

Bernhard Rieger writes: The US Environmental Protection Agency's announcement on September 18 that Volkswagen had manipulated diesel engines during emissions tests sent shockwaves around the Western world. Facing hefty fines in the United States and elsewhere, the corporation soon revealed that no fewer than 11 million of its vehicles were powered by an engine that it had previously praised as ecologically friendly and now revealed as a generator of hazardous exhaust. The company's stock took a dive, CEO Martin Winterkorn had to resign, and drivers on both sides of the Atlantic filed class action lawsuits. German engineering, once a catchword for excellence, has now gained a set of decidedly undesirable connotations.

Beyond anger, the international response to Volkswagen's fraud has been tinged with disbelief. Politicians, experts, and ordinary citizens alike have struggled to comprehend why Volkswagen, of all companies, engaged in systematic cheating. Observers were not only flabbergasted that a high-profile car manufacturer had risked sizeable fines from regulators as well as claims for damages by consumers, stockholders, and dealers. They were also stunned at the reputational risk. For Volkswagen, as a U.S.-marketing expert pointed out, being caught cheating was "significantly damaging" because "this is such an iconic brand." In Germany, the business-friendly *Frankfurter Allgemeine Zeitung* simply declared that Volkswagen had lost its "honor"—a concept rarely evoked in the context of global corporate giants.
23, 2011.

In all this, the strange thing is how out of proportion the reaction in the United States has been to Volkswagen's actual commercial position. Although the company's market share has hovered below four percent for decades, its name retains strong cultural resonance due to memories of the legendary Beetle. Small, indestructible, unconventional, cute—these are the attributes that the American middle-class remembers decades after the original automobile disappeared from dealerships. The "bug" gained these positive associations in the United States despite its unsavory origins in the Third Reich, where Adolf Hitler had commissioned automotive engineer Ferdinand Porsche to develop an economical and sturdy vehicle that would motorize Nazi Germany. Never put into mass production before 1945, the small rounded vehicle designed in the late 1930s became an international bestseller during the postwar boom of the 1950s and 1960s. In an American auto market dominated by lavish vehicles with two-tone pastel paint jobs, high horsepower, ample amounts of chrome and tail fins, the diminutive import proved attractive for middle-class families in the expanding suburbs who needed an inexpensive and dependable second car for everyday chores.

The Beetle thus came to signal that its owner had an eye for a reasonable product and resisted automotive ostentatiousness. The car was honest; it was individual. Unlike Detroit's heavily marketed products, this vehicle held out no false promises. It was this core attribute that laid the foundations for the Beetle's appropriation in a variety of American social contexts that placed a premium on individualism, including the hippies who famously covered their bugs in psychedelic swirls and daisies.

The VW Corporation reinforced the bug's association with unconventionality and honesty through highly effective marketing drives. Striking up a long-term cooperation with ad agency Doyle Dane Bernbach, VW promoted its main product through campaigns that—in contrast to common practice—employed humor and irony to extol the virtues of the Beetle. The most famous of these ads encouraged drivers pondering a Beetle purchase to “think small,” implying that size mattered but not in the way other automotive companies thought.

Volkswagen continued to make humorous advertising one of its corporate signatures long after the end of Beetle sales in 1980, appealing to middle-class drivers as it struggled to defend its market share in the United States. In recent years, the company repeatedly attracted note for its funny and irreverent ads, not least those that ran during Superbowl breaks.

In 2011, for example, the company landed a spectacular hit with a clip showing a little boy running around a middle-class home in a Darth Vader costume to the Star Wars soundtrack, trying to bring “the force” to bear on the family dog, his sister's doll, domestic appliances, and his afternoon snack. His frustrations mount; nothing reacts to his increasingly insisting hand gestures until he mounts places himself in front of the VW Passat his dad has just parked in the driveway. Much to the boy's shock, the car blinks and flashes after he motions—because his dad, smiling from the kitchen, has operated the car's remote keys. Four years later, this ad had over 62 million Youtube hits, nearly four times as many as Chrysler's highly effective commercial entitled “Imported from Detroit” that features Eminem.

Despite low sales, Volkswagen has thus retained a disproportionately high cultural visibility in the United States that drew heavily on its reputation as a trustworthy purveyor of cars for discerning drivers. By cheating on emissions, the company not only enraged its American customers, it also displayed a deceptiveness that is impossible to reconcile with a corporate image of down-home, no-nonsense trustworthiness.

If news about Volkswagen's emissions manipulations made waves in the United States, it unleashed a tsunami in Germany. With a turnover in 2014 of 200 billion euros (almost \$225 billion)—the equivalent of two-thirds of Federal Republic's annual state budget—and its 600,000 employees worldwide, Volkswagen is Germany's largest corporation by a wide margin. It is one piece of a sector that directly and indirectly provides one in seven jobs in the country. Many Germans regard the company not just as a corporate giant but as a national institution. In a recent Yougov poll, two-thirds of respondents picked Volkswagen as their country's foremost national symbol. Goethe came a distant second, and the country's much-celebrated soccer team, which won the world championship last year, barely scraped onto the podium.

Volkswagen owes its prominence in the national pantheon not primarily to its size but to its social and economic role in postwar Germany. When the Federal Republic of

Germany started out in 1949, it was as the Western half of a divided nation whose collective symbols had been thoroughly discredited by the Third Reich's radical nationalism. West Germany was hungry for a new identity and, in the 1950s, Volkswagen emerged as one of the country's earliest success stories. Expanding rapidly due to an export boom (not least fueled by middle-class Americans) as well as strong demand at home, the motor works in Wolfsburg and the small car produced there became the undisputed symbols of the German Wirtschaftswunder (economic miracle). As the company attracted attention for paying its workers the highest wages, its main product—the Beetle—began to mass motorize the young country. The car's omnipresence offered proof that West Germany had left the rubble of the past behind and was driving into a prosperous future. That the "people's car" dated back to the Third Reich was no obstacle to its postwar stardom. On the contrary, West Germans read the proliferation of the car in the 1950s as proof of the superiority of the postwar order over the Third Reich, which had promised but never delivered mass motorization and prosperity.

The Ford of the Federal Republic thus gained singular cultural salience. Countless West Germans praised the vehicle's quality and dependability. The Beetle quickly became a screen onto which the hopes of millions of Germans were projected. In the United States, the car might have signified unconventionality, but back in the Federal Republic, it symbolized a thoroughly conventional normality in a stable and legitimate postwar order. Volkswagen replaced the Beetle with the Golf (sold as the Rabbit in North America) in the 1970s, and this European bestseller quickly extended Volkswagen's domestic reputation for dependable quality. To this day, Germans associate Volkswagen with unspectacular yet dependable products.

Now, by manipulating emissions data for years, Volkswagen did more than cheat regulators and customers. Given its extraordinarily rich and long-standing reputation for quality and dependability, Volkswagen committed a cardinal sin against its own identity. It blemished its "corporate soul," as historian Roland Marchand called the intangible aura surrounding those enterprises that manage to project themselves in the public sphere as socially and economically responsible agents. To regain customers' trust, public penance will not be enough. Rather, it will need to undertake demonstrable reforms to assure the public that there are robust internal procedures to prevent fraud. Only then will Volkswagen be in a position to build anew.