the works council he had his retirement rewarded with a board position at the lorry subsidiary Traton.

Cavallo and the other 72 full-time works council members, who are often paid six-figure salaries at the main plant in Wolfsburg alone, do not have to worry about their income or pensions.

In order to beat back the attack by VW, it is therefore essential to break with the IG Metall and works council representatives and join forces with all auto workers who are prepared to fight to form rank-and-file action committees—there is already an action committee at Volkswagen. The action committees must be independent of IG Metall and responsible only to the rank and file, take the fight into their own hands and network with action committees in other plants, companies and countries.

They must defend all jobs at all sites as a matter of principle and reject all concessions on wages and social gains. Secure jobs and decent wages are more important than the profits of billionaire shareholders.

For an international, socialist strategy

The struggle must be waged internationally. The action committees must overcome the division of the workforce into permanent and contract workers, by location, car brands and countries. Workers in every country are subject to the same comprehensive attacks. The assault on part of the workforce of the global VW group is an attack on the entire international workforce. This is why the Volkswagen Action Committee is part of the International Workers’ Alliance of Rank-and-File Committees (IWA-RFC), which is pursuing a common strategy worldwide.

The trade war that the capitalist governments are unleashing, and which the trade unions support in the name of defending the national “production location,” is directed against the workers. The automotive industry is more globally networked than almost any other. From the necessary raw materials to the supply and production chains, to distribution, it operates across borders. Individual parts and components cross national borders several times before they are assembled into the finished car.

The three major German manufacturers, Volkswagen, BMW and Mercedes, not only exported 750,000 cars from Europe to the US in 2023, but also 320,000 from their American plants to Europe. They exported 350,000 vehicles to China from Europe and 90,000 from the US. In China itself, almost 4.5 million vehicles were produced, of which 27,000 were sold in Europe and a smaller number in the US.

This global division of labour is a powerful factor in economic and social progress. Organised sensibly, it can increase the wealth of all mankind and overcome the major social problems—poverty, unemployment, backwardness, environmental destruction. But in the hands of the capitalists, it is a means of plunder and exploitation, serving to drive wages and working conditions ever lower and profits ever higher.

Tariffs and other protectionist measures do not prevent this; they do not protect jobs. In the 1930s, the policy of economic nationalism did not stop

the world economic crisis, but rather exacerbated it and contributed significantly to plunging the world into the Second World War.

That is why a socialist strategy is needed to defend jobs. The billionaire shareholders must be expropriated and Volkswagen placed under the democratic control of the workforce. The needs of society and the working people must take precedence over the profit interests of the Porsches and Piëchs and the other owners. The action committees are not only fighting for the power of the workers in the company, but in society as a whole.

All parties represented in the Bundestag (parliament) reject a socialist perspective. They support social cuts, militarism and the government's pro-war policy. The Sozialistische Gleichheitspartei (Socialist Equality Party) is participating in February's early Bundestag elections in order to build a new party of the working class that will fight for an international socialist perspective as part of the International Committee of the Fourth International.

To contact the Volkswagen Action Committee and participate in its work, contact it via WhatsApp or register directly using the form below.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact