RATIONALISATION AND INDUSTRIAL RELATIONS
IN THE WEST GERMAN AUTOMOBILE INDUSTRY:
A CASE STUDY OF VOLKSWAGEN

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Introduction

The present restructuring of the West German automobile industry is leading not only to changes in the production and labour process but also to fundamental changes in the relationships between capital and labour and in the work situation of employees. Although this technical-organisational transformation of the automobile industry has thus far been gradual, the rationalisation plans of the major firms suggest that, in the not all too distant future, a dramatic decline in the number of employees and a fundamental transformation of structures of operations can be expected. How this process takes place in individual plants and firms, its repercussions and the manner in which the social costs are distributed depends not only on the specific market position of the firm but also on the historically developed forms of industrial relations, the influence and attitude of the plant and union interest organisations and the potential for autonomous shop floor action.

The present paper focuses on the specific types of rationalisation policies adopted by Volkswagen. Volkswagen has, in many respects, a special position in the system of industrial relations in the Federal Republic and among its automobile manufacturers — even though the uniqueness of the Volkswagen case is frequently exaggerated, especially by foreign observers.

We will attempt in this paper to describe how these special features of the Volkswagen situation affect the way in which the rationalisation processes are carried out. Our inquiry focuses in particular on the capabilities and limits of a highly professional, co-operatively-orientated system of industrial relations at the level of the firm and on the durability of such system in the face of the increasing magnitude of the problems which can be expected in the future.
2. The particular importance of VW in the system of industrial relations in the Federal Republic.

Like Siemens, Krupp, or the Deutsche Bank, Volkswagen is more than a large economic enterprise. Volkswagen is one of the model firms of the Federal Republic, and one of the labour policy arenas in which, with a great deal of public attention, basic patterns for the relationship between capital and labour are developed and tested.

Who or what is Volkswagen? VW is a multi-national corporation. In 1980 (thus before the present economic crisis in which the foreign affiliates experienced sharp set-backs) the firm derived 26% of its total sales revenues from the activities of its foreign affiliates. Of the more than 2.5 million automobiles produced in 1980 one million were produced abroad. The figures are similar for employment: 159,000 in the Federal Republic and 99,000 abroad.

Just as the production activities of the firm now extend beyond the borders of the Federal Republic, the product spectrum of the firm is now broader than the production of automobiles. It extends from truck production through the office machine - computer area to the production of robots (production of the latter has thus far been almost exclusively for the use of VW itself).

The production of vehicles, including trucks, etc. still accounted for 75% of sales revenues in 1982. In spite of these statistics Volkswagen still remains in its own self-image, as well as in the perception of the public, a West German corporation that produces automobiles.

Within the Federal Republic the Volkswagen corporation is comprised of two independent companies: Volkswagen-AG (hereafter the company or Volkswagen) with over 120,000 employees in 1982 and Audi (Audi-NSU-Auto-Union-AG) with more than 30,000 employees. The Audi firm was formed by VW in 1969 and since 1975 has been incorporated in an integrated product programme with VW. Thus far, however, the systems of industrial relations have only been integrated to a very limited extent.
In the mid-term the integration of the Audi firm may be expected to transform the very homogenous Volkswagen system of industrial relations, which has in the past been dominated by one centre – the Wolfsburg plant, and a new structure will develop which will be based on two centres of power with quite different forms of problem-solving and patterns of capital labour relations. Differences which arise could also offer the firm's management new possibilities for ridding themselves of the present constraints on their freedom of action imposed by the strength of the plant/union employee representatives. This could take the form of utilising differences in the relationships between capital and labour and in the policies of the plant level representatives of the employees in order to play off one against the other. This is however still largely speculation. At present the VW-AG is still the dominant centre of the domestic VW firm.

The VW company comprises six plants scattered throughout Northern Germany. It is dominated by one plant: Wolfsburg which overshadows by far the other plants both in the number of employees as well as in its strategic significance. (In 1982 Wolfsburg had 58,000 employees; by contrast the Hannover plant had 20,743, Braunschweig 6,342, Kassel 16,602, Emden 9,580, and Salzgitter 7,268) the Wolfsburg plant (and the van (VW Bus) plant in Hannover) constitute the real focus for questions of labour policy and industrial relations when one speaks of Volkswagen.

VW has a special position among the automobile firms in the Federal Republic for three reasons: (1) because of its special product and locational structure; (2) because of its special public character and (3) because of its special structure of industrial relations.

All of the above three special features can be explained in good part by the origins of Volkswagen during the Nazi period. Volkswagen was a "central project" of National Socialist economic and social policy, and the basic elements of the original projects were incorporated in the VW firm and determined its further development even after the war and, in part, down to the present day:
The conception of the automobile as a mass product, which was developed under quality and price guidelines determined by the state, and the conception of the automobile as a socially integrative mass-consumption product for the mobilisation of demand; the goal of social integration also expressed itself in

- the organisational sponsorship for the firm by a quasi-union DAF, which was created by the National Socialists, and its subordinate organisation "Kraft durch Freude" thus public sponsorship independent of the rest of the private automobile industry.

- Decisions on product technology and in the selection of a location were made in terms of essentially (military-) political guidelines. (On the origins of VW, see Doleschal 1982 and Klucke 1960).

These original Volkswagen characteristics established orientations in product and production technology as well as a corporate philosophy which are influential up until the present day. The special features of VW described above have been essentially shaped by these initial orientations.

(1) Product Conception and Locational Structure:

- The importance which was given from the beginning to the special product conception, which Porsche had developed under Hitler's sponsorship, and to the economic orientation towards a mass market remained basic to the company's strategy after the war. The original design and product philosophy was retained until the end of the 1960's, and as late as 1970 the Beetle accounted for two-thirds of the firm's production. Not until the 1960's did the firm undertake facelifts in VW Beetle models. Primary emphasis was given to the development and expansion of markets, quantitative growth, and not style-oriented product differentiation. This approach was reflected in greater emphasis on questions of production technology for standardisation and cost savings as opposed to marketing and product sophistication. A further structural inheritance is the conception of an integrated self-sufficient factory system modelled, after the
River Rouge complex in Detroit. The Wolfsburg plant is, like
Mira-Fiori (Fiat) and Dagenham (Ford), one of the dinosaurs
of industrial history (in contrast to River Rouge, however, it
is still a lively dinosaur). A plant location in a
structurally weak agricultural area was selected under the
Nazis for military-strategic reasons.
- Of great significance for the post-war development was
likewise the public attention Volkswagen received as a
qualitatively excellent and reasonably priced model for the
average person, which was likewise a consequence of the original
product conception and its ideological orientation. This
level of impact is, however, now considerably weakened.

(2) The special influence of the state on the firm is
likewise a result of the historical line of continuity of
Volkswagen as a project of the National Socialist movement,
whose role was later transferred to the British military
administration and finally to state agencies of the Federal
Republic of Germany. The partial reprivatisation of the
firm through the issue of "Volksaktien" (people's stocks),
which was undertaken at the beginning of the 1960's in the
spirit of a conservative social policy, changed nothing
with respect to VW's character as a state enterprise. The
federal government and the Land government of Lower Saxony,
each of which hold twenty percent of the outstanding stock,
retained their dominant influence in the supervisory board
of the company. In this way it was possible for the state
representatives in the supervisory board to form a coalition
with the representatives of the employee and trade union side
and to determine the composition and policies of the firm's
management. Such a constellation existed, in particular, at
the beginning of the 1970's when both the representatives of
the government of Lower Saxony and the federal government
were sent by Social Democratic governments. During this
period until the middle of the 1970's one heard again and
again - according to the political standpoint - either the
demand for or a critique of "politicisation" of decisions at
Volkswagen and frequent references were made to the "Red Firm"
(see Thimm 1976). The influence of the state should not, however, be exaggerated. When in doubt the Social Democratic coalition did not vote with the representatives of the employee/trade union side but supported the firm's management, for example, in the decisions on the reorganisation plan of 1974/75, which we will discuss below.

The impact of the state's dominant ownership position on the development and structure of the firm can, in our opinion, be clearly seen, above all, in two respects. First, the attempt to utilise the VW firm in the context of regional policy, especially by the government of Lower Saxony: To compensate for differences in the level of employment between the different plants the domestic VW corporation (including Audi) has practised a high degree of flexibility in the transfer of employment between plants and has sought to achieve a proportionate development of employment, even though there were from time to time cases in which individual plants were treated preferentially and the relationship between them is not at all free of conflict. Secondly, the special influence of the state has also had an effect on the specific form of industrial relations at Volkswagen, which will be discussed in the next point below.

Naturally, it is in no way assured that the special state-public position of VW primarily works to the benefit of the interests of the employees and trade union. With the current political "Wende" (change) and with conservative governments at the federal and Land level, a clear change in the climate at the firm can be observed; the works' council and trade union are increasingly on the defensive as the wage level and "generous" social regulations at VW have come under criticism.

(3) The industrial relations situation at Volkswagen may not be very different from that at other large industrial firms in terms of the formal institutions which exist. The difference consists rather in the extent to which the institutions and bargaining systems of the centralised interest representation and interest mediation are attuned to each other, their
efficiency, and also, the extent to which they are related to one centre of power (the Wolfsburg works' council), which is achieved, to a significant extent through overlapping membership. (On the following see: CO-DETERMINATION IN THE VOLKSWAGEN-AG, documentation issued by the General Works' Council of the Volkswagen-AG 1982; Streeck/Hoff, 1982).

Thus, for example the central works council and the trade union IG-Metall are both represented in the supervisory board of the VW firm by their respective chairmen, and the union leader is by tradition the vice-chairman of the supervisory board; high-ranking representatives of the Land and federal governments, representatives of banking and other industrial interests as well as the top management of the firm are also represented on this board. In this way a tripartite communication structure is constituted for the possible reconciliation of interests with respect to the central policy issues of the firm.

In contrast to the usual system of regional collective bargaining - under which the other West German automobile producers also fall, the Volkswagen company negotiates its own firm level collective agreements. This makes it possible to conduct collective bargaining which is more specific to the automobile industry and VW's own situation, and it is also sometimes possible to reach agreement on special regulations which the metal employers association in the metal working industry (Gesamtmetall) is otherwise not willing to accept and which are also sometimes controversial within IG-Metall. The relation between the employers association and VW is traditionally as critical as that toward the employers in the steel and mining industries which are subject to a special co-determination model. Thus the employers association Gesamtmetall considers Volkswagen to be "a firm which does not belong to the community of interest of the metal working industry in matters of social policy" (Handelsblatt No. 43 March 2, 1983).

The 1976 amendments of the Co-determination Law which provide for the establishment of the office of a director for labour relations (Arbeitsdirektor) on the management board, created a further level of centralised professional problem-solving for personnel.
issues at Volkswagen. As a member of the firm's top management the director for labour relations is directly involved in the operational decisions of top management and, as a result of the way in which he is chosen, is oriented towards achieving compromise between the interests of capital and labour. In contrast to other West German automobile firms, the adoption of this institution from the co-determination model in the iron, steel and mining industries (Montanmitbestimmung) took place at VW without any problems. The current occupant of the office was previously an employee of the labour union IG-Metall and editor of its theoretical journal ("Gewerkschafter") and naturally has good ties to the union which can be used for purposes of informal communication and mediation.

The most important institution in the system of bargaining levels described here is the works council. Because collective bargaining agreements are negotiated for Volkswagen at the level of the firm, the dualism of firm level and labour union interest representation which is usually considered to be an essential factor explaining the cooperative attitude and pattern of industrial relations, (see for example Erd, 1978; Bergmann et al. 1975) is not applicable to Volkswagen or exists only in a largely attenuated form.

The leading members of the works council are also participants in the collective bargaining negotiations. The situation at Volkswagen, therefore, corresponds, in this respect, more closely to the U.S. model of company level collective bargaining and interest representation. As a result Volkswagen also has a special position within IG-Metall, and the plant and collective bargaining regulations and procedures at Volkswagen sometimes provoke controversy within IG-Metall especially with respect to rationalisation policy. The existence of overlapping personnel - the chairman of the works council of the firm is at the same time a high official of IG-Metall - guarantees that the differences remain limited and under control.

The works council plays a dominant role in the system
of industrial relations at VW. Its influence extends even into the sphere of management. The function of personnel selection at VW, which was originally assigned to the works council by the labourist British military administration immediately after the end of the war, laid the basis for this role, and it still survives today, even though weakened and in part only informally. Thus the works council still has a considerable influence on the choice of candidates in the hiring and promotions of white collar workers, even for higher management positions. This goes so far as to entail the partial application of a proportional principle in the selection of candidates; there are clear ties between the works council and management careers. Members of the works council sometimes move over into middle-management positions and management experts are recruited by the works council as advisors and experts, for example, on questions relating to computers. All this creates a middle level of interest mediation and overlapping interests below the level of the firm's top management, on which the works council exercises considerable influence in the selection of personnel because of its representation on the supervisory board described above. The mediation between the plant and company works council work and the shop floor takes place through the area works council members (Bereichsbetriebsrat) and union shop stewards.

The emphasis on the strength of the works council at the central level does not imply that it is weak at the level of the shop floor. The problem of extremely large numbers of employees per member of the works council (in the assembly division sometimes only one member of the works council for more than a thousand employees) is compensated for by the system of union shop stewards, ordinarily one shop steward for every twenty-five employees. Area works council members and shop stewards also constitute a very efficient system of interest representation at the shop floor level on the basis and within the limits of the centrality negotiated regulations and agreements whereby, some areas develop their own individual interpretations and procedures. The
resulting differences and conflicts within the works council have thus far always been resolved internally.

At the level of the shop floor there is no indication that the above described formal system and its results are not regarded as being the legitimate representation of workers' interests:

- In Wolfsburg 91% of the workers are members of IG-Metall; this corresponds to the average in other comparable plants of the automobile industry in the Federal Republic (although in Hannover the corresponding figure is a maximum of 99%). Among the white collar employees the percentage of unionised people at VW plants is twice as high as in comparable plants of any other auto manufacturer (in Wolfsburg 81% and in Hannover 88%). In the most recent elections for the works council IG-Metall won 85% of the seats. Oppositional lists of candidates have thus far never made any inroads; dissatisfaction has expressed itself only in votes for the CMV, the Christian-Metal Workers Association, which otherwise plays no role at all in firm policy-making. (See the data on the composition of the works councils in Co-Determination in Volkswagen-AG, 1982).

- There has never been an official strike at Volkswagen. Although the system of company level collective bargaining makes it possible to win collective bargaining demands through strikes without having to take into account the weakness of small and medium-sized firms in the metal working industry outside the automobile sector, this has never been done. There are scarcely any reports of informal strikes, walkouts etc.. The typical form of collective protest at VW is that a group which regards itself as being adversely affected by management measures, or fears that this might happen, makes use en masse of the right of taking its grievance to the works council and thereby stops work.

At Volkswagen - in contrast to Opel or Daimler-Benz - the authority and legitimacy of leadership in the company works council - has never been so called into question that they were voted out or rival factions developed.
To what extent is then the management authority at Volkswagen limited by the structure and mode of functioning of the system of industrial relations? As the above description makes clear the system of industrial relations at Volkswagen has become similar to that in the iron, steel and mining industries. This "Montan" model (see also Ritz, 1983) is also based, on the one hand, on highly formalised procedural forms prescribed by law and, on the other hand, on a high degree of consensus on the role of management and labour as social partners. This consensus at the level of centralised forms of bargaining also provides a basis for informal levels of communication and procedure. In the context of this system, the works council controls central parameters of management decision-making.

Under these conditions autonomous forms of shop floor action in the form of restrictive practices (e.g. job demarcations) or the appeal to customs and practices has hardly developed. Empirical evidence about their frequency and importance is in fact quite limited (see Dombois 1982); such forms of behaviour have scarcely been a matter of concern for the unions and are frequently not considered by studies done by industrial sociologists. Such informal forms of shop floor action which are incalculable for management, in fact, seem to be far less important than in Anglo-Saxon countries:

- The determination of working time (shifts, short-time work, special shift, overtime, etc.) requires the approval of the works council, but the individual worker has no right of refusal.
- There are no general criteria for personnel selection, e.g. seniority rules, the application of which can be controlled at the shop level. In the case of conflicts there are legally established procedures or possibilities for informal influence by individual works council members but no possibility for independent action.
- Informal practices such as, for example, "earned idle time" (Tourenfahren) in production, informal pauses,
etc., which also naturally exists at Volkswagen, cannot be defended by reference to "customs and practices". The works council ignores such practices and would, in so far as they obstruct the implementation of regulations and measures which it has negotiated, also take an active role in eliminating them.

- Transfers between jobs, between different areas, departments are now largely regulated (we will consider this point in detail below). But a tradition of job demarcation in the semi-skilled and unskilled work also did not exist previously; employees of the same wage classification could always be shifted to quite different types of work, and conflicts relating to selection and wage determination were simply the concern of the works council.

- Job demarcations between different types of skilled workers were also not an issue. In the light of plans to assign maintenance workers who were previously organised in their own department, to the production departments and given the increasing tendency to overlap highly qualified semi-skilled functions with those of skilled workers, it appears warranted to think that conflict potential is building up in this area which will possibly make the problem of job demarcation an issue in the future.

Summarising this point, it can be stated that at Volkswagen, as at other firms of the Federal Republic, there exists no tradition of autonomous shop floor action in the sense of a decentralised politics of the workplace in contrast to the union and plant level interest representation of the employees. The explanation for this is, in our opinion, nothing specific to VW; the explanation would rather have to be sought in the history and structure of the industrial relations in the Federal Republic.

For a general characterisation of the industrial relations situation at VW we may cite the statement of the present chief executive of the VW corporation at last year's annual stockholders meeting:

"The social peace in this firm, which is based on long
readiness to cooperate and mutual respect, is one of the pillars on which the future of the VW firm rests. It is the result of the traditional good cooperation between management and the representatives of the employees."

(Handelsblatt No. 164, August 27 1982).

3. ECONOMIC DEVELOPMENT AND LATITUDE FOR DISTRIBUTIVE MEASURES

One thesis which might explain the high level of consensus and successful cooperative regulation of conflict which seems to characterise the industrial relations system at VW is that the economic prosperity of the firm has made it possible to "buy off" potential criticism and opposition by monetary concessions. This thesis is quite plausible. An essential motive for working for VW, which is mentioned again and again in interviews with workers, is the high wage level, and it is true that, because of the geographic location of VW plants in either little industrialised regions or in regions with declining industries and high rates of unemployment, VW pays much higher wages than other employers in its plant locations.

The personnel cost structure is often referred to as the "Achilles heel" of VW (see for example Süddeutsche Zeitung No. 280, December 5, 1981). The strong position of the trade union in Wolfsburg, it is argued, keeps personnel costs so high that all efforts at rationalisation and progress in production techniques are eaten away. This line of argument is, however, incorrect. The average effective earnings which a worker on incentive pay receives in the Wolfsburg or Hannover plants was for the second half of the 1970's only average in a sample of eleven plants of West German automobile manufacturers (wage structure survey of IG-Metall 1982; Hildebrandt 1981, p. 51). Only since 1980 are earnings at VW a little above average (In 1982 about 2%, for hourly workers ca. 9%). With respect to fringe benefits, while Volkswagen is in many areas in the top rank among other automobile manufacturers, it is not, however, particularly outstanding. Daimler-Benz is in many cases ahead of or ranks
equally with Volkswagen.

This data shows - at least in comparison to the West German competition - that VW does not pay unusually high wages. Thus Volkswagen has not, on the whole, made above average wage concession in order to achieve the results that we have described above. 8

Putting aside this comparative perspective and analysing the economic development of the VW company by itself over time, it is clear that there is, naturally, a close relationship between economic prosperity and wage concessions and/or cost intensive labour reforms. There have been two phases in the development of the Volkswagen company in the last fifteen years in which a situation of excess liquidity developed as a result of drastic upsurges in production accompanied by low levels of investment. This was in the years after 1968 and again after 1976, for a period of two to three years in each case. In these phases the firm was "swimming in money", which could not be reinvested in the firm in the short run. 9 These two phases were also periods in which important regulations of labour policy were implemented, which together with marked increases in wages, permitted a share of the excess liquidity to flow to the benefit of its employees. In the phases after 1976 these were above all regulations to extend work breaks and vacation time, special regulations for recreation leave (Erholzeit) as well as the wage differentiation contract, LODI, which we will consider in more detail below. Since these regulations were associated with a shortening of the effective time worked or changes in wage determination, there was a marked impact on effective earnings and the structure of personnel costs. Thus, the average effective earnings of incentive workers at the Wolfsburg plant increased to 3 percent above the average for the sample of West German automobile plants mentioned above. If one examines the development of personnel costs in terms of product value (Produktionswert) (see diagram 1), it is evident that only a small portion of the ground lost in the crisis of 1975 could be won back. With approximately an equal number of employees in 1972 and
and 1982, personnel expenditures constituted 29.8% of product value in 1972 and 24.9% in 1975.

Diagram 1: Personnel costs (wages and salaries, social security contributions, expenditures for company pension plans and other company benefits) in % of value of production 1971-1982
Source: Calculated on bases of VW-AG Annual Reports.

Although in both phases, at the beginning and at the end of the 1970's, a certain share of the earnings accumulated in the phases of economic prosperity were received by the employees, this was merely a fraction of the sums allocated for other purposes. 10

The growing problems, to which the firm reacted at the end of the 1970's with a comprehensive rationalisation programme, resulted less from the developments in industrial relations and cost structure within the firm as from external reasons. Thus, for example, the penetration of the German market by the Japanese at the end of the 1970's was perceived by Volkswagen as a warning signal. The product spectrum of VW proved itself to be particularly vulnerable to Japanese competition. According to VW, for every ten Japanese cars sold in the Federal Republic four VW and Audi sales are lost
(Handelsblatt No. 32 February 13, 1981). A comparative study of auto-production in Japan was also done at VW. Only little of the results became public but they caused shock waves at VW, as happened in other firms.

According to this study there existed in 1980 a cost difference of three thousand German marks between comparable Japanese and West German middle-class automobiles. The greatest part of the difference was accounted for by higher Japanese productivity (Frankfurter Allgemeine Zeitung No. 220 September 22, 1980).

However, VW's position declined not only because of the Japanese competition but also vis-à-vis the other West German automobile producers. Thus, while in 1976 VW was in terms of productivity far above the average for the West German automobile industry as a whole, by 1982 this advantage had almost completely been lost. VW also lost ground in the market place. In 1976 its share in the total value of sales by West German automobile producers was 30%, this figure declined to a share of barely 28% in 1982.

VW is now undertaking a comprehensive rationalisation programme against a background of slower increases in productivity, declining capacity utilization and sinking profits (see Mickler et al). Investments in facilities after 1980 have increased by 127% in comparison to the average of the 1970's. These investments are largely concentrated in the rationalisation of manufacturing processes in the assembly plants of the firm Wolfsburg, Hannover and Emden. The most recent employment figures for VW plants and predictions being used by management for projection of personnel needs demonstrate that negative employment measures are already evident (see diagram 2).

4. RATIONALISATION AT VW: THE INTRODUCTION OF INDUSTRIAL ROBOTS AND THE RESPONSE OF THE WORKS COUNCIL.

4.1 Structural Characteristics of technical and organisational rationalisation at VW.

Two phases in the technical and organisational de-
development at VW may be distinguished: the first phase is characterised by orientation towards a single product and mass production in very large quantities, which lasted till about the middle of the 1970's, and the second phase is characterised by the transition to a more differentiated product range in relatively small and medium numbers, which commences in the latter half of the 1970's and, in the course of the intensified competition within the auto industry on the world market, has come into full swing since the beginning of the 1980's. Of central importance for the first phase of technical and organisational rationalisation at VW is that, under the given conditions of a relatively smooth expansion of demand, rationalisation of production could be primarily achieved through a higher degree of standardisation in manufacturing as well as through the expansion of capacity and a higher rate of capacity utilisation. This made possible a capital-intensive high-technology manufacturing (in particular in parts production, stamping, body in white), essentially oriented towards the use of dedicated machinery. In the area of final assembly the changes introduced were not so much new developments in production technology as changes in the organisation of work, namely, the introduction and further development of assembly-line work. Thus assembly operations remained, in contrast to parts manufacturing and the body shop, a labour intensive process (Wobbe-Ohlenburg 1982).

The second phase of technical organisational rationalisation took place against a background of changed economic circumstances as a result of market satiation and intensified competition on the world market; VW's traditional rationalisation strategy of expansion and full utilisation of capacity had reached its limits. Changed market requirements (quantitative and qualitative change in demand, the need for product diversification and a shortening of the cycle of innovation, etc.) could no longer by satisfied through rigid automation techniques and relatively inflexible, "taylorist" forms of work organisation, which had developed under conditions of highly standardised mass production.
The company was increasingly compelled to develop and introduce manufacturing methods and technologies which could be flexibly applied to a variable product mix according to changing demand requirements and which was at the same time as efficient and cost-saving as possible.

With the introduction of industrial robots and computer control systems as a way to achieve flexibility in production, VW appears to have found a solution in production and organisation technology which makes it possible to reconcile changed market conditions with production requirements. They are the central elements in the present restructuring process at VW, which is taking place in the various areas of automobile production with far-reaching consequences for the work and employment situation.

VW is prominent in the new generation of manufacturing technology both as the largest user of the new technology as well as a manufacturer and vendor (the latter thus far only to a very limited extent). The first large-scale utilisation of industrial robots took place, after a previous testing phase in the Wolfsburg plant, in 1979 in the body shop of the van plant in Hannover. In the course of the introduction of a new model, industrial robots integrated in a computer-controlled assembly line took over the task of spot welding of body parts, which had previously been done manually on a conventional assembly line. A total of 63 robots were used; this was at the time the largest and most concentrated use of robots in a German automobile plant.

The use of industrial robots and computer control systems had significant consequences for the ca. 1500 employees in the body shop. Work requirements changed more or less basically, and there was a considerable loss of jobs among the spot welders and their remaining job operations were reduced to simple repetitive hand movements. The changes also threatened the income of employees in the body shop. The negative employment and income effects were only compensated to a limited extent by the creation of new and more qualified machine control functions (Benz-Overhage, Brumlop, Freyberg, Papadimitriou 1982).
The second wave of robot installations took place in 1980 in the course of the introduction of new passenger car models (Jetta, Pasat, Polo, Derby, Audi) in particular in the Wolfsburg and Emden plants as well as in Ingolstadt and Neckarsulm. At the present time (April 1983) circa 942 robots are being used in the eight domestic plants of the Volkswagen Corporation (Peipe et al), and Volkswagen plans to install two thousand by the year 1990. They are now principally being installed in the area of tool handling (81%), mainly for the work tasks of spot welding and to a lesser extent arc welding and paint shop operations. With the exception of the van line in Hannover, industrial robots thus far have primarily replaced conventional production equipment (dedicated mechanisation). Their introduction has therefore, not essentially increased the previous level of mechanisation, and the number of jobs lost remains limited. According to information made available by management and the works council, the reduction in jobs as a result of the rationalisation measures, in particular in the body shop, stamping, foundry and paint shop, have been to a certain extent offset by the growth in the model range and variety of optional extras and accessories offered, which require a greater volume of labour in assembly operations (Peipe, 1982; Weißgerber0.J). The increasing volume of labour together with provisions in collective agreements calling for reductions in working hours (see below) have thus in the past caused the demand for labour in assembly operations to increase steadily and made it possible to offset the jobs lost through rationalisation in parts production and in the paint and body shop through internal transfers.

In the course of the introduction of the new Golf model Volkswagen began in the summer of 1983 to use robots in the area of labour-intensive final assembly operations; it is the first automobile producer in the world to use robots in large numbers in this area (70 assembly robots). Operations in final assembly have up until now been most resistant to automation because of the multiplicity of assembly tasks and other special operations as well as the variability of the parts involved. Assembly robots are engaged in the
mounting of sub-assemblies as well as in the installation of hard trim (bumpers, wheels, etc). Final assembly operations, in which today nearly 40% of VW's direct production personnel and which together with paint shop operations accounts for 50% of the total labour in manufacturing (Ehmer 1983; Weißgerber 1983) will also remain relatively labour-intensive in the future. However, new technological developments, in particular in the area of tactile and optical sensors as well as flexible supply and stacking systems, combined with improved construction of the parts to be mounted, will increase the possibilities for rationalisation in assembly operations. The degree of automation in this area was this far under 10% in contrast to 75% to 80% in stamping and body shop operations; in the future a considerable reduction in jobs as well as far-reaching changes in production techniques and work organisation can be expected. The introduction of the new automated car assembly operations at the Wolfsburg plant raised the level of automation to ca. 20% and already made possible a reduction of ca. 1000 in labour requirements (Frankfurter Rundschau No. 216, 17.9.83; Handelsblatt No. 157, 17.8.83). Moreover, 10,000 workers must be transfered in Wolfsburg alone in connection with the reorganisation for the production of the new Golf (Handelsblatt, ibid.). The mechanisation has also brought about a very important change in the structure of operations; manual assembly operations are now carried out largely by assembly robots. The elimination of jobs is only compensated to a limited extent by a small number of newly created jobs such as monitoring complex transfer line equipment (Anlagenführer) and tool setting, besides which only simple residual operations (manual operator, feeder etc.) can be found. The latter predominantly carry out "stop gap" operations within the partially automated manufacturing process.

According to statements made by the head of technology planning at Volkswagen, the rationalisation measures which the company has already carried out or plans to introduce include, in addition to the automation of manufacturing processes sketched here, above all the increasing use of computer technology in other areas such as
research and development, design planning and production control; within the next twenty years "assuming a constant production schedule and allowing for a certain amount of product enhancement, a personnel reduction of 20-25% can be expected" (Ehmer 1983). The structural implications of this process are a further reduction in machining, handling and assembly operations with, on the other hand, only a slight increase in machine control operations. The works council now strongly doubts whether this process can be offset by the increase in the volume of labour-which Weißgerber estimates at 30% by 1990 - without redundancies (BR Kontakt, July 1983).

4.2 THE RESPONSE OF THE WORKS COUNCIL TO THE RATIONALISATION POLICY AND ITS ROLE IN THE PLANNING AND INTRODUCTION OF INDUSTRIAL ROBOTS AND DATA PROCESSING SYSTEMS.

The works council has in principle supported the rationalisation process pursued by the company since the middle of the 1970's as securing the future of the firm through better products and improved productivity. It hopes that jobs can be maintained by means of an improved position in world market competition:

"The employees have been quick to recognise that changed market conditions lead to new requirements in production technology. In the so-called "Beetle crisis" in the years 1974/1975 it also became clear to the employees that product policy is the most important instrument of marketing policy. Changed market conditions ... require more options (...) in order to appeal to the broadest possible potential of demand as well as a larger model range and the possibility of model changes during the planned life cycle of the model.

Methods of production have to be found which while maintaining the same level of mechanisation would make possible greater flexibility and, given the energy and raw materials crisis of which there are already indications, a higher degree of reuseability. The answer to these requirements was and is the robots, i.e. there is for employees no
rational alternative to industrial robots, if jobs are not to be endangered. There is no credible alternative to robots. This is why the introduction of robots has been approved in principle by the works council." (Peipe, 1982) (underlining by authors).

Nevertheless at the same time the works council is concerned to prevent or offset negative consequences of the rationalisation programme for the work, employment and income situation of affected employees. The demand for "social control" of the new technologies, which was formulated in a time of increasing mass unemployment, seems to express both an increasing scepticism toward the technological transformation as well as an awareness of the need for an active and specific representation of employee interest in order to protect them from the negative consequences of rationalisation. The ambivalence of such a works council policy which, on the one hand, gives its support to the modernisation policy of the company while, on the other hand, concerned to make it "socially bearable" (Ehlers, 1983), is evident in the 1982 statement of the works council on the use of robots:

"No general condemnation of the new technology, no obstruction of its introduction (because of international competition this would only lead to a redundancy scheme "social plan" which would not be good for any of the affected workers), but an unbiased but critical examination of the risks as well as the opportunities which the modern technology entails for the affected workers
- demand for the consideration of the social consequences when industrial robots are planned and introduced, so that technical change and social progress will have the same importance and be realised together,
- demand for a social control in the introduction of the new technology toward the goal of humanisation of work, which is still necessary today, and
- the demand for full co-determination by the affected
employees in the planning and introduction of industrial robots as an essential prerequisite for the demand for social control."

With the aid of this policy a compromise is supposed to be reached between economic profitability and "social progress" and the risks of rationalisation for the employees ameliorated. The works council regards co-determination in the planning and use of new technology as well as plant and collective bargaining regulations on job design, working conditions, and protection of employment and income as the most important approaches to the realisation of its demand for "social control".

Paragraphs 90 and 91 of the new WORKS CONSTITUTION LAW, which was passed by the social-liberal government in 1972, constitutes the legal basis for influence by the works council on the planning and introduction of new technologies. These provisions also regulate the possibilities for influence by the works council on job set-up, design of work process and working conditions. The works council has a right to be informed and to be consulted in the planning stage (§90), moreover, under certain conditions, it can demand measures to change working conditions (§91).

Negotiations between management and the works council at VW take place in a basically "cooperative" manner, and in many areas the works council enjoys rights of consultation and co-determination which go beyond what is legally required, and thus is in a position to take an active and early influence on the formulation of goals and decisions. Nevertheless, the real influence of the works council on the introduction of new technology seems to have been rather limited in the past. One explanation given by the works council is that its rights in the planning stage are merely limited to the right to receive information and be consulted, but not co-determination rights; it thus lacks the necessary clear legal basis for effective action. The works council also blames the deficient information policy of the company for this situation. While the works council is as a
rule informed about planned changes in product and production technology, this information is not always so timely and comprehensive that suggestions of the works council could be considered. On this point it should, however, be observed that the works council was, in the past, not always successful in utilising the information and consultative rights at its disposal in a timely and effective manner in order to develop its own proposals for work organisation (Benz-Overhage et al. 1982).

The above described shortcomings of the "system of information and consultation" have led the VW works council to provide itself with more concrete and far-reaching possibilities for influencing the introduction of new technologies through the greater use of advisory and negotiating committees, the development of advisory staffs and the conclusion of plant agreements. Thus in recent years project committees have been formed at the level of the central works council for the Volkswagen company as well as at the plant level which are concerned especially with issues of rationalisation and restructuring plans in the context of §90 and §91. The Planning Committee and the System Committee (Planungsausschuß and Systemausschuß) should in particular be mentioned in this context. The tasks of the Planning Committee, which thus far only exists at plant level, is information and advice with respect to planning, primarily relating to the introduction of new facilities and machines as well as the planning of plant layout and the flow of materials. The System Committee, which was formed in 1980 and exists at the company as well as at the plant level, discusses and negotiates primarily with respect to problems associated with the introduction and control of data processing systems. Representatives of the company (personnel and social affairs, production planning, systems analysis) as well as of the relevant production departments or areas are also included in the discussions of the works council committees according to the topics being considered.

For the discussions in the System Committee the procedure
for informing the works council is regulated by a plant agreement (BV 2-80). It is supposed to ensure that the works council is informed, in accord with the provisions of the WORKS CONSTITUTION ACT, "in a timely, comprehensive and accurate manner," so that any possible suggestions for changes or other demands can be considered. In particular the information and advice should make clear "which changes are intended in technology, organisation and/or personnel or how these are to be carried out" in order to make possible a timely assessment of the expected consequences. Another plant agreement reached in 1981 (BV 3/81) prescribed the conditions under which work on jobs created by the introduction of computer systems is to be carried out and what measures have to be undertaken to prevent risk to the health of the affected workers. The social and personnel risks which are inevitably associated with the introduction of computer systems are not, however, thereby prevented. In the context of a constantly increasing number of computer systems (circa 280 systems since the beginning of 1982) the central works council of the Volkswagen company is now calling for an amendment to the original plant agreement that would prescribe "the general conditions for the necessary regulation of social and personnel impacts". The most important demands contained are:

- "No employee may be dismissed as a result of the introduction and use of data processing systems.
- The data stored in such systems may not be used for contr of the performance and behaviour of individual employees.
- All regulations to counteract the personnel effects are to be agreed to by the works council.
- Affected employees will be informed about the installatio of computer systems in a timely and comprehensive manner.
- All measures necessary for the functioning of the system are to be approved by the works council. (BR - kontakt June 1983)

The works council has made similar demands concerning the procedures of the consultations in the Planning Committee
and the consideration to be given to its suggestions. (Interview, Wolfsburg 1983). A further approach at VW to the utilisation of the information and consultative rights guaranteed by law is the establishment of advisory staffs which provide the works council with the necessary expertise for negotiations with management, evaluate statements of the company and develop alternative proposals and concepts to counter the negative social consequences of rationalisation plans. Thus the central works council of the VW company has a staff of three highly qualified specialists each of which is responsible for two of the six domestic VW plants. They are generally recruited from individual departments and areas of the firm and have access to inside information; on the one hand, this provides the works council with the necessary competence for conflicts with the firm, but on the other hand it also entails a tendency towards "technocratic" types of solutions. The consolidation of a "technocratic elite" through a strong "autonomisation" of the committees is, however, limited by the fact that decisions can only be made in consultation with the works council members of the affected areas and after final approval of the works council coordinating committee (Betriebsausschuß).

In the VW style of conflict management the approval of the works council must be given in negotiations with representatives of the company over the introduction of computer systems. If the works council refuses to give its assent, either because the possible personnel effects have not been adequately presented or because no agreement can be reached on compensatory measures, then the installation of the system can be considerably delayed: for this reason, for example, the installation of a CAD system at VW was blocked for a year and a half (Interview, Wolfsburg, 1983).

In the case of the introduction of computer systems the works council attempts to fully utilise the existing legal framework by means of supplementary plant agreements and to win co-determination rights even in the planning stage in order to be able to protect the affected personnel. By contrast, its legal position and real influ-
ence with respect to the introduction of new technologies such as robots, seems to be still quite limited and more or less confined merely to the right to be informed although the works council clearly attempts to fully utilise the existing legal framework by means of supplementary plant agreements. In this area the effective intervention of the works council has thus far been mainly limited to demands for certain revisions in the ergonomic design of the environment of the work-place or the manning levels. This is shown not only by investigations of the participation of works councils in earlier rationalisation programmes (Benz-Overhage et al., 1982; Kasiske et al., 1979), but also by the case of the new assembly line automation in which the activities of the works council seem to have been concentrated primarily on adjustment measures in the area of wages and personnel policy. There have been only a few cases in which the works council has succeeded in getting its ideas and demands on job design and training measures accepted in the course of the introduction of new production technologies. Thus the activities of the works council concerning the rationalisation policy of the firm are still mainly oriented towards the more traditional area of wages and personnel policy, and a differential system of regulations, plant agreements and collective labour agreements has been developed in this area, which is explained in the next section.

5. PATTERNS FOR COPING WITH THE CONSEQUENCES OF RATIONALISATION AT VW AND STRATEGIES OF THE WORKS COUNCIL

5.1 Strategies to regulate redundancies

Since the first deep recession in the post-war period of 1966-67 and since the first rationalisation protection agreement of 1968, a policy of personnel adjustment has developed at VW in the course of the 1970s which is based on three principles:

(1) Personnel adjustments which are necessary as a result of rationalisation measures shall only take place under conditions which protect the acquired status (Bestandschutz) of the affected workers. In so far as this is not possible negative effects are to be stretched out over a longer time period; no dismissals
are to take place as a result of the rationalisation.

(2) If a reduction in personnel is required by the economic situation, this should take place as far as possible through voluntary quits and the utilisation of natural attrition.

(3) The seasonal and short cyclical fluctuations in market conditions should take place without reductions in employment through adjustment of the volume of labour. A policy of hire and fire is rejected.

The realisation of these principles is naturally predicated on certain assumptions which can only be influenced to a limited extent by the parties, above all the assumption that no sharp and long-lasting decline in market conditions will occur. A further important assumption is that "voluntary" and "natural" turnover amongst the employees is large enough so that no mass dismissals are necessary.

Closer analysis shows, however, that these principles can only be maintained in crisis situations when in practice certain social groups whose potential of resistance is less than that of other groups can be "motivated" to leave "voluntary". The extent to which this is possible depends on existing internal plant "lines of segmentation" - between Germans and foreign workers, between men and women, etc.

Since the beginning of the 1960's foreigners have been an essential labour market reserve for the German automobile industry. The percentage of foreign workers in the plants of the VW company, in particular in Wolfsburg, is, however, traditionally less than in the plants of other West German automobile producers. This is because there are hardly other comparable employers competing for labour resources where VW plants are located, and therefore more Germans are willing to take jobs at VW which can hardly be filled with Germans elsewhere.

Still in 1973, the year with the highest percentage of foreign workers at VW, 16% of the workforce (in the Wolfsburg plant 15%) were foreigners: the percentage of foreigners among workers on incentive wage, the group which is tradition-
ally hardest hit by reductions in personnel due to economic conditions, was and is however, significantly higher: in 1973 29% in the Volkswagen company, 31% in the Wolfsburg plant (Mickler et al., 1982, p. 58). Personnel reductions in the crisis situation from 1973-75 were thus disproportionately high among foreign workers. (see diagram 3). With a total reduction of 26% of the work force, the number of German workers declined by 29% while the number of foreign employees was reduced by 66%. Of the total 33,000 employees who left Volkswagen from the beginning of 1974 until the end of 1975 over 13,000 were foreigners; the percentage of foreign workers sunk to a little over 7% (Streeck/Hoff 1982; Interviews Wolfsburg 1983).

Since then this percentage has not increased sig-
nificantly; at present (1983) the foreign percentage in the company's work force is almost 10% (in the Wolfsburg plant 9%). By contrast the average percentage of foreign workers in the above mentioned sample of 11 plants of West German auto firms was 23%.22

It should be noted that the remaining foreigners have in the meantime acquired considerable seniority in the plants. For this reason the potential flexibility for personnel reduction which foreigners have represented in the past is now considerably diminished. This remains the case only in so far as such mobility can be achieved through the financial incentive of severence payments (usually three to four months pay). The widespread anxiety among foreign workers that they are the ones who in any case would have to go in the event of a serious economic crisis constitutes another mobility potential namely by means of anxiety and social pressure to mobilise foreigners for personnel reductions. The changed political constellation in the Federal Republic and the present trends in policy toward foreigners make possible such methods - even though they are not supported by the unions or the works council. Ultimately a foreign percentage of 9% among employees still means that about every fifth recipient of incentive pay is a foreigner. After the foreigners women are the next group that could be pressured out in economic crisis situations. The percentage of women at the Volkswagen company was 12% in 1982 (16 % in the Wolfsburg plant).

In addition to the adjustment potential that can be achieved through the financial incentive of severence payments independent of age, there is also age-related early retirement. This instrument, which was initially tested in the iron, steel and mining industry, in the course of the economic decline, was and is extensively used by Volkswagen. It is particularly supported by the works council. The so-called "59 year-old regulation", which was the subject of an agreement between the works council and the company's management in the year 1975, stated that employees who had reached the age of 59 could voluntarily accept dismissal by the firm
in order then - after one year of unemployment insurance payments in which the firm itself pays the difference between unemployment benefits and the previous wage - to take early retirement under the social security system at age 60. In this way the firm was able to shift a considerable part of its personnel adjustment costs to public social funds.23

The 59 year-old regulation was retained during the course of the 1970's even after the termination in personnel reductions. Among those "eligible" in each year about 80% have taken advantage of this early retirement option. The advantages of this adjustment instrument are clearly so great that it was continued by the company even after the state stopped unemployment payment for those who left employment in this fashion. VW then financed it exclusively out of its own funds. No longer burdened by the criticism that they were subsidising personnel reductions with public funds and in the face of the intensified problems as a result of rationalisation measure, the early retirement age has now been reduced to 58 through a plant agreement and, at the present time, discussions are taking place, at the urging of the works council, on the conclusion of a "57 year-old regulation" and the possibility of a "56 year-old regulation" cannot be excluded.

Early retirement is a means of accelerating the so-called "natural fluctuation". A calculation on the basis of data of the years 1960-1978 reaches the conclusion that a total hiring freeze for one year would only lead to an average decline of about 7500 in the number of wage earners (Mickler et al 1982, p. 62). This number would be higher in boom periods and much lower in recession periods; thus among VW workers it sank from 12.8% in 1973 to 2.7% in 1975 (Schuizt-Wild, 1978, p. 265). In particular voluntary quits drastically decrease in times of economic crisis.24

In 1980 labour turnover was still 12%, i.e. more than 14,000 employees left VW company plants. Since then the figure is markedly lower.

The labour flexibility potential which is made available
to the personnel policy of the corporation by the above-described "voluntary" and "natural" forms of personnel reduction is quite large. Since the beginning of the 1970's the company has at no time had to engage in mass redundancies. Even personnel reductions amounting to over a quarter of the entire labour force in 1974/75 were accomplished without mass redundancies, although management and the works councils had reached agreement on mass redundancies for 3,000 workers. The "voluntary" personnel reduction potential by means of severance payments proved to be greater than expected.

The 1974/1975 phase represented a traumatic experience for all the participants at VW. A deep decline in sales coincided with the final end of the Beetle era and the transition to a comprehensively new production programme with uncertain market prospects, and this all took place against a background of a generally depressed horizon of expectation in the automobile industry as a result of the first oil shock. The fact that the restructuring of their production as well as the adjustment in personnel levels could be coped with so smoothly on a cooperative basis and, from the perspective of the subsequent developments, so successfully, led to a significant and long-term reinforcement of the pattern of industrial relations at VW.

In addition to the above-described instruments of personnel policy, the basis for institutionalised personnel planning with the participation of the works council was created. As a general guide-line a "middle-of-the-road concept" of personnel policy was proclaimed in 1975 which promised from now on no longer to let production and employment be determined by short-term market conditions, but rather to orient policy in terms of a middle prognosis of market developments. Although in the following years it was again and again asserted, for example, in the annual reports of the company, "that intentionally not all market opportunities available were being exploited", "the personnel policy of the middle line" is today rather considered even by representatives of personnel management to be an ideological by-product of that phase. It is difficult to say which demand peaks were really not exploited.
Nevertheless the VW labour force was not brought up to its previous levels in the course of the recovery of 1976, as had been practiced in the past (see diagram 4). Since this time the fluctuations in employment at VW have a quite different pattern than in the past. The explanation is not so much to be found in the personnel policy of the firm as in the changed structure of products and production and the rationalisation processes which begin to have an effect at the end of the 1970's.
Nevertheless one cannot dismiss the proclamation of the "middle-of-the-road" concept as merely ideological. Although at that time the policy was less influenced by the "Japanese model" than by the corporate philosophy at Daimler-Benz, it did represent a move in the direction of the Japanese model of employment policy. It had two sides to it: on the one side increased employment security for a core labour force; on the other side if supported the willingness of the labour force and its representatives to accept increased work flexibility with respect to working time (overtime and special shifts); the location of work (transfers within the plant or between plants); and finally job content (transfer to different work operations, readiness to undergo retraining). The relationship between the two sides was emphasised by the then chief executive of the company, Schmücker:

"Although there can be no absolute guarantee of employment in an abstract sense, we do understand the wish of our employees for long-term and secure jobs. This means however also that in times of temporary peaks we also have to be able to resort to special shifts and overtime." (Speech before the annual share holders meeting July 6, 1976)

The instruments of personnel adjustments developed in the mid-70's are being increasingly tested in the 1980's as intensified rationalisation and stagnating markets have increased pressures to reduce the labour force. We would like in the following to demonstrate this using the example of the Hannover van plant. Since 1979 comprehensive re-structuring and rationalisation in production has taken place in the Hannover plant; moreover the market for vans has drastically declined. In order to cope with the resulting employment problems the following personnel measures were taken, which were approved by the works council both as to their general approach and in detail: since 1980 there has been a hiring freeze; alone for the year 1982 the non-replacement of employees lost through attrition led to a reduction in employment of 600. In addition a package of individual measures was applied to secure employment in
Hannover such as special sales incentives, increased inventories, reduction in work contracted out, as well as, above all, the relocation of parts manufacturing from other plants of the VW company to the Hannover plant (in this way approximately 500 jobs were transferred to Hannover).  

The regulation providing for early retirement at age 59, and since 1983, age 58, remained in effect. The most important factor, in achieving the necessary labour force adjustments was, however, as in 1974/75, the extensive utilisation of short-time work and, secondly, the offer of severance payments independent of age. Thus the equivalent of about 60 work days per year were reduced in both 1981 and 1982 by the use of short-time work. 600 employees made use of the offer to leave the plant voluntarily in return for severance payments; 90% of them were foreign workers. Beyond these measures 300 employees from Hannover were transferred to the Wolfsburg plant. In total these measures in the Hannover plant made it possible to avoid two to three thousand redundancies. The pressure to reduce personnel would have been even less had it not been for the fact that in times of crisis the number of voluntary quits as well as absence from work due to illness declines - both expressions of increased anxiety about the possible loss of jobs - which increase the average percentage of employees reporting for work. It is worth emphasising that in Hannover as elsewhere measures for training and retraining played hardly any role in the measures to secure employment. The significance of such measures, according to the self-criticism of the personnel department of the company, has thus far not been recognised and too little had been done. This, in spite of statements to the contrary and although it seems advisable in the light of the introduction of work subsystems ("Arbeitssysteme" - more on this below) to undertake plant level training and retraining programmes in a time of unemployment. The attitude of utilising the available labour in the usual rhythm and the principle of "production first" seems unshakeable among production management.

For an initial resumé of forms of regulations used in the reduction of the work force we would like to emphasise...
three general points:

(1) It is evident that personnel reduction, even on a large scale, can be processed in this system of industrial relations without a great deal of friction. The company management did not resort to shock, intimidation or the mobilisation of anxiety nor did the works council pursue a strategy of obstruction or reject in principle any measures for the downward adjustment of the personnel levels.

(2) Company management and the works council reached a full consensus on carrying out personnel adjustments as much as possible within socially acceptable forms, individually "painless" and socially conflict-free. The works council participated in detail in the determination of the measures by means of negotiations and agreements and in most cases also accepted responsibility for them. In individual cases it was attempted to minimise the negative consequences and in each case to make the best of the situation for the affected persons, in particular by the maximum use of transitional regulations and the possibilities for financial compensation. Where sharp cutbacks in personnel occurred it was, however, evident that this strategy of sub-optimisation is only possible if individual groups of employees were singled out, which was also done in socially acceptable forms. Conflicts which occurred took place only within or between the centralised institutions of interest mediation.

5.2. STRATEGIES FOR REGULATING THE VOLUME OF LABOUR

Naturally the works council would prefer not to focus primarily on the regulation of personnel reductions but to offset or reduce the pressure of redundancies. Since this, as described, does not take place by blocking reorganisation or rationalisation measures per se, attention in this respect is focused above all on the regulation of the volume of labour, i.e. the labour which can be extracted from the workforce of a given size by intensification or extensification of labour. We do not consider here other methods of increasing the volume of labour for example by increasing the
labour time expended per automobile through increased options and accessories, or by the reduction in the percentage of work which is sub-contracted to external suppliers.

In order to characterise the basic pattern which developed in this area of policy we would like at this point to briefly consider strategies related to special shifts, the introduction of additional work breaks, as well as the regulations on company recreation (Erholzeiten) and educational leave at Volkswagen: according to the WORKS CONSTITUTION LAW, the scheduling of extra shifts or overtime requires the approval of the works council. The difficulties in which personnel policy of the "middle-of-the-road" concept involves the works councils became clear in the year 1975 as the drastic increase in the demand made necessary an abrupt transition from personnel reductions to extra shifts. While the works council at Opel pressed immediately for the rehiring of those who had been dismissed, the works council at Volkswagen seemed initially prepared to accept extra shifts as a necessary element in the personnel policy of the "middle-of-the-road" concept.31

To be sure the approval of the VW works council did not occur without conditions; the practice developed of negotiating one extra day of leave for all plant employees for each six additional shifts (which experience showed, affected about 60% of the work force at a given plant). In this way the extra shifts were made considerably more expensive and, on the other hand, the expansion of the volume of labour was partially offset.

In 1979 an extension of the break periods in the VW company was provided for by collective agreement. This was based on the conception of a five-minute recreation break for every hour of work which was achieved in 1973 in Baden-Württemberg; this was in addition to the three-minute breaks every hour for personal needs as well as the unpaid 30-minute breakfast break. Since the introduction of this regulation for all employees in 1981, the actual number of daily working hours is under seven hours at VW. Altogether this regulation created or protected 4,000-4,500 jobs at
the Volkswagen company. However the expectation of the works concil that it would contribute to the recruitment of a large number of additional workers was not borne out. In the light of the subsequent increased pressure towards redundancies which occurred as a result of the rationalisation programme, they were pleased that existing jobs could be saved through the reduction of working time.

A reduction in the volume of labour also resulted from the regulations on recreation leave and educational leave. All employees in the German VW plants became entitled for the first time in May 1979 to a special leisure-time programme in addition to the regular six-week vacation, if certain prerequisites were fulfilled. A white collar employee who works a normal working day received, according to this plan, the right to ten recreation days leave every eight years; an employee on shift work receives ten days every three-and-a-half years; those who regularly work the third shift receive two weeks additional vacation every second year. There are similar regulations at other automobile producers but there is none in which it is so extensively used. Thus in the year 1981 20% of the workforce at the Wolfsburg plant and almost 25% at the Hannover plant received an extra recreation leave in addition to their normal vacations. Comparable plants of other manufacturers give only 1-3% of their employees a corresponding recreation leave (IG-Metall calculations from July 1982). The same is true of the educational leave which is sponsored by the Land of Lower Saxony since 1975 (courses and seminars on political and labour union topics and vocational training). This programme is open to every working person in the Land of Lower Saxony, however, with few exceptions it is only utilised extensively and systematically by Volkswagen. In 1982 16,000 employees of the Volkswagen company took the educational leave offered by Lower Saxony and in this way created 250 additional jobs in the Wolfsburg plant alone (E. Spoo; in: Frankfurter Rundschau No. 94, April 1983).

In summary the following points can be made:

(1) With respect to the regulations on the volume of labour
the works council was able to achieve through negotiations during the phase of prosperity a series of regulations which are cost intensive for the company; the volume of working time which was to be demanded of a work force of a given size was thereby clearly reduced. The justification and allocation of the reduction is in terms of and tied to particular forms of work stress and strain, and it this far has an additional social-policy component.

(2) Reduction of labour intensity itself is not an object of this strategy. Intended or not - quite the contrary is true: in so far as the reductions in working time are understood as a compensation for work-related stress and strain the physical and psychological intensification of work is clearly one possible outcome.

This ambivalence of strategies for reductions in working time which are related to special work stress and strain also exist with respect to early retirement regulations. The long-term consequences of the erosion of health may be hidden or health problems after a certain age may be simply tolerated since early retirement will soon be reached.

5.3 STRATEGIES FOR REGULATING THE PERSONNEL FLEXIBILITY

The regulation of increased requirements for flexibility in the use of labour and personnel constitutes a further issue in coping with the personnel consequences of the rationalisation processes. In this case too, the basic approach of the works council is to accept the requirement as such and to seek to protect the vital interests of the affected workers by structuring procedural forms; these vital interests in cases of permanent or temporary transfer are identified with the maintenance of wages.

The two most important instruments of regulation are LODI, the collective agreement on wage differentiation, in the case of temporary transfers, and the regulations for the
maintenance of wages and salaries in the case of permanent transfers, especially as a consequence of rationalisation measures.

LODI (Lohndifferenzierungs-Tarifvertrag) represents in its ambivalence a typical example of the way in which problems are coped with at Volkswagen. Its main function is to simplify wage determination in cases of temporary transfers and thus to canalise a part of the conflict potential when temporary transfers occur which entail work with a different content or at a different work place. LODI replaces the system of analytical job evaluation, a highly complicated and differentiated procedure for wage determination which classifies jobs on the basis of a multitude of job requirement characteristics and their relative importance.

Analytical job evaluation was developed at a time of economic expansion in which there was greater flexibility in wage policy and a comparatively strong trade union bargaining position. It came increasingly under criticism in recent years as it proved to be increasingly counter-productive in relation to both the rationalisation goals of the company as well as to trade union efforts to cope with the consequences of rationalisation. Above all the unions regard the tight coupling of wage classification to the job requirement characteristics of the individual job as increasingly threatening to the incomes of the affected employees; as a consequence of the company's rationalisation strategies, in particular through the introduction of new technologies, the resulting changes in job requirements usually reduced job characteristics that were highly evaluated such as skill and dexterity, physical stress, and negative factors in the job environment.

The problems associated with analytical job evaluation have been particularly pronounced at VW in the context of the replacement of the Beetle with its single product orientation and highly standardised mass production by a more differentiated manufacturing programme with more flexible production. Analytical job evaluation proved to be increasingly impractical and restrictive both from the point of view of the company's interests in a greater
flexibility in the use of personnel as well as the labour union's interest in maintaining qualifications and wages of the employees. The joint efforts of the VW company and the works council led to the conclusion of an agreement in which an alternative to the previous system of analytical job evaluation was worked out for the first time in a collective agreement. The Wage Differentiation Contract is now on the list of prohibited bargaining subjects of the West German Employers' Association and is also controversial within IG-Metall. Its basic principle is the introduction of increased flexibility and the utilisation of labour in exchange mostly for enhanced income security. The collective agreement has the following basic structure (see also Hildebrandt, 1981):

The basis for the evaluation is no longer individual jobs but certain defined work-subsystem ("Arbeitssysteme"), which as a rule includes fifteen to thirty employees. Which jobs are included in a work subsystem is negotiated between management and the works council. The employees within a given work subsystem receive the same wage even in the case of slight differences in work activity and independent of which job they are performing at a given time. As a rule, however, similar jobs i.e. that is the same skill level, are joined together at a given work subsystem. This joining of previously separately evaluated operations is as a rule associated with wage increase, and not only corresponds to the interests of the employees in guaranteeing or raising their income (the wage level of the work subsystem is determined by the highest of the previous wage groups which is incorporated into the works subsystem) but it also corresponds to the interests of management in more flexible deployment of labour. Temporary transfers that are necessary due to absenteeism, interruptions in production, etc., which in the past were always associated with friction, can now be accomplished much more easily under the new wage differentiation contract.

Moreover, with the conclusion of this contract, further
forms of flexibility were also agreed to which provide for shifting workers between work-subsystems within a manufacturing area or between areas. For a corresponding premium management receives relatively far-reaching powers of intervention and control over the assignment and use of personnel.

The expectations of the company and the works council with respect to the new procedure for wage determination can be characterised as follows: the company hopes above all to achieve greater mobility and flexibility in the sense of a quick and smooth adjustment of personnel assignments to changing production requirements by means of a transition to a more global conception of job requirements. It is likewise expected that the new form of job evaluation can contribute to the stabilisation of the wage structure and containment of the still existing problem of wage drift. Finally it is thought to be a simplified and less time and cost intensive procedure for wage determination as compared with the previous system. IG-Metall and the works council regard the replacement of the differentiated analytical system of job evaluation above all as the opportunity to maintain the wages among semi-skilled workers who are particularly threatened with income loss as a consequence of the accelerated rationalisation programme at VW. In part one hopes that the new system will also bring about changes in the wage structure which will move the incentive pay workers closer to the wages of the skilled workers. Moreover, the works council also regards the new wage determination procedure as an instrument for shaping work organisation and influencing job content and job stress and strain factors: with the aid of formation of work subsystems, the works council foresees the possibility of combining the semi-skilled job operations with those unskilled operations which have arisen, or remain, as a result of the changes in organisational and product technology in order to partially elevate skill levels or to maintain a certain minimum skill level. In the future the restructuring of work operations in the context of formation of work subsystems could, in the view of the works council, make it
possible to check the negative impact on wages resulting from
the introduction of new technologies, changes in product design, etc. Finally, the works council hopes to reduce job stress
through the coupling of more difficult and easier job tasks
within a single work-subsystem and through job rotation within
the subsystem.

On the whole LODI represents in its ambivalence a typical
example of the way in which problems resulting from the moder­
nisation of the firm are coped with: on the one hand, justice
is done to the requirement of greater flexibility in the utilisation
of labour resulting from market changes and new technologies and,
on the other hand, the employees' demands for and interest in
securing the greatest possible protection of their incomes are
taken into account.

The second more traditional instrument for offsetting
the consequences of rationalisation for individual em­
ployees or groups of employees are the regulations for
wage and salary maintainance in the case of permanent trans­
fers which have been signed in recent years between IG-Metall
and Volkswagen. These regulations do not represent any
original VW design but are based on conceptions which were
first developed in the North-Württemberg/North Baden bar­
gaining district of IG-Metall and were incorporated in the
collective agreement there, after strike struggle, in a much more
far-reaching form (see Lohnrahmentarifvertrag 2 and Mantel­
vertrag of October 1973); Collective Agreement to Secure
Wage Classification and to Protect Against Down-Grading,

The limited guarantee of wages and salaries provides
that any employee who is transfered to a lower paid job
because of rationalisation measures, independent of the
length of time he or she has worked in the plant, will continue to
be paid at the former wage level for at least 18 and up to
a maximum of 36 months. Furthermore, the plant is obligated
to transfer him or her back to a job at the former wage rate in so
far as that is possible. The ambivalence of this regulation
consists in the fact that, on the one hand, personal income
is guaranteed for a limited period independently of technical
and organisational changes, on the other hand, down-gradings
on a large scale are legitimated, because it is shaped in a "socially acceptable" manner, experienced only individually and ameliorated by payment or compensations rather than being registered collectively. Regulation on wage and salary compensation in the case of work impairment protects employees from loss of earnings who, as a result of health limitations or increasing age, are no longer able to meet the performance requirements of their previous job; it also makes it possible for them to be transferred to a suitable job. This regulation is applicable to plant employees with at least ten years seniority, who are at least 50 years old or have had a work accident and whose entitlement to a transfer is confirmed by a recommendation of the plant physician.34

The guarantee for older workers is applicable to employees who have worked at least ten years at VW and have reached their 56th birthday. They receive a guarantee of their former wage level without time limit in the case of transfers either for plant-related or individual-related reasons. An employee of at least 25 years seniority can, moreover, only be dismissed with the approval of the works council. It is characteristic for both these regulations that, on the one hand, they are instruments of protection against the consequences of rationalisation, at the same time, however, they give the company the possibility of raising the general performance level through the removal of older employees and those with diminished capacities. The fact that the regulation requires a minimum period of employment considerably weakens its effectiveness as a protective mechanism and encourages the practice of dismissing particularly those employees with low seniority.

In summary, with respect to this point it can be said that the works council has in principle accepted the interests of the company in increasing the flexibility in the use of personnel and has been able to achieve with respect to wages far-reaching status protection. It has rid itself of a conflict potential which traditionally existed at shop floor level with respect to issues of temporary or per-
manent transfers and which in the past involved shop stewards and area works council members in day to day petty conflicts in which they were frequently subjected to criticism by the affected employees. Temporary and permanent transfers now take place in a rather routinised and legalistic manner between plant level supervisors and the affected workers.

If one considers the development of the regulations and practices at VW with respect to issues of personnel policy as a whole, it seems that in certain respects, industrial relations at VW have some similarity to those in Japan. This is not a case of conscious borrowing and certainly not as perhaps in the case of Ford UK - an "after-Japan" programme. These developments have also not taken place as part of a clear overall conception. It is, however, clear that the efforts to secure existing jobs go together with the expectation of higher flexibility in the use of labour. The formation of "work subsystems" operationalises the goal of ease of transfer, opens possibilities for more flexible labour deployment practices without undertaking any ideological packaging such as contained in the conception of "work teams".

The achievement of enhanced flexibility is obviously a central value in the strategic considerations of company management. This is also evident in ideas such as those recently raised by the director for labour relations of VW on shortening the work week. He spoke out against tabooing the topic of reductions in the work week and suggested consideration of a guaranteed annual working time which would make it possible for the firm to have its employees work, correspondingly to market conditions, at times only four days a week, and, however, at other times six days a week i.e. an extra shift once a week. In this way another conflict-ridden theme in industrial relations, namely the granting of extra shifts and overtime would be subjected to regulations and thereby canalised. (see E. Spoo in: Frankfurter Rundschau No. 94 April 23, 1983).
SUMMARY AND CONCLUSIONS

We have tried in this essay to describe concretely the functioning of the system of industrial relations at VW in order to present a differentiated picture of what crisis management on a cooperative or participatory basis between management and labour (Sozialpartnerschaft) in the Federal Republic really means. It is a system which has been able to reproduce itself with remarkable stability even under conditions of increased stress during the 1970's.

How is this stability to be explained? There are, in fact, many elements which can be explained in a corporatist framework: The close ties in the decision-making process between the corporation, plant and labour union representatives and the state in a multitude of common institutions, negotiating levels, etc. The pattern of dealing with the problem by externalising costs and excluding marginal groups among the employees; the orientation toward social technical solutions which are negotiated on a central level while avoiding mobilisation and politicisation of the basis etc. As is illustrated by the example of the wage differentiation system or also by the forms of reduction of personnel and finally by the principled support of rationalisation measures, the works council derives the premises of its policy from the exigencies of world market competition for the firm. In this sense many of the demands made by the works council and regulations that have been achieved can be regarded as unpleasant and expensive for the firm in the short-run but as being in the long-term interests of capital. Many of the points made by ESSER et al. in their study on the restructuring process in the iron, steel and coal industries (ESSER, et al. 1980) can be applied to the structures and functioning of the system of industrial relations at VW. The industrial relations at VW functions in many respects as if they were regulated by the provisions for co-determination in iron, steel and mining industries (Montanmitbestimmung).
Nevertheless we hesitate to call the constellation found at VW "corporatism". The type of co-determination found at VW has no comparable tradition of firm political support as in the case of the iron, steel and coal producing companies. One could interpret the characteristics of the industrial relations system at VW, also as an exceptional situation which, under conditions of a special historical development and special economic prosperity, has more or less anachronistically survived until the present day. If, above all, VW should no longer be economically prosperous, then the corporation would become more dependent on outside capital, and the normal situation for German firms would develop: The banks would have the decisive influence on the supervisory board instead of the representatives of the state, and this exceptional situation would have ceased to exist.

If one accepts this interpretation then one would no longer speak of corporatism which implies that the interests of the company state and employees have, at the level of their peak representatives, reached a balance of the "ruling block" which is no longer in question, and, if at all, only from outside by excluded marginal groups, etc.

A deep economic collapse is not presently expected. Still the system of industrial relations at VW has come under increased stress as a result of the personnel consequences of the accelerated rationalisation programme. In this year (1983) ca. 2500 employees will leave VW. The company anticipates in its personnel planning that by 1987 employment will be 13,000 below its present level. The works council expects that in the long-term one quarter of jobs will be lost - all this is on the basis of technical and organisational rationalisation. These figures represent - in the light of the capacity for flexible personnel adjustment which was shown in the 1970's - no reason for engaging in dramatic crisis scenarios. Nevertheless it is clear that the works council is increasingly caught up in a dilemma: the company demands its support and share of responsibility for the rationalisation programme while the employees, in the light of the negative personnel
consequences of the rationalisation, demand increased protection and guarantees of their acquired wage levels. With the change of government in the Federal Republic it is more difficult to obtain public resources, and plant level interest representation is coming in general under increasing public criticism. Finally, the scope of the redundancies to be expected as a result of rationalisation measures is so great that the problem can no longer be resolved through the familiar mechanisms of marginalising certain groups of employees only. The core work force itself is threatened. Thus it can already be observed that unrest, conflicts and loss of legitimacy is most likely to come from the skilled workers.

Facing this new situation the works council is putting forward the demand for a 35-hour-week as a general recipe to cope with the consequences of rationalisation. Whether the demand for the reduction of the work week will in fact mitigate the problems or whether it will encourage further rationalisation will be shown in the future.
Notes

1) Volkswagen, e.g., offered only two basic types of passenger cars in 1968 so that the buyer had the choice of perhaps a dozen variations. By comparison: Opel then offered 153 variations of its basic models.


2) There was also a concentration on product and production related questions by top management. The experience that market und financial success is most likely when things are left to take their own course. This attitude was based on the post war. In his comparative study on decision making within automobile companies Schnapp states: "Still, in terms of financial decision making, VW is not as tightly controlled a company as GM. ... Financial criteria are applied in a flexible, non-dogmatic fashion. For example, ex-VW executives claim that nonfinancial criteria, such as technical attractiveness, often play a significant role. These executives (one of them a former research manager) note that some technical proposals accepted by the VW board would not stand a chance at GM because of their low financial returns." (Schnapp 1979, p. 176).

3) It is at least remarkable that, in spite of the special promotion of Volkswagen by the national socialist movement, Volkswagen did not possess any such image after the war.

4) The government of Lower-Saxony is supposed to have had a considerable influence on the decision to construct the new plant in Salzgitter at the end of the sixties. The changes brought about by the reorganisation plan of 1975, which included the shut down of Audi plants in South Germany, were preceded by a phase of considerable pressure from the government of Baden-Württemberg and the federal government. Finally, the fact that the plant in Emden was kept on even after the construction of a VW plant in the U.S.A. was essentially due to considerations of regional policy.

5) It seems that now the new Bonn coalition government is considering the possibility of privatisation of the federally owned VW shares. This has to be seen in the light of the fact that VW employees have been criticised for working too little and earning too much money.

The target of this criticism is especially the system of company level collective agreements, co-determination regulations as well as regulations with respect to working hours at VW. (See Bernhardt/Hercher, 1983).
6) A good example for how this personnel overlap can function has recently been reported by the press. IG-Metall chairman Loderer conceded that, as the deputy chairman of the board of directors at VW, he had been involved in the negotiation of the company's last collective agreement. "I said prior to the negotiations which agreement would be acceptable to IG-Metall and that VW should make use of the opportunity provided by the company level agreements. Very soon the figure of 4% with a duration of 15 months was discussed, and the VW executive committee unanimously agreed to stick with the intention to agree on 4%." (Handelsblatt no. 67, April 7, 1983).

7) Effective earnings refers to average pay per hour in DM excluding allowances for shift work, overtime, night, weekend or holiday work. In 1982 it was 16.04 DM for recipients of incentive pay, and for recipients of hourly wages 17.69 DM.

8) Using personnel costs as a percentage of production value to indicate the relative personnel costs, one arrives at the same result. Volkswagen with 25% stands at the lower end of the scale, only the percentage for BMW is less (24%) and Opel is at the same level (25%), while Ford and Audi are higher (26%) as well as Daimler (28%) (source: Company Annual Reports for 1982). One would, of course, get a different picture if only the basic wage agreements were to be compared but, as stated above, all other automobile manufacturers except VW are subject to regional collective agreements which are subsequently further adjusted at the company level. This is not the case with VW so that their wages under the collective agreement appear to be comparatively higher.

9) See for the phase around 1970 "Die Zeit" no. 18 of May 2, 1969 under the heading: "Viel Geld in der Kasse" (A lot of money in the cash register). "... The VW company is swimming in money. It will not need outside capital for planned investments ... At the beginning of 1980 it is reported that there are four billion DM in the coffers of the VW company and the corporation has almost six billion, to which several more billion in hidden liquidity should be added (Handelsblatt no. 123, of July 1, 1980).

10) See e.g. toward the end of the 60s the construction of the new plant in Salzgitter in order to expand production capacity, the formation of Audi, the investment programme for the successor to the Beetle; toward the end of the seventies the purchase of Triumph-Adler as well as the extensive investment
programme to rationalise assembly operations and for product development.

11) In terms of output per employee VW was 17.5% above average in 1976, in 1982 only 2.9%. (calculations based on the company annual reports).


13) In a recent study, K.N. Bhaskar estimates the production capacity of VW in 1982 to be 1.6 mill. units (see Automotive Industries, June 1983, p.8); referring only to the Golf rabbit there is a capacity of 3,500 per day in Europe, the actual production in August 1983 was 2,650, i.e. 76% of the capacity (Handelsblatt no. 15 of August 8, 1983).

14) Until 1974 product policy at VW focussed mainly on one model (the "Beetle") of which up to 4000 units a day were manufactured; in the following period until 1980 8 new models were introduced as VW adjusted to the changes in demand; the Rabbit accounts today for 40% of production. The remaining 60% is divided among seven other models (Polo, Passat, Derby, Audi 80, Golf cabrio, Jetta, Santana, Audi 100). In the years 1980-1985 ten models are to be produced, in the following years another increase in the number of cars can be expected. (calculations based on company annual reports).


16) According to Weiβgerber the automobile manufacturers predict that the degree of automation, including sensor technology should rise to 40%.

17) According to §90 the company is obliged to inform the works council "in a timely manner of any plans for changes in ... technical installations, work processes and sequences; and jobs, and to consult with the works council about intended measures especially with respect to their consequences for the work and job requirements. Under certain circumstances §91 gives the works council
the opportunity to make proposals concerning the job
design, work sequences and work environment.

18) In the case of the van factory in Hannover where in
1979 robots replaced manual labour in the body shop,
the works council criticised the information provided
by management: "It focussed exclusively on the
technologies which were to be installed; no precise
information was made available on the quantitative
personnel consequences of the changes until after the
publication of the unit production data barely a year
before. The information on the qualitative consequences
of the transformation with respect to employment and
the job requirement in the new body shop was even more
inadequate. It thereby became evident that the
basic problem was that works councils were only
consulted when the basic decisions on the new
technologies, hence also on the jobs available in the
new plant, had already been made. Moreover from the
preliminary information which had been made available
to the works council, the job requirements on the
newly created jobs could hardly be determined." (Benz-

19) At the company level the information and consultations
regarding planned new technology and technical and
organisational changes take place at meetings of the
coordination committee of the company works council
(the chairman of the works council of each plant).

20) For example, a works council information system (BIS)
is being installed which should enable the works council
to monitor and influence the company's data-processing
projects.

21) The German labour market legislation defines a "mass
lay off" as a lay off that includes 50 employees a
month for a company of the size of each VW plant. In
such cases the works council and the labour market
administration have special rights of intervention.
A welfare plan must be negotiated with the works council.

22) By comparison the data for Ford-Köln:38%; BMW-München also
38%; Opel-Rüsselsheim 23% and Daimler-Benz/Sindelfingen
29% (IGM data of July 1982).

23) This form of early retirement has often been criticised.
See, for example, Dohse/Jürgens/Russig 1983. The 59-
year old regulation can only be carried out provided
that state officials, management representatives and the plant level interest representation work closely together. Therefore it has been characterised by Esser as a typical corporatist form of coping with crisis. (See Esser et al. 1980).

24) It appears that the impact of rationalisations now manifests itself in a decline in other forms of fluctuation. (This includes quits during probation time, voluntary quits, quits with due notice and dismissals without notice by the company). For recipients of incentive wages this fluctuation has sunk from 7% in 1978 to hardly 4% in 1982.


26) Source of the following: Handelsblatt no.298 December 23, 1981 as well as own interviews.

27) A detailed description of such individual measures to secure jobs and their impact in the period 73-75 can be found in Schultz-Wild, 1978.

28) For details on the short-time work regulations see Schultz-Wild 1978, p. 299ff. The problems related to short-time work are similar to those of early retirement insofar as the costs of personnel policy are externalised by shifting them to the labour market administration. Hannover made maximum use of the possibility of extending the times fixed by law by special permission of the federal government.

29) The number of recipients of incentive pay calling in sick has been reduced from 11% at the end of the seventies to 5% today. VW calculates that the effect of a 2% reduction in sick days has to be compensated by seven additional short-time work days if one wants to keep up the given level of employees.

30) The employee representatives (IG-Metall members of the works council) voted against the reorganisation plan proposed by management at the meeting of the supervisory board. After they were outvoted they did not attempt to politicise the issue and mobilize their rank and file but rather took part in arranging the details as described above.

32) As a result of the change to a new conservative-liberal government in the "Land" of Lower-Saxony, the institution of educational leave is now under political pressure. It is already foreseeable that it will become increasingly difficult for VW workers to gain access to educational leave as in the past due to financial restrictions.

33) Classification into wage groups takes place in the light of all operations that are regularly carried out within the work subsystem. Without regard to any traditional evaluation criteria.

34) Apart from the possibilities created by the regulations there is often room within a certain grey area for further negotiations and compromises which may go far beyond the regulations. The plant's medical department at VW often confirms health impairments for 50 year olds and sometimes even younger persons in order to enforce an unlimited wage guarantee when transfer actions take place; in this way the number of persons in danger of being down graded is reduced.
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