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Volkswagen Chattanooga and its Battle for Workers' Representation

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Volkswagen Chattanooga and its Battle for Workers' Representation

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University Honors 498: Honors Thesis Project

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INTRODUCTION

Volkswagen, one of the most recognized brands around the world, is known for its engineering innovation, its iconic cars, as well as its Nazi past. In recent news, the car company has also been receiving some media attention at its newest manufacturing location in Chattanooga. The plant only opened in 2011, but has since been the center of a controversy involving the United Automobile Workers, Volkswagen, and Tennessee politicians. The UAW, which has historically worked with automobile workers employed in northern states, attempted to unionize the Chattanooga location in February 2014, but lost with a narrow margin. While some were pleased with the outcome of the vote, others were not, accusing politicians of being too involved in the inner workings of the Chattanooga location. Other critics felt that Volkswagen was biased towards the union, by allowing UAW lobbyists to campaign directly to the employees. In July 2014 the UAW announced that they would form a local, voluntary chapter in hopes of bringing a Workmen's Council to the plant. To grasp this complicated tension, we must first delve into Volkswagen's history.

HISTORY OF VOLKSWAGEN IN GERMANY

The complicated history of Volkswagen actually began as a collaboration between Ferdinand Porsche, a celebrated automobile designer, and Adolf Hitler, the fearsome leader of Nazi Germany. The pair didn't meet until 1933, but quickly after began to exchange ideas and laid the foundation for a project they felt would revolutionize Germany's automobile industry. Before this could happen, however, they had to separately discover their mutual enthusiasm for cars. Porsche began his journey into the automobile world by working for Tatra, a Czech car company. Though he had many innovative ideas, such as an early concept for a hybrid/electric car, Porsche was truly passionate about creating an affordable family

car and sharing his love for the auto-world. However, the company was unable to substantially finance Porsche's budding projects, and he moved to Germany's Austro-Daimler (Kiley 37). Unfortunately for Porsche, WWI broke out shortly after, and the car designer found himself creating various army vehicles to supply German troops. Following the war, Austro-Daimler returned to making luxury cars for Germany's wealthy and Porsche's plans to create a car for the working-class was pushed aside once more (Kiley 37). By 1933, Porsche was working for the Auto Union, a company that resulted in the merge of three other business firms (Kiley 38).

Adolf Hitler's interest in the Automobile industry grew while he served his prison sentence in 1923. During this time, he read Henry Ford's Autobiography, *My Life and Work* and was impressed both by Ford's efficient industrial advances, as well as his infamous anti-Semitism (Kiley 38). Around this point in time, one out of every 4.5 Americans was a car owner. In contrast, only one of every 49 German citizens owned a car (Kiley 37). Hitler admired Ford's work of bringing affordable Model Ts to America's mass public and began to envision a mobile Germany. Hitler believed that by providing German citizens with affordable cars, he could increase the national pride and help solidify the Nazi movement. Furthermore, Hitler felt that increased mobility also increased the cultural standard of Germany and could restore Germany's economy (König 251).

Porsche remembers his first meeting with Hitler in 1933, when he and other members of the Auto Union approached the *Führer* for government assistance in order to develop new engines and sports cars. It was at this meeting that Porsche and Hitler first discovered their mutual interest in building an affordable, mass-produced automobile (Kiley 38). In 1934, Hitler spoke at the Berlin Auto Show and exclaimed the importance of

designing a “people’s car” for Germany’s citizens (Kiley 38). That same year, Hitler and Porsche met again, in order to discuss the goals for their new, innovative design. In order to gain Hitler’s favor, the *Reichsverband der Automobileindustrie* (RDA, or car manufacturer’s association) decided to fund the project (Kiley 39). Knowing that Hitler held Porsche in such high esteem, they signed a contract with Porsche as the head designer in June 1934 (König 254).

Hitler envisioned a small, practical car that could easily accommodate a family of four and could obtain up to 40 mpg (Kiley 38). Likewise, Porsche thought that the car had to be approximately 1,400 lbs, have 26 horsepower, and reach speeds up to 62mph (Kiley 38). Simply put, the car had to compliment Germany’s new *Autobahn* infrastructure. Porsche believed that the production costs of such a vehicle would be approximately \$620 US, but Hitler wanted the cost much lower –\$320 US (Kiley 39). According to König, Hitler publically announced a price of 1000DM (254). Despite his reasonable doubts about the price, and likely to avoid conflict with Hitler, Porsche continued to pursue their joint-project and began designs for a few prototypes. Hitler was pleased in 1934 when he stated, “I am happy that due to the abilities of the superb designer Herr Porsche and his staff we have succeeded in completing preliminary designs for a German people’s car. It must be possible to make the German people a gift of a motor vehicle which will not cost them more than they have heretofore been accustomed to paying for a medium priced motorcycle and whose gas consumption will be low” (Kiley 39).

On the surface, it certainly seemed as though Porsche was finally on his way to designing an affordable working-class car. However, Porsche continued to have hesitations about meeting Hitler’s proposed price. In fact, by 1936 Porsche and his team had spent a

total of 1.75 DM and only created 3 failed prototypes (König 254). It wasn't until the director from Adam Opel Company, Wilhelm von Opel, insulted Porsche by calling his task "impossible", that Porsche fully reinvested himself into Hitler's vision (Kiley 40). In 1936, he decided to visit America's Auto-Capital in Detroit (Kiley 39). Porsche was impressed with the structure of Ford's manufacturing plant, as well as the social interactions of the site-workers. Without a doubt, the assembly line was vastly different than the auto factories in Europe. Porsche knew that he would have to revolutionize how German auto plants manufactured if the "people's car" were to reach Hitler's goal price.

By 1937 Porsche and his team still had not reached an operable prototype that was only \$320 US (Kiley 41). Both Hitler and Porsche were becoming increasingly frustrated with the slow progress. This same year, Hitler attended the Berlin Auto show and was flabbergasted that the Adam Opel company was promoting a new model "for the little man" at approximately \$582 US. Wilhelm von Opel, the same director that had previously insulted Porsche, proudly presented his "*Volkswagen*" to the *Führer*, but Hitler was enraged (Kiley 42). Kiley suggests that the reason for Hitler's rage is that he had not been directly consulted in von Opel's project, nor did von Opel design a suitable car for the masses (42). Furthermore, it is important to note that the Adam Opel Company was under management from General Motors (König 250). Though Hitler admired the U.S. auto industry, surely the *Führer* was not pleased that Americans were besting him.

In May 1937, the RDA was no longer capable of running the Volkswagen project and Hitler appointed the DAF, or German labor front, in charge (König 255). Shortly after, the Nazi party established the Volkswagen Development Company in order to thoroughly invest in Hitler's *Volksauto* vision. They decided to locate the company in present-day

Wolfsburg, though at the time the city was known as KdF-Stadt (Nelson 81). In 1938 Hitler laid the cornerstone on the site and officially named the Volkswagen car the KdF-Wagen (Nelson 77). To gain interest in the car, the DAF specifically promoted the car through its *Kraft durch Freude* (Strength through Joy) department (König 258). This department was specially in charge of organizing free-time activities and vacations for the German public (König 258). The Nazis wanted German citizens to see the people's car as a mode of leisure and pleasure. After the Volkswagen Development Company was established, Porsche finally received direct investments from the government, rather than through the RDA.

To raise money for the KdF-Wagen, the DAF created an investment system for the Volkswagen in the fall of 1938. Through this program, Germans could contribute 5 DM on a weekly basis for approximately 4.5 years, in order to save up for their own Volkswagen (König 257). Through the combination of consumer investments and government finances, over \$60.2 million US was used for funding the German people's car by 1939 (Kiley 42). Despite the abundant resources, Porsche felt that the best, most economical way to manufacture the car was on Ford-style assembly lines. However, German manufacturing plants had yet to adopt this method of building cars and Porsche was convinced that he needed to recruit American workers to his factory. In the summer of 1937, he visited the U.S. and the Ford factory once more, and managed to recruit 20+ Americans to work in the *Volkswagen* plant (Kiley 45). Many of the workers had previously worked for Ford or General Motors (König 257). Additionally, some of these workers were decedents of German nationals. Now armed with experienced workers, clear management, stable funding, and a factory, Porsche was ready to produce the Volkswagen for the German public.

However, Porsche's progress was once again short-lived as Nazi Germany attacked Poland in the fall of 1939. The Volkswagen factory was semi-converted into a war manufacturing plant producing bombs, parts for airplanes, and a military version of the Volkswagen prototype (König 256). In 1941, the production-line was finally operable and the factory was producing a variety of military "Kubelwagens", including Type 82, Type 86, and Type 87 models (Kiley 53). Though these were similar in design to the KdF-Wagen Type 1, none of these models were intended for civilian use. Military personnel who drove Kubelwagens quickly grew to love them for their dependability in harsh conditions, fuel efficiency, and wide range of military adaptations. By the end of the war, the Volkswagen factory had produced over 50,000 military Kubelwagens (Kiley 55).

Because so many young German men were needed for the Nazi front, the majority of the factory's laborers were slaves, who had been captured as prisoners of war or recruited from concentration camps (Volkswagenwerk 81). The VW plant engineer, Arthur Schmiele, traveled to Auschwitz and hand-selected 300 laborers to bring back to KdF-Stadt in 1944 (Volkswagenwerk 88). Over 11,000 workers in the factory were foreign slave-laborers (Kiley 56). Astonishingly, only 1 of every 8 of the factory's workers was even German (Kiley 55). Italians were a large portion of the workers, provided by Mussolini a contract-like agreement between himself and Hitler (Kiley 52). The conditions that the forced-laborers endured at the factory were atrocious. According to Kiley, workers lived amongst lice-riddled rodents, disease carrying fleas, cockroaches, and other insects (56).

Following the war, Porsche was arrested by French Authorities in 1945 and charged as a war criminal (Kiley 57). Porsche was released in 1947, after his son paid his bail, and died in 1951 at the age of 75. By the summer of 1945, the Volkswagen factory was heavily

damaged and under the control of the Royal Electrical and Mechanical Engineers (REME), a branch of the British Military (Kiley 59). Surprisingly, many of the workers stayed at the factory and continued building cars by hand. In 1945, they had managed to build over 1,700 KdF-Wagens. A portion of the factory was missing its roof (Sandbrook 2013) and water frequently flooded the factory floor as they worked (Kiley 60). Kiley suggests that the laborers continued to build cars and supply them for their British occupiers in exchange for food and supplies (61). The factory workers also assisted in repairing some British Military vehicles. Despite the workers' efforts, REME planned to dismantle the manufacturing plant.

However, Major Ivan Hirst became fascinated with the KdF-Wagen and encouraged his superiors to save the factory (Sandbrook 2013). In fact, Hirst was so taken by the design, that he sent a KdF-Wagen to Great Britain in hopes that his superiors would take-on the permanent management of the factory and produce the cars (Kiley 60). Hirst also felt it necessary that the Germans were given an opportunity to rebuild their livelihoods (Sandbrook 2013). Hirst was so passionate about his project that Mike Hocke, his driver, recalls the major remarking, "This factory belongs to the German people, and I am here to see they get it" (Nelson 102). While initially hesitant, British and American occupying forces allowed the Reichsbank in Braunschweig to loan funds to the factory in 1946 (Kiley 63). This same year, the factory would produce almost 10,000 vehicles under the direction of Hirst and rename its town Wolfsburg (Kiley 61).

In 1948 Heinz Nordhoff arrived at the factory and was also impressed by its resilience. Nordhoff had formerly been on the Board of Directors for the Adam Opel Company but was unable to resume his post following the war. Because of Nordhoff's extensive knowledge in the automobile industry, Hirst and his military superiors appointed

the German as the new head manager of the factory. Nordhoff accepted the position and began calling his fellow workers “partners” (Kiley 65). The same year, Nordhoff met with Ford executives in hopes of assimilating into the American car company but was met with harsh resistance. One executive, Ernest Breech, famously turned to Henry Ford II and stated that he didn’t think Volkswagen was “worth a damn” (Nelson 4).

Still, Nordhoff believed in the Volkswagen factory and its product. In 1949, Volkswagen was the only operating German car manufacturer, and was gaining market share across Western Europe (Kiley 68). He encouraged a sense of pride within the factory workers by respecting them as genuine stakeholders and compensating them with a higher wage than most German jobs available at the time (Kiley 68). The popularity of the car, now known as the Beetle, was growing and in 1958, only 10 years after being occupied by British forces, the factory produced almost 280, 000 vehicles (Kiley 71). Without a doubt, Volkswagen was on its way to becoming the German car giant we are so familiar with today.

In the 1950s, the West German government realized that the road to economic success required the assistance of outside forces. Therefore in 1955, Germany made a treaty with Italy to allow *Gastarbeiter* (guest workers) into the country in order to boost labor production (Martin 35). Shortly after, Germany drafted treaties with other countries including Turkey, Spain, Greece, and Yugoslavia (Martin 35). Volkswagen, was amongst companies that greatly benefited from this new policy. In 1961, Volkswagen, with the assistance of the Vatican, began recruiting *Gastarbeiter* to work in Wolfsburg (von Oswald 57). By 1966 that nearly 6,000 workers had arrived (von Oswald 58). The majority of these Volkswagen guest workers were Italian (von Oswald 60).

HISTORY OF VOLKSWAGEN IN AMERICA

Despite discouragement from Ford executives, Nordhoff still strived to enter the US market. In January 1949, Nordhoff succeeded in importing the first iconic Beetle onto US soil (VWGoA “The Volkswagen Beetle”). Today, the Beetle is celebrating its 65th year in the USA. In order to expand the exportation process to the USA, Nordhoff sent a former colleague, Geoffery Lange, to recruit American distributors. Lange succeeded in finding over 10 enthusiastic distributors (Kiley 76). Truly establishing ground in the US was another matter. Nordhoff knew that in order to be successful, Volkswagen had to offer specialized dealerships and provide on-site repairs by trained Volkswagen professionals. In 1955, Volkswagen Group of America (VWGoA) was established and became the only authorized importer of Volkswagen’s cars (Kiley 77). One year later, Germans from Wolfsburg were recruited, much like Porsche’s American recruits two decades earlier, to train car mechanics and create proper Volkswagen service shops (Kiley 77). In 1958, Carl Hahn was appointed the President of VWGoA (Kiley 84).

However, the Beetle was met with significant backlash from US reporters when it initially arrived. The Beetle was ridiculed for being ugly, out-of-date, and for having significant history with the Nazi regime. While the latter point of criticism was certainly true, Nordhoff, Hahn, and their fellow executives made great strides in rebranding, as well as streamlining the Volkswagen image. In 1959 Nordhoff and Hahn, with the assistance of the Doyle Dane Bernbach (DDB) advertisement agency launched a new campaign for VWGoA that aimed at being transparent and honest (Kiley 85). Unlike other car ads of the time, VW and DDB decided to use actual photographs of the Beetle, not cartoon renditions. Additionally, the ads focused on facts about the Beetle, such as how the engine doesn’t

require anti-freeze, how the cars run on only 5 pints of oil, how the cars went through rigorous inspection processes, and how the Beetle was painted with a rust-inhibiting process, not catchy slogans (Nelson 174g). Furthermore, each ad only focused on one idea, so that consumers wouldn't become overwhelmed with information (Kiley 89). Due to a combination of repaired US and West-German political relations, honest advertising, and Volkswagen's unique car-shape, the Beetle began spreading into the hearts of Americans.

United Automobile Workers

According to the United Auto Workers website, the union was founded on Aug. 26th, 1935 and elected Francis Dillon as its first president. Since then, the UAW has represented over 1 million active and retired employees of Chrysler, Ford, General Motors, Mitsubishi, Volvo, and other various companies. Over 600 local UAW unions are currently in operation throughout the U.S., Canada, and Puerto Rico (UAW "Who we Are"). Though at its peak in 1979 the UAW represented 1.5 million active members, the current active membership is about 380,000 (Pare "UAW's Chattanooga").

As reported by Robert Underwood, an associate professor at Furman University, every automotive plant investment that entered the US over the past 25 years has been located in Southern or Midwestern states, including Tennessee (466). These states are attractive to foreign investors, such as Volkswagen, because of an abundance of affordable land, relatively lower utility costs, a decreased cost of living, and a large pool of skilled, potential employees, that previously labored in the textile industry (now displaced mainly to overseas countries)(Underwood 468). Additionally, southern states have aggressive "Right-To-Work" laws, and fewer laborers are members of a union than in the north. Because of this, many companies have been attracted to the southern region. Regardless, as

the auto industry has expanded into the south, the United Automobile Workers union has quickly tried to follow. The union has attempted to unionize the Nissan plant in Smyrna, TN, and is currently trying to organize workers at the Mercedes-Benz plant in Vance, AL, as well at the Volkswagen plant in Chattanooga, TN.

COMING TO CHATTANOOGA

In July 2008, VWGoA announced in a press release that they would build a new manufacturing plant in Chattanooga, TN. The former President and CEO of VWGoA, Stefan Jacoby stated, "Chattanooga is an excellent fit for the Volkswagen culture, having an exceptional quality of life and a long manufacturing tradition" (VWGoA "VWGoA announces"). Ron Littlefield, the former Chattanooga Mayor echoed his thoughts, "Both [Chattanooga and VW] are serious about environmental sustainability and 21st Century manufacturing" (VWGoA "VWGoA announces"). It appeared to be a perfect match. The plant opened in 2011 and currently has over 3,200 direct employees and operates with over 9,500 indirect employees and suppliers (VWGoA "Chattanooga Facts"). The company made an initial investment of \$1 billion to open the location, but expects an economic impact for TN to be \$12 billion (Underwood 469). Furthermore, the plant should contribute \$566.8 million annually to the state's economy through tax revenue and income (Underwood 469). At the present time, the Chattanooga location is the only VW manufacturing plant in the USA, and only one of two VW plants in North America. Additionally, Chattanooga is VWGoA's first manufacturing plant in the United States since 1988, when it's previous Pennsylvania location was shutdown (Ramsey).

CONFLICT

In a recent interview with Michael Horn, the President and CEO of Volkswagen Group of America, breaks down Volkswagen's "Strategy 2018" into 4 distinct goals (Vater 9). They follow:

1. To become the world leader in customer satisfaction and quality
2. To have long-term return on sales before tax of at least 8 percent to ensure that the groups position and ability to act are guaranteed even in difficult market periods
3. *To be the most attractive employer in the automotive industry by 2018*
4. To increase unit sales to more than 10 millions vehicles a year by 2018

The third goal of "Strategy 2018" is particularly important, as Horn states, "To build the best vehicles, we need the best team in the sector" (Vater 9). According to the Wall Street Journal, Volkswagen is trying to attract "the best team" to Chattanooga by compensating its new-hires at approximately \$27.00/hour, combining hourly wages and benefits (Ramsey). Over a period of 36 months, the employee's wage is raised up to \$38.00/hour, including wages and benefits (Ramsey). The benefits package that VW Chattanooga employees receive includes two retirement plans, dental insurance, health insurance, and discounted lease rates on VW automobiles (McMorris). While the pay is less than car companies located in Detroit, such as General Motors or Ford, the compensation is high considering the relatively low cost of living around Chattanooga.

Volkswagen also strives to be an attractive employer by creating an inviting company culture and taking its employees into consideration. Volkswagen, and the German auto industry in general, has a long history of successful works councils. A works council is an organized board of blue-collar and white-collar workers that are elected from within the

company, by their fellow-workers. On behalf of their peers, the council then attends meetings with the company's management in order to discuss production, labor rules, working conditions, safety, and other opinions. Unlike a traditional union, the members of a works council are also given access to privy financial information of the company. As DePillis, a journalist for the Washington Post notes, works councils in Germany actually helped prevent mass lay-offs within their companies during the recession (DePillis "Why Volkswagen is helping"). Because they understood the potential consequences of the recession, the members on works councils were sympathetic to their company and helped organize schedules with reduced hours, rather than firing employees (DePillis "Why Volkswagen is helping"). Currently the Volkswagen's Chattanooga plant is the only VW location in the world without any type of formal labor representation (UAW "The Works Council").

In an effort to change that, the United Auto Workers union began its Chattanooga campaign in March 2013 by collecting signatures from hourly employees. In August, representatives of UAW and VW met in Wolfsburg, Germany to further discuss the possibility of establishing a works council (Greenhouse). By September 2013, the UAW reported that it had received enough card signatures in favor of implementing a union in Chattanooga. However, opposition followed shortly after, and an anti-UAW workers group turned their own petition of 563 signatures into VW management to demonstrate that the UAW supporters were not a clear majority. Furthermore, Tennessee Politicians Bob Corker and Bill Haslam frequently voiced their negative opinions of VW unionizing its workers in collaboration with the UAW.

In early February the UAW announced that a vote would take place later in the month. Additionally, the UAW signed a neutrality agreement that stated if the voting was unsuccessful, then the UAW had to cease all campaign efforts for one year, nor could they request another election for a year's time (Pare "Claude Ramsey urges"). As a part of this neutrality agreement, management at VW was also expected to remain impartial prior to the elections (McMorris). On February 14, 2014, UAW held a secret-ballot in order to officially organize the employees at the new plant. Though very confident prior to the ballot, the UAW lost the vote with 712 workers voting "no" and 626 employees voting "yes" (DePillis "Volkswagen Workers").

In the days following the loss, the UAW appealed to the National Labor Relations Board, stating that outside interference, mainly from Tennessee's politicians, had caused an unfair and biased sway in the vote (UAW "UAW appeals"). The appeal stated that these politicians and other anti-union organizations threatened to withhold state-incentives (up to \$300 million) if the location was successfully unionized or if VW did not bring new SUV production to the plant (Pare "Claude Ramsey urges"). Bob King, the current president of the UAW, remarked:

It's an outrage that politically motivated third parties threatened the economic future of this facility and the opportunity for workers to create a successful operating model that that would grow jobs in Tennessee... We're committed to standing with the Volkswagen workers to ensure that their right to have a fair vote without coercion and interference is protected (UAW "UAW appeals").

However, the UAW abruptly withdrew their appeal from the NLRB in April 2014 and a NLRB judge, Melissa Olivero simply stated that the NLRB would uphold the election votes (Pare “Claude Ramsey urges”).

Since then, the UAW has been trying to reorganize and continue the pursuance of a works council more similar to the German model. Only 5 months after this decision, the UAW aggressively began their union campaign once more, despite signing the earlier neutrality agreement (McMorris). Additionally, Volkswagen executives did not protest at the renewed effort. In July, a voluntary chapter of the UAW was founded that did not yet require any dues (McMorris). The UAW hoped that enough workers would voluntarily sign up for the chapter on their own. By November, the UAW announced once again that they had collected enough cards to constitute a majority of the workers at the Chattanooga plant (Schelzig “VW plant’s works council”). Also in Mid-November, VW management in Chattanooga announced a new policy, known as “Community Organization Engagement,” that would recognize any labor representation that received the support of at least 45% of eligible employees (Schelzig “VW Policy”). Additionally, this number would have to be supported by an external audit (Shepardson). Following this announcement, many anti-union groups also attempted to gain the support of the plant workers (Shepardson). Following the announcement, Tennessee politicians once again urged for a secret ballot to take place (Schelzig “VW plant’s works council”).

ARGUMENTS FOR UNIONIZING

Under section 8(a)(2) of the National Labor Relations Act, also known as the Wagner Act, companies may not form their own unions (US Gov. NLRA). Instead, if a company wishes to have labor representation, such as a company works council, a third

party union must first organize the employees (US Gov. NLRA). This Act has technicality has strengthened the UAW's campaign to organize the Chattanooga plant. In order to uphold its own company values and culture of employee representation, Volkswagen has taken a relatively positive stance for the UAW, even allowing UAW representatives to speak directly with the employees, in hopes that a works council may be established. One Chattanooga employee, Chris Brown, is happy that VW is pushing for a works council. He stated, "My company is freely offering me voting rights...Why would I turn that down? They want my voice (DePillis "Volkswagen workers").

Formal labor representations, in the form of works councils, prove to be very effective for German companies. As stated previously, works councils can actually help top-management with decisions concerning recessions and cutting labor costs. Paul C. Weiler, a labor law scholar at Harvard University, interviewed management executives from companies with works councils in the 1990s (DePillis "Why Volkswagen is helping"). Weiler reported three main advantages for having employees represented on works councils (DePillis "Why Volkswagen is helping"):

1. Management must think of every decision and it's effects on the employee force in advance.
2. Because they consist of employee members, works councils are more sympathetic to the well-being of the company than a third-party labor union.
3. Works councils help implement decisions from management in an effective, smooth manner.

Another benefit of works councils compared to traditional trade unions, is that works councils are typically not permitted to strike, nor would they be likely to (DePillis

“Why Volkswagen is helping”). Because works councils work *with* management, both parties generally would come to an agreement before the conflict escalates to such drastic measure as a strike. Organizing a union may also help protect workers from work grievances, benefits, and seniority issues (Pare “UAW’s Chattanooga”). Though unions traditionally helped employees gain better wages and work hours, these are not necessarily “key-issues” any longer. Rather, job security tends to be a priority for laborers, as a pro-union Chattanooga resident, Roger Thompson, points out (Pare “UAW’s Chattanooga”). Unions can help shield employees from such issues.

ARGUMENTS AGAINST UNIONIZING

Those opposed to unionizing recall Volkswagen’s failed plant in Westmoreland County, PA. Volkswagen purchased the location, which had previously been a Chrysler manufacturing plant, in 1978. The company inherited the employees, whom were organized by the United Automobile Workers, when it began its operation. Within 6 months, the UAW-represented employees went on strike against Volkswagen (Pare “UAW’s Chattanooga”). The plant only managed to operate for 10 years before finally shutting down in 1988. Many suggest that the union was a large part of the blame (Pare “UAW’s Chattanooga”).

Another argument against unionizing is that the Chattanooga location already supplies great benefits to its employees. Former Deputy Governor Claude Ramsey, who was a key politician in attracting VW to the Chattanooga area, notes that the hourly employees at the Chattanooga plant have “good jobs, with good working conditions, good benefits, and good pay” (Pare “Claude Ramsey urges”). He then asks, “Why would they choose to change? Why pay dues for something you already have? What is the real benefit of a union?” (Pare

“Claude Ramsey urges”). In fact, some Volkswagen employees voiced that opinion themselves.

Others are afraid that bringing the UAW to the Chattanooga plant will detract other potential employers from expanding into surrounding areas. Tennessee Politicians, such as Governor Bill Haslam and Senator Bob Corker, are amongst those who are fearful that unionizing will harm other investments in Tennessee (Greenhouse) (Pare “UAW’s Chattanooga”). While the works council is supposed to connect employees with managers, some are afraid that unionizing the plant would actually harm their relationships. If unionized, then VW employees would no longer have the freedom to approach their management team about concerns without the presence of a UAW representative. This is more inline with the bargaining power used by trade unions, and not the collaboration methods that a works council strives for.

Many opponents to unionizing are hesitant to join the UAW because of membership dues. Mike Burton, a VW Chattanooga employee for 3 years, explains “a large portion of dues goes to the strike fund. A fund that is regularly dipped into for their [UAW’s] operating and recruiting expenses. Who would want to be affiliated with leadership like that?” (McMorris).

ANALYSIS

It’s important to note that while the Volkswagen Chattanooga workers voted against unionizing with the UAW this past February, they have remained are extremely interested in forming a works council. Burton stated in his interview, “We want an organization that would represent us, but it’s clear they [UAW] were already on board with [VW] management” (McMorris). Unfortunately, it certainly seems as though neither the union-

supporters, nor the union-opponents played fair during the issue, or took the workers' February decision into serious consideration. Volkswagen appeared to provide a very biased mouthpiece for the United Auto Workers, allowing them to campaign within the building by providing pamphlets, hosting meetings, and approaching workers for signatures of support. Furthermore, the German trade union that represents Volkswagen's workers in Germany, IG Metall, has implored the Chattanooga plant to officially recognize the UAW and not to make agreements with other unions (Schelzig "VW Policy"). However, Volkswagen did not allow similar opportunities for other unions to speak to the Chattanooga force, nor did they permit anti-union organizations to campaign within the building, even though VW employees seeking alternate routes to a works council had directly formed many of these groups.

It is especially troublesome that VW did not reprimand the United Auto Workers for clearly breaking the neutrality agreement and resuming its campaign mere months after the workers had participated in their secret ballot. In fact, Volkswagen also broke the neutrality agreement by favoring the UAW over other campaigns. The obvious favoritism suggests that VW plans to override the wishes of its workers. Volkswagen is therefore going against the very idea of listening to its employees through a works council and is instead playing the role of an overbearing, controlling parent.

The United Auto Workers accused Senator Corker and Governor Haslam of gross misconduct, interference, and intimidation to sway the ballot in February. Prior to the vote, the UAW was confident that they possessed the support of over 50% of the plant employees, based on collected cards and signatures. However, when the results were counted 53% of the employees voted against organizing with the UAW. If anything, this can

also speak towards the power of intimidation. The UAW collected cards throughout their campaign on a personal, not anonymous, basis. The workers easily may have felt pressured into signing their support. This does not suggest that the employees were fully informed on the matter yet, but rather felt like they had to sign at that moment. When the time to vote arrived, these employees may have cast a new vote under the stress-free procedures of a secret ballot.

The anti-union side also engaged in some questionable practices. Senator Corker's and Governor Haslam's opinions, as well as financial purses, definitely may have affected the outcome. Considering that the South has a long history of uncertain job security, the prospect of adding an SUV production line to the plant, as well as establishing an additional 2,000 jobs, would be extremely appealing to the Volkswagen employees. This would most certainly establish job security for those already at the plant. Furthermore, the \$300 million incentive may have changed the minds of a few pro-UAW sympathizers. As was previously stated, this would help expand the plant and create more job security. While the politicians should not have been engaging in the affairs of a private business, their vocal opinions were probably less intimidating than the constant presence of the United Auto Workers representatives in the Volkswagen plant. In an interview with a Chattanooga plant employee, Mike Burton, he reported that VW management provided office space for the UAW during their campaign, and that the UAW were free to network with employees during lunch breaks (McMorris).

In response to the UAW's continued campaign, some VW employees decided to found their own "grass-roots" union. The American Council of Employees, also known as ACE, was founded in September 2014 by Chattanooga workers to represent themselves

(DePillis “The strange case”). The group’s current president, Sean Moss, insists that workers must have a right to be heard, but doesn’t think that the UAW is the appropriate choice for Chattanooga. He describes how he perceives the UAW, “I saw mismanagement, I saw malfeasance, I saw cronyism, I saw nepotism. Just looking at their membership numbers, the way they’ve declined since 2002. Job security? Well, you can’t give me that. And when I look at our wages compared with the big three, we’re doing better, so you can’t give me a raise” (DePillis “The strange case”).

CONCLUSION

On December 8th, 2014 Volkswagen announced that after an external audit was conducted, the United Auto Workers had successfully gained at least 45% of the laborers’ support in Chattanooga (Shepardson). VW gave the UAW expanded rights within the location. With these new access rights, the Chattanooga chapter will attend bi-weekly meetings with the HR department within Chattanooga. The UAW will also attend a meeting with the VW Chattanooga executive committee once a month (Shepardson). Though the UAW has “won” in many ways, this still doesn’t permit them sole representation of the Chattanooga members, nor are they able to bargain wage and other worker’s rights with the company (Shepardson).

Despite Volkswagen’s most recent announcement, the method of how the Chattanooga employees are represented remains largely uncertain. Neither the UAW nor Volkswagen released the official support percentage of Chattanooga employees towards the union. Assuming the United Auto Workers received 45-55% support of the eligible employees, other unions or anti-union groups can continue to campaign to be a representative of the employees as well. Based on their “Community Organization

Engagement” from November, Volkswagen Chattanooga will give any group that receives 45% support monthly access to their executive meetings.

There could also be backlash about VW favoring the UAW over other labor groups. Already, the American Council of Employees plans to take legal action against the UAW (Pare “ACE says”). The organization feels that it didn’t receive adequate consideration from Volkswagen management (Pare “ACE says”). Furthermore, ACE accuses the UAW of including outdated signatures in their support-statistics (Pare “ACE says”). Some justifiably might feel that Volkswagen’s November announcement and the UAW’s November declaration of their majority of the workers’ support was not sheer coincidence.

A works council, in which every employee is represented and is actually valued by management, is a truly progressive notion within the corporate culture of the United States. It would ensure that employees could directly speak to their employers about concerns, and employers could reach out for feedback and input during critical times. It stands in huge contrast to the traditional trade union, where employees can only negotiate with employers if outside representation present, and employers dread the constant demands. Just as the Heinz Nordhoff saw the value of calling his employees “partners,” Volkswagen sees the value of listening to their employees and working with them to create a better and happier work environment. While VW’s intentions to create a works council may be pure, some employees are wary of the methods that VW and the UAW have taken to do so. Unfortunately, this may weaken the very trust that VW aims to build between themselves and their Chattanooga employees.

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