

Best columns: Europe

Germany: Has VW ruined 'Made in Germany'?



The Volkswagen cheating scandal has dirtied the good name of German industry, said **Henning Peitsmeier** in the *Frankfurter Allgemeine Zeitung* (Germany). U.S. regulators recently discovered that the auto giant had been installing special software in its supposedly clean-diesel cars so it could cheat on emissions tests. The software would detect when the cars were being tested in a lab and then turn emissions controls on; out on the road, the cars belched higher levels of pollutants. This is an egregious betrayal of VW's customers, and because VW is a flagship German company, the "Made in Germany" brand itself is tarnished. German engineering is supposed to be the highest standard of reliability, but now the phrase is synonymous with deceit and pollution. VW's stock price has fallen more than 35 percent and dragged the entire Frankfurt stock exchange down with it. We could see a terrifying domino effect. More than 200 German firms are directly dependent on

supplying Volkswagen, and many more firms are dependent on them.

Other European nations can be excused for wanting to “gloat for a moment,” said **Mark Almond** in the *Mail on Sunday* (U.K.).

Germans love to boast of their precision, their attention to detail, their impeccable adherence to the rules, and now they’ve been caught brazenly flouting the law. But “this is no time for schadenfreude.”

Germany is already grappling with mass immigration it can’t afford. If this industrial scandal ends up plunging the country into economic crisis, Germany could experience a surge “in dangerous nationalism”—and we all know how that story ends.

Let’s not get apocalyptic, said **Stefan Kaiser** in *Der Spiegel* (Germany). This is “hardly the beginning of the collapse of the German economy.” VW cheated, just as many companies from many countries have done in the past. But Volkswagen’s wrongdoing doesn’t implicate every other German firm. When Toyota had a huge auto recall, nobody stopped buying products from Sony or other Japanese companies. While trust in the VW leadership may be affected, trust in German workmanship shouldn’t be. In fact, you could argue that “VW’s trickery was actually a brilliant example of engineering.”

Nice try, said **Thomas Fricke** in the *Süddeutsche Zeitung* (Germany). In fact, even a small hit to Germany’s reputation could have massive consequences for the economy. Andrew Rose, an economist at the

University of California at Berkeley, has found that when a country's global popularity dips by 1 percent, its exports fall 0.5 percent. So if VW's cheating causes enough foreigners to view Germany as a bad-faith actor, "we could quickly see losses in the tens of billions of dollars." The good news, though, is that a nation's image can improve as quickly as it plunges—just look at how President Obama restored America's good name after the wars and torture scandals of the George W. Bush era. Maybe we should "appoint Obama head of VW."

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