

## ORGANIZING VOLKSWAGEN: A CRITICAL ASSESSMENT

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### Introduction

Few union elections have been as internationally scrutinized as the UAW election at the Chattanooga Volkswagen factory. Journalists, pundits and academics all made extraordinary claims about the importance of this one union organizing drive, using the union representation election of a 1,500 person bargaining unit as a litmus test for the viability of the labor movement in the South. For example, following the vote in Chattanooga, the New York Times published a story entitled “Volkswagen Vote Is Defeat for Labor in South” (Greenhouse 2014). Similarly, the Wall Street Journal published a report the morning after the vote with the headline “Volkswagen Vote Loss Signals Difficulty Ahead for Union Organizers: Organized Labor’s Loss in Chattanooga Seen Going Beyond UAW, Undermining AFL-CIO.” The Journal article quoted Gary Chaison, professor of industrial relations at Clark University, as saying, “It wasn’t just a loss for the UAW, it was a loss for the AFL-CIO and the entire labor movement. They have a product they are selling and people aren’t buying it” (Trottman and Maher 2014).

While it is certainly the case that a UAW victory would have emboldened the UAW and the pro-union workers at Volkswagen, not to mention the country’s floundering labor movement, it is highly unlikely that it would have

fundamentally reversed the growing power disparities between companies and workers in the South. While no assessment of the Volkswagen organizing campaign can obscure the share of the blame that the UAW has for the failure they experienced on February 14, 2014, it is also true that they came remarkably close to winning the election, despite their mistakes and the obstacles they faced. Few other unions have had the courage to risk so much so publicly in actually organizing the South—and for that, credit should be given.

The union organizing drive in Chattanooga has a number of unique features that make the campaign deserving of closer examination: an employer on whose board labor held half the seats and have secured a formal corporate commitment to worker voice and participation, a degree of employer neutrality that cannot be expected at any other foreign automaker, and what was likely the largest and most expensive anti-union campaign ever waged by third-party groups. An examination of these features should prove instructive for future union organizing drives, for several reasons.

For one, this organizing drive exposes the difficulty of winning even with a formal commitment to neutrality from the employer. Neutrality agreements and the side-stepping of NLRB elections through card check recognition have been on the rise since the 1990s. Some unions have found it expedient to secure a neutrality agreement by promising to act as partners with the company and making formal commitments to the joint pursuit of maximizing productivity (Moody 2007). The UAW drive in Chattanooga provides a clear example of how gaining neutrality agreements through this kind of conciliatory approach to labor-management relations is unlikely to resonate with workers at best and to alienate them at worst.

Additionally, the failed UAW organizing drive has demonstrated the extreme lengths to which right-wing politicians and corporate interest groups will go to ensure that workers do not choose union representation—even in open shop states, where workers are not formally required to join unions or pay fees to cover the costs of union representation. As open shop conditions continue to proliferate across the country and unions have fewer resources to expend in organizing, the kinds of tactics used by politicians that are deeply hostile to unions, such as Tennessee's Governor Bill Haslam and United States Senator Bob Corker or South Carolina's Nikki Haley, are likely to become increasingly common place. It is also likely that corporate interest groups will continue to build on the success they experienced in Chattanooga by funding future campaigns to defeat union representation elections.

The purpose of this article is to highlight those lessons from the UAW's organizing campaign at Volkswagen that are likely to be prescient to future organizing drives. In doing so, I provide an overview of Volkswagen as a company, the UAW's organizing campaign from its beginning in 2013 to the present day, and a detailed discussion of the UAW's strategic mistakes. Most importantly, I detail the actual concerns, interests, thoughts and reflections of rank-and-file workers at Volkswagen, knowledge I gained through working alongside VW workers as an organizer for Chattanooga for Workers, a grassroots community

group I co-founded to support the union drive, as well as through interviewing current and former VW employees.

## **Profile of the Employer**

### *Company Overview*

The Volkswagen Group is a transnational auto-manufacturer headquartered in Wolfsburg, Germany (Mergent, Inc. 2014), encompassing twelve automotive brands.<sup>1</sup>

The Volkswagen Group Supervisory Board, which legally oversees the entire company, is composed of twenty members. Due to the German Co-Determination Act, half of the supervisory board is composed of labor representatives elected by employees, seven of whom are actual employees of the Volkswagen Group with another three from large trade unions (Volkswagen 2014).

Starting in the 1990s, the Volkswagen Group underwent a deep restructuring to increase production and reduce cost. The restructuring strategy, referred to by management as the “New Work Organization,” emphasized the following processes and tactics (History 2014):

**Globalization process:** The Volkswagen Group linked development, production and logistics operations into a globally integrated division of labor that increased competition among suppliers to produce high-quality goods at increasingly lower costs and to produce those goods “just in time.”

**Module assembly principle:** Volkswagen contracted with suppliers to carry out on-site installation of the components they assemble.

**Lean production:** Volkswagen management intentionally studied and modeled their production process and management approach off of the “lean production” philosophy and process created by their Japanese competition. The Volkswagen model of “lean production” emphasized “deskilling” of jobs (increasing automation and the replacement of skilled workers with less-skilled workers), “multi-skilling” (increasing the responsibilities of workers on the job), “workforce flexibility” (increasing competition through the use of part-time or temporary workers), “production flexibility” (workers lose schedule consistency as managers have more power in setting hours and assigning tasks), and “team models” of management in which workers are “partners” with management in making their jobs increasingly efficient.

**Multibrand strategy:** Volkswagen intentionally acquired multiple car brands, consolidating competitors and incorporating their production capacity into the Volkswagen Group’s global production network. Some of the companies purchased by the Group during this period were Bentley, Lamborghini, and Bugatti. The expansion of the Volkswagen Group to include car brands from different regions of the globe led to the formation of the Global Works Council during this period in the late 1990s.

**Global production network:** The Volkswagen Group’s growth goals are based on their position as an automaker for markets in Europe, Asia, Africa, and

the Americas. By linking their production into a global network, the Group is able to make their workers compete with one another for production jobs, leading to a reduction in development and production costs and increasing the capacity for “just in time” production.

**Modularized platform production strategy:** The VW Group has standardized production specifications for the autos in their multibrand family and created a production platform that allows the various factories in the VW global production network to manufacture a diverse range of auto models in the same factory. According to Volkswagen, modular production “allow[s] us to produce different models in different quantities and even from different brands using one and the same plant in a single facility. This enables us to deploy our capacity more flexibly across the entire Group and to achieve efficiency gains” (Volkswagen 2014).

In 2008, VW crafted a ten-year plan, dubbed “Strategy 2018,” aimed at overtaking Toyota and become the largest and most profitable auto manufacturer in the world (Volkswagen 2014). Strategy 2018 defines four specific goals: 1. Become the world leader in customer satisfaction, 2. Increase unit sales to more than 10 million vehicles per year, 3. Obtain a pretax profit margin of 8 percent or greater and 4. Recruit and retain the most satisfied employees of any automaker in the world (Volkswagen 2014).

The Volkswagen Group’s management team is actively working to accomplish the goals set out in Strategy 2018 by doubling down on the New Work Organization philosophy and process: increasing production and volume growth along the global production network while simultaneously cutting development and production costs through the platform module system at each production site (Volkswagen 2014). The modularized platform production strategy is at the heart of the Volkswagen Group’s strategy for dominating the global market for automobiles.

This strategy is a “Lego approach” to auto manufacturing: the Volkswagen Group standardized design elements in the cars across the Group’s brands allowing for the assembly plants to use the same “building blocks” (the modular platforms) to create differentiated products based on individual brand identities. The result is that any auto plant in the global network can potentially manufacture models from any of the Group’s other brands; forcing workers in the network to compete with one another and providing the company savings in development costs, purchasing prices, and on-site, just-in-time production in particular markets (Modular Toolkit Strategy 2014).

Forbes described the Volkswagen strategy like this:

“Other carmakers have found similar efficiencies by putting different ‘top hats’ on common engineering platforms. VW boasts that this system will go far past that, standardizing the engine position and the distance between the gas pedal and front wheels on every car, where 60% of development costs are incurred, allowing the rest of the vehicle to be stretched in any direction: Thus it’s easy to build different-size vehicles using shared components or to

swap diesel, hybrid or electric drivetrains for a gasoline engine, depending on consumer demand... If it works as it should, modular assembly, VW says, will save at least 20% a year in car costs and shorten assembly times by 30%.” (Muller 2013)

Frost and Sullivan Market Insight has also noted that the “platform modularization strategy” of the Volkswagen Group will result in more than 95 percent of the Group’s vehicles being produced from just three platforms by 2020, providing the Group with both the highest degree of platform standardization on the widest range of vehicle models as well as other competitive advantages, such as the ability to handle a growing shortage of skilled labor in particular regions and the ability to change production as a result of shifting consumer demand as well as other potential challenges to production goals, such as environmental catastrophes or labor disputes (Singh and Shankar, 2011).

### *Volkswagen Group of America and the Chattanooga Factory*

The Volkswagen Group operates over 109 production plants globally, with facilities in North and South America, Western and Eastern Europe, Africa, and Asia (Production Plants 2014). Europe is the site of 50 percent of the Volkswagen Group’s global production facilities, followed by Asia with 33 percent (predominately located in China). South America hosts another 9 percent, followed by North America with 7 percent and South Africa with 1 percent (Volkswagen 2014).

Volkswagen Group of America, Inc. refers to the wholly owned subsidiary of Volkswagen Group in North America. It includes the manufacturing plant in Chattanooga, Tennessee (VW’s only manufacturing facility in the United States) as well as the company’s North American headquarters in Herndon, Virginia and “a 1,000-strong dealer network” within the U.S. (About Volkswagen Group of America, Inc. 2014). The \$1 billion Chattanooga Volkswagen plant produced its first car in April, 2011 (Norwood 2011). The plant, which employs 2,500 workers, currently only produces several different models of the Volkswagen Passat for the North American market. The Chattanooga workforce is expected to nearly double over the next few years with the expansion of the production facility to make room for a new research and development center as well as the assembly production of a mid-size sports utility vehicle for the North American market, which will utilize the MQB modular platform (Pare 2015a).

Volkswagen received the largest incentive package ever provided to a foreign automaker in U.S. history for locating to Tennessee. According to the Chattanooga Times Free Press, Volkswagen is projected to receive nearly \$900 million in total combined assistance from the state, county, and city governments (Pare 2015b) when calculating in all government assistance from the original incentive package to lure the company to Chattanooga to the recent incentives provided for the plant’s expansion of the new SUV line.

### *The Diesel Emissions Scandal*

News broke in September 2015 that the EPA was fining Volkswagen for installing “defeat devices” on their automobiles. These defeat devices were used to hide the actual emissions produced by VW diesel automobiles. According to the Associated Press, “Volkswagen has acknowledged it produced 11 million vehicles worldwide with small diesel engines that contained software allowing them to cheat nitrogen oxide tests” (Associated Press 2015a). An estimated 500,000 of the automobiles produced by VW for the North American market contain defeat devices and have since been recalled (Davenport and Ewing 2015).

The EPA’s announcement had an enormous impact on VW: the company’s stock price fell by 30 percent, multiple class action lawsuits have been filed, governments around the world have opened investigations, VW faces an estimated \$18 billion in penalties, and VW Group CEO Martin Winterkorn resigned (Snyder and Jones 2015). During his official testimony before the United States Congress in October, Volkswagen Group of America President and CEO Michael Horn admitted that the defeat devices were installed for the express purpose of beating emissions tests (Chappell 2015). In November, 2015 the Chattanooga Volkswagen plant stopped production of the diesel Passat (Pare 2015d).

### **Profile of the Union Organizing Drive to Date**

The United Auto Workers (UAW) have suffered a deep decline in membership, from 1.5 million members in 1979 to less than 400,000 today. Currently, one of the union’s major strategic objectives is to organize workers at “transplants” (i.e., foreign auto makers) in the South. The UAW is specifically focusing on: Volkswagen in Tennessee, Mercedes-Benz in Vance, Alabama, Nissan in Canton, Mississippi, and BMW in Spartanburg, South Carolina.

With the rise of so-called “right-to-work” legislation in states like Michigan and a significant increase in non-union transplants that use reduced wages and benefits as a competitive advantage, organizing workers in the South is an imperative for the union. However, at the time of the unionization effort in Chattanooga, none of the foreign automakers in the South were unionized (Greenhouse 2013). In a widely reported statement made at a UAW conference in 2011, former union president Bob King said: “If we don’t organize these transnationals, I don’t think there’s a long-term future for the UAW” (Thomas 2011).

In 2013, Volkswagen announced that they were in discussions with the UAW about partnering to make the Chattanooga auto factory the first in the U.S. with a German-style works council to represent employees. German-style works councils exist at the majority of company sites in the VW global production network. These works councils are composed of hourly wage and salaried employees that work to determine site-specific issues pertaining to production goals, working conditions, work pace, job restructuring, and other related issues

internal to the plant. With a works council in place, union negotiations are typically more limited, pertaining to issues such as wages and benefits. The Volkswagen Group also maintains a Global Works Council, composed of employee representatives from every works council who meet to make decisions about global production.

The decision to partner with the UAW was made by labor representatives on the Global Works Council. The Global Works Council in turn pressured the Volkswagen Supervisory Board. Labor representatives on the Global Works Council and the Volkswagen Supervisory Board have continually ensured the UAW and pro-union workers at the Chattanooga Volkswagen factory that establishing a works council in Chattanooga is a top priority for the company.

In September, 2013, workers at the Chattanooga plant received a letter signed by the plant's chairman and its vice president for human resources (Morrison 2015) stating that talks had been initiated between the company and the UAW. According to the letter, VW's legal counsel had determined that the establishment of a works council would only be legally possible as part of a collective bargaining agreement between a union and the company, due to U.S. labor law prohibitions against the formation of company-dominated labor organizations (Greenhouse 2013). That same month, following the public announcement by VW, the UAW claimed that a majority of eligible hourly workers had signed cards for union recognition. The UAW subsequently pushed for VW to voluntarily recognize them. "We want some way to get fair recognition," UAW District 8 director Gary Casteel told reporters. He warned, "We know if we go for a traditional election where the outside organizations campaign against us, we'd probably lose" (Williams III 2013).

Volkswagen's letter to their workers announcing the company's interest in forming a works council with the support of the UAW was met with immediate hostility from Tennessee's Republican political establishment. United States Senator Bob Corker publicly described Volkswagen's willingness to open discussions about unionization with the UAW as "incomprehensible," "beyond belief," and a "job destroying idea." The Senator even claimed that UAW recognition would not only result in Volkswagen becoming a "laughingstock in the business world" (Wire Service and Staff Report 2013), but it would damage the South "for generations to come" as the UAW would quickly spread to "BMW, then it's Mercedes, then it's Nissan, hurting the entire Southeast if they get momentum" (Maynard 2013). Similarly, Tennessee Governor Haslam described the UAW organizing effort as a "beachhead that would grow from there" (Gee 2013).

Anti-union consultants were eager to get involved in fighting the Chattanooga unionization effort. "Everyone is definitely looking at this fight," an anti-union consultant is quoted as saying to *In These Times*, "everybody [in the anti-union world] is looking to play their part and get compensated" (Elk 2013). Soon after VW's announcement that they were opening discussions with the UAW, the Competitive Enterprise Institute's Matt Patterson authored numerous anti-union editorials for Chattanooga media outlets, paid to have

anti-union messaging displayed on a billboard near the VW plant, and partnered with the Chattanooga Tea Party and Don Jackson, the former president of U.S. manufacturing at VW, as well as the Chattanooga Regional Manufacturers Association, to host anti-UAW events in the city (Pare 2013). According to *In These Times*, Patterson's budding anti-union campaign soon received a significant financial boost from Grover Norquist's Americans for Tax Reform (ATR). With the support of Norquist, Patterson left the Competitive Enterprise Institute to establish the "Center for Worker Freedom" (CWF). The CWF was created under the ATR organizational umbrella and the new organization's "top priority" was undermining the unionization efforts at VW, according to Patterson (Pare 2014a). The National Right to Work Legal Defense Foundation (NRTWF) also began representing a small cadre of prominent anti-union VW workers in pressing Unfair Labor Practice charges against the company and the UAW, all of which were later dismissed.

Meanwhile, Juergen Stumpf, a former autoworker who rose through the works council ranks to serve on the company's Global Works Council and eventually as one of the labor representatives to VW's Supervisory Board, was pulled out of retirement to come to Tennessee and help facilitate the formation of a union and a works council at the Chattanooga plant. After Governor Haslam offered \$300 million in government assistance to expand the plant on the condition that the company not voluntarily recognize the UAW, the labor leadership at Volkswagen agreed to a secret ballot. "The global works council agreed because we thought we had a majority. We never thought it could be turned around," Stumpf said (Depillis 2014).

Prior to jointly filing with the NLRB for an expedited election, VW and the UAW entered into a 22-page neutrality agreement which defined the bargaining unit and placed stipulations on the pre-election campaign period and post-election obligations. The agreement also contained basic guidelines for the "dual model" of employee representation in the Volkswagen works council that would serve as the framework for future collective bargaining negotiations. The NLRB agreed for the election to be held at the Chattanooga VW Facility just nine days from the date of filing, with voting taking place over a three-day period.

Soon after the election announcement, Maury Nicely, a Chattanooga attorney working for the management law firm Evans Harrison Hackett PLLC, raised over one hundred thousand dollars from local businesses (Woodall 2014a) to form Southern Momentum, Inc. (SMI), an anti-union nonprofit organization created to "educate" employees at the local Volkswagen plant about "alternative methods of worker representation" (Morrison 2014a). In a letter to Volkswagen CEO Frank Fischer, SMI board member and VW paint shop employee Mike Burton, who had also featured prominently in the NRTWF's lawsuits and was the founder of the no2uaw.com website, requested access to the Volkswagen Conference Center so SMI could argue against unionization (Center for Worker Freedom 2014a). SMI's request was denied. UAW staff were provided access to VW workers in break rooms and common areas and were introduced by management and allowed to speak following in-plant meetings (Pare 2014b).

Third party interference into the UAW union election reached a fever pitch in-between the day the election was announced, on Monday, February 3, 2014, and the day that the last ballot was cast and tallied on Friday, February 14. The Norquist-financed “Center for Worker Freedom” purchased thirteen billboard spaces around the VW plant, as well as radio and newspaper ads (Center for Worker Freedom 2014b). SMI purchased several full page ads in regional newspapers and organized a forum for VW employees, aided in part by prominent anti-union consultant Jim Gray, that featured former VW manufacturing president Don Jackson as well as a legal overview of the UAW’s membership structure by Maury Nicely. Gray also worked with SMI to hire Projections, Inc., a prominent national anti-union consulting firm, to produce three high quality anti-UAW videos that featured anti-union VW employees. These videos were shown at the SMI forum, handed out to workers on flash drives, and featured on Burton’s no2uaw.com website (Logan 2014).

Two days prior to the commencement of voting at VW, the Hamilton County delegation to the Tennessee General Assembly held a press conference in downtown Chattanooga. Speaker pro tempore Bo Watson, whose state senate district includes the VW factory, denounced VW’s openness to unionization as “un-American” and publicly stated that if workers voted “yes” to the UAW, then any further incentives for the company would have a “very tough time” being approved by the state legislature (Farmer 2014). This was no idle threat, as press reports leading up to the union vote indicated that state incentives had been critical to ongoing discussions of whether Volkswagen would choose to build their new SUV, and the 2,000 jobs it would bring, in Tennessee or in Mexico. “The taxpayers of Tennessee reached out to Volkswagen and welcomed them to our state and to our community,” said House Majority Leader Gerald McCormick, whose House district is in Chattanooga, “But that is not a green light to help force a union into the workplace. That was not part of the deal” (Nelson 2014). Maury Nicely, speaking for SMI, told reporters, “This confirms exactly what we have been telling people. A vote for the UAW is a vote against the expansion of the plant, plain and simple” (Nelson 2014).

The day after voting began, in a message repeated in every major news outlet, U.S. Senator Bob Corker publicly stated that he had been in direct connection with high ranking VW managers in Germany and they had assured him that “should the workers vote against the UAW, Volkswagen will announce in the coming weeks that it will manufacture its new mid-size SUV here in Chattanooga” (Woodall 2014b). VW officially denied any connection between the union vote and any plans for expansion at the Chattanooga factory. Corker continued to defend his claims in the press, saying that they were “1,000 percent. . . accurate in every way” (Schelzig 2014a).

The UAW lost the election, 712–626. 89 percent of the eligible unit voted (Morrison 2014b). Appearing on DemocracyNow! following the vote, labor journalist Steven Greenhouse pointed out that “The union lost by 86 votes. All it would have taken [to win] would have been 44 workers to change their mind”

(DemocracyNow! 2015). Analysis of the UAW loss tended to focus on a confluence of factors:

- The public threats by Republican leaders to hold state incentives—and the jobs they are tied to—ransom;
- The barrage of anti-union media and community events funded by pro-employer groups; worker intimidation by low-level supervisors in the VW plant that had been hired by former VW manager and union opponent Don Jackson and trained by him at anti-union workshops;
- Lukewarm reception by UAW organizers to working with the community;
- The UAW signing onto an election neutrality agreement which obligated the union to not performing house visits (so union organizers could not assess workers and shore up votes), was never fully explained to the workers, and was used by anti-union consultants as a wedge issue to drive distrust, especially since the agreement contained language that put the UAW on the hook for “maintaining and where possible enhancing the cost advantages and other competitive advantages that [Volkswagen] enjoys relative to its competitors” (Elk 2014b; Elk 2014c).

In the days following the election, VW management made consistent public statements that employees had voted down the UAW, not the works council. “Throughout this process, we found great enthusiasm for the idea of an American-style works council both inside and outside our plant,” VW chief executive Frank Fischer told reporters. “Our goal continues to be to determine the best method for establishing a works council in accordance with the requirements of U.S. labor law” (Woodall and Becker 2014a). U.S. Senator Bob Corker publicly stated that he would like to see workplace representation in the U.S. approached “in a very different way,” but that if a union was required under the law for a works council, “then the workers should organize their own” union, independent of the UAW (Woodall and Becker 2014a). Mike Burton, speaking for SMI, told reporters that the organization was interested in pursuing “a new business model” for worker representation at the plant and the organization was planning to move quickly on the idea so that “in a year when the UAW is allowed to come back, we’ll have something set up and they won’t have a chance to come in” (Woodall and Becker 2014a).

The UAW filed an appeal with the NLRB to overturn the election due to third-party interference. Fearing that VW would not fight the appeal, both the NRTWF and SMI petitioned the NLRB as interveners to argue on behalf of the anti-union position. VW officials opposed both groups’ attempts to intervene in the appeal, but the NLRB granted them intervenor status despite the company’s objections. The UAW appealed the NLRB decision to grant both groups intervenor status, while, almost simultaneously, the NRTWF filed a suit in U.S. District Court on behalf of anti-union workers, alleging that VW and the UAW

had broken federal labor law by improperly colluding in the lead up to the union election (Becker 2014).

A few weeks later, emails were leaked to the press exposing clear coordination of anti-UAW activities between Tennessee's Republican political establishment and a network of employer interest groups and anti-union consultants. Included in the email exchanges were the administrations of Tennessee Governor Haslam and U.S. Senator Bob Corker, national anti-union political operatives hired on behalf of SMI to produce anti-UAW video propaganda, including Maury Nicely of SMI, anti-union consultant Peter List of Kulture LLC and LaborUnionReport.com, anti-union consultant Jim Gray of Jim Gray Consultants LLC, as well as former VW manufacturing president Don Jackson, president and CEO of the Tennessee Association of Manufacturers Tim Spires and Ron Harr, president and CEO of the Chattanooga Area Chamber of Commerce. The emails also revealed that Governor Haslam had made thinly veiled threats to Volkswagen officials, stating bluntly that ongoing negotiations concerning state subsidies for the possible assembly line expansion at the Chattanooga factory were "subject to works council discussions between the State of Tennessee and VW being concluded to the satisfaction of the State of Tennessee" (Elk 2014c). The UAW supplemented their original brief to the NLRB with this new information.

On the first date of the NLRB hearings, the UAW abruptly withdrew their appeal to the union election, claiming that Tennessee political and business leaders were clearly intent on ignoring their subpoenas and tying the case up for as long as possible. UAW District 8 Regional Director Gary Casteel told reporters: "It became obvious to us that [state officials and anti-union groups who received subpoenas] were going to become objectionists [sic] and not allow the process to go forward in a transparent way. When that happens, these things can drag on for years" (Woodall and Becker 2014b). Nicely, speaking on behalf of SMI, described the UAW's actions to the press as "a vindication of public officials" (Pare 2014b).

In the months following the UAW dropping their appeal, VW continued to negotiate a subsidy agreement with the Tennessee state government. In July 2014, the UAW chartered a new local, Local 42, as a so-called "minority" or "members-only union" to represent workers at the Chattanooga factory. A few days after Local 42 was officially organized, VW announced that the SUV was going to be assembled in Chattanooga and that the company would be investing a further \$600 million into expanding the factory, creating 2,000 new jobs (Bradbury 2014). Bernd Osterloh, the top labor official on the VW Group Supervisory Board, was also appointed to the Board of Directors of Volkswagen Group of America. The UAW publicly claimed that it was working toward signing up a majority of workers to Local 42 and, on achieving majority sign-up, would be seeking voluntary recognition from VW, while avoiding another NLRB election (Schelzig 2014b). The timing of the announcement of the plant's expansion and the appointment of Osterloh to the Board of Volkswagen Group of America were all seen as publicly exemplifying the commitment of German labor unions to the UAW cause.

SMI board member Mike Burton told reporters in the month following the formation of Local 42 that he was working to organize a new union that he hoped would “force VW to hold another vote” (Woodall 2014c). According to the same report, “the new union will operate differently than the UAW, which [Burton] says hurts the competitiveness of unionized U.S. automakers” (Woodall 2014c). The American Council of Employees (ACE) was officially organized by Maury Nicely’s management law firm in October of 2014. Nicely quickly assumed the role of official spokesperson for the group, in the exact manner that he had with SMI. Sean Moss and Mike Burton, both of whom had been highly active in SMI and featured in the anti-union videos that SMI had hired Projections, Inc. to create, were listed as the immediate president and vice-president of the ACE. The ACE publicly launched their organization with sleek corporate branding, a furnished office near the VW plant, a website, shirts, and fliers. ACE leaders Sean Moss and Mike Burton both claimed that ACE, like SMI, was being financed through “community donations” (Pare 2014d) and also like SMI, they consistently refused to publicly acknowledge who their actual funders are. However, in on-the-record conversations with the author, both Sean Moss and Mike Burton admitted that the ACE was funded by businesses that had a deep interest in ensuring that the UAW is kept out of the South, but neither would name the businesses involved.

In response to the formation of ACE at the Chattanooga factory, the UAW publicly entered into a signed agreement with IG Metall, the largest union representing VW workers in Germany, and the Volkswagen Global Works Council. The agreement stated that the three groups were committed to working together toward the goal of the UAW obtaining “exclusive majority status and recognition” at the Chattanooga plant (Woodall 2014d). IG Metall issued a public statement denouncing ACE as a “yellow union” and called upon Volkswagen to live up to its social responsibilities by officially recognizing the UAW (Schelzig 2014c).

In November of 2014, Volkswagen announced that they had instituted a new “Community Organization Engagement Policy” (COEP) that establishes opportunities for labor organizations representing workers to meet and confer with the company, with worker representation provided in proportion to the percentage of workers the organization recruits (Snaveley 2014). Nicely spoke on behalf of ACE stating: “This shows that Volkswagen’s interested in talking with other groups. This opens the door for all groups to have their voice heard” (Mitchell 2014).

In keeping with the COEP, both the UAW Local 42 and the ACE submitted membership lists to VW which were verified by third-party auditors. Local 42 qualified for regular meetings with VW human resources and senior management while the ACE qualified for limited representation in meetings with VW. The UAW publicly stated that it was using the opportunity to meet with management to push for official recognition from VW, attempting to sidestep any further NLRB elections. Nicely, speaking on behalf of the ACE, claimed that the organization, having qualified for limited representation under VW’s

COEP, had demonstrated that “employees don’t want exclusive representation by the UAW” (Pare 2015a). Following the failed UAW election, Governor Haslam continued to pressure VW to not recognize the UAW, telling reporters that Volkswagen “always said that if they have a vote that has ramifications for the company it would be the way we do votes in America, which is secret ballots” (Schelzig 2014d). Likewise, Senator Corker told reporters that he hoped “with every cell of my body” that “the UAW does not represent” workers in Chattanooga (Pare 2014c).

The UAW claimed in November, 2014 that the company had agreed to voluntarily recognize the union once Local 42 achieved 51 percent of membership sign-up from collected cards (Schelzig 2014b). Following the Tennessee legislative session in March, top Volkswagen officials were called into committee meetings to discuss incentives and were attacked by Republican politicians for their labor policies. State Senator Bo Watson derided the company for being “a magnet for organized labor, intentionally” and publicly stated that the incentives were being approved on the condition that VW not voluntarily recognize the UAW (Sher 2015).

In April, 2015, the UAW announced it had signed up 816 workers, or 55 percent of the hourly workforce (Associated Press 2015b). Local 42 president Mike Cantrell requested that VW recognize the union on the basis of majority sign-up, while the ACE countered in the press, saying “VW-Chattanooga employees have repeatedly expressed our expectation that any decision on labor representation be made by the employees themselves, fairly and accurately through a secret ballot election.” The ACE also presented VW with a proposal written by Nicely outlining a legal theory for the creation of a works council that did not require ratification through a collective bargaining agreement and therefore for any union to be recognized as the exclusive bargaining representative (Pare 2015b).

The following month, the UAW publicly presented a series of documents on the formation of a UAW-Volkswagen works council to the company. One of the documents, entitled “Vision Statement for a Collectively Bargained Works Council,” asserted the obligation of VW to recognize the UAW and expanded on the outline agreement for the construction of a works council that the union and the company had previously agreed to in the agreement for the failed union election in February, 2014 (Flessner 2015). The ACE president Sean Moss called the UAW’s plan a “Trojan horse” for the UAW to gain exclusive representation while sidestepping an NLRB election and VW issued a public statement that reiterated the company’s commitment to the COEP and to meeting with all groups (Flessner 2015b).

VW refused to voluntarily recognize the UAW in the months that followed. In the meantime, the company came under intense global scrutiny as a result of the diesel emissions scandal. In October, 2015, as the emissions scandal was unfolding, the UAW announced that they were filing for a union election with the NLRB to represent a so-called “micro-unit” of maintenance (also known as skilled-trades) workers in the plant. Prior to the election, VW workers were read a communication at their mandatory shift meetings in which the company called

the union election “unfortunate” and stressed that “there is no Election Agreement between the UAW and Volkswagen.” Governor Haslam issued a statement mirroring the company’s language, also calling the timing of the union election “unfortunate.” The company also filed with the NLRB to contest the appropriateness of the bargaining unit as well as the NLRB’s *Specialty Healthcare* decision that opened the door for “micro-unit” elections (Brooks 2015b).

Soon after the UAW’s announcement that they were filing for a union election, the union opened a joint office with IG Metall in Spring Hill, Tennessee (a suburb of Nashville), as part of a “Transnational Partnership Initiative.” At a press conference, IG Metall stated that they believe “some German manufacturers are exploiting low-wage environments in the U.S. South, where working conditions — including health and safety situations — tend to be challenging for employees” (Schelzig 2015). Both unions hope that by organizing U.S. workers at German-owned companies, they can begin to shift the imbalances in labor costs and diminished union power between different geographical regions in the company’s global production network, which are used by management to determine production decisions. As Wolfgang Lemb, an IG Metall Executive Committee member, told the press: “It is becoming increasingly clear to our colleagues in Germany that if we continue to have a pronounced low-wage sector here, it will increase pressure on employees in German companies” (Associated Press 2015c).

VW’s appeal for nothing less than a wall-to-wall election in the plant was denied by the NLRB, and a recognition election for the 162-person “micro-unit” was set for the first week of December 2015 (Associated Press 2015d). The ACE decided to stay off the ballot for union representation, stating that they never desired to seek any form of exclusive representation or bargaining status with the company. The U.S. Chamber of Commerce also issued their own report, signaling the likelihood of future legal challenges to the creation of a works council at VW (U.S. Chamber of Commerce 2015).<sup>2</sup> On December 4, 2015, the “micro-unit” of skilled-trades workers at Volkswagen voted 108 to 44 in favor of union representation, becoming the first union successfully organized at a foreign owned auto-maker in the U.S. South.

### **Profile of the Employees**

The vast majority of the immense Chattanooga Volkswagen plant consists of three production areas: the body weld shop, the assembly shop, and the paint shop. There are two main classifications of employees: production employees, who install and assemble the parts necessary to complete an automobile, and maintenance employees, who maintain the plant’s robots and conveyors. As of December 2015, as stipulated in the NLRB ruling, there were 1,246 production workers at the Volkswagen plant and 162 maintenance workers, who comprise the so-called “mico-unit.” There is no available information on the demographics of the VW workforce, but from what I have seen and based on conversations with workers, the workforce is predominately white and male.

Almost all of the maintenance workers came to VW with a background as an electrician, machinist or other related craft. As such, they had the most direct experience with unions, such as the IBEW, and were the most densely pro-union group during the UAW organizing campaign. For these reasons, UAW staff representatives had maintained<sup>3</sup> that a “micro-unit” election of the maintenance unit was always their fall back plan. The maintenance unit stands in sharp contrast to the production unit, in which the majority of workers have no formal background in auto manufacturing and had little to no direct experiences with unions. I have spoken with dozens of current and former VW production workers, and nearly everyone has told me the same three things: 1. this is the best job they have ever had (at least as far as wages and benefits); 2. this is the first chance they have ever had to join a union; and 3. they cannot imagine this job being a lifetime career, because the assembly line is a “meat grinder.”

The fact that this is the best job that many of the production workers have ever had goes more-or-less in tandem with Chattanooga’s high poverty rate, almost double the national average (Greenhouse 2014b), and a private sector unionization rate of about 1.5 percent (Flessner 2014). Additionally, Tennessee leads the nation in the percentage of its workforce that is making at or below the federal minimum wage (Flessner and Green 2014). The impact of these economic forces is made evident in a 2013 membership brochure put out by the Chattanooga Regional Manufacturers Association for industrial leaders, which boasted “Chattanooga Makes Sense for Manufacturing” because of the region’s “cost competitive wages that are below national norms, including total average industrial earnings (83%), manufacturing wages (75%), and service sector salaries (81%).” Chattanooga’s “competitive wages” are no doubt the reason that Volkswagen workers are the lowest paid in the entire auto industry, including all other Southern auto plants, according to a 2015 study by the Center for Automotive Research (Times Free Press Staff Report 2015).

Another consistent theme that Chattanooga VW workers voice is the dramatic impact that VW’s lean production management model has on their mental and physical health. This brutal productivity-maximizing management scheme pits full-time VW workers against so-called “temporary workers,” many of whom spend years working on the same line and performing the same jobs for less pay and fewer benefits. In an at-will state with no union protection, full-time workers are forced to maintain a high pace or else be fired and replaced, while “temporary workers” are forced to maintain the same body-wrecking productivity levels if they ever want to be hired full-time. On top of the internal competition between workers with varying degrees of precarity, there is constant pressure by management on worker “teams” to find ways to further increase productivity.

The pressure is compounded by constant fatigue, due to rotating weekly shifts. Chattanooga production workers are all required to work 10-hour shifts, four days a week: 6 a.m. – 4:45 p.m. one week, then 6 p.m. – 4:45 a.m. the next. According to many workers, this is one of the top work-related issues in the plant, because without proper rest their bodies can never heal, they are driven to self-medicate, and the stress takes a toll on their personal relationships.

That's lean production in a nutshell: ruthless efficiency, produced by a system of efficient ruthlessness. The management scheme is based around the idea of constantly speeding the system up until a worker breaks down, then removing the worker and once again increasing the speed of work. Many workers try to stand it for as long as they can, because the only alternative is to rejoin the low-wage service industry. For many assembly workers, this job will never be a "career," because they don't believe they will be able to physically perform the work until retirement. They simply try to last as long as they can or to transfer to a less dangerous job in the plant.

*A Critical Assessment: Organizing the Employees and Outside Pressure*

One thing has been made very clear to me in my conversations with Volkswagen workers: the vast majority of them do not care and have never really cared about a works council. As one worker said to me just prior to the successful "micro-unit" union vote: "My coworkers don't give two shits about a works council, most don't even know the functions of a works council." A works council is an abstraction that most VW workers cannot relate to, are not passionate about, and has no direct connection to the everyday problems that they face on the job.

Bill Fletcher and Richard Hurd have argued that the labor movement has exhibited far too great a tendency "to define unionism in objectively negative terms (e.g., without a union, you have no protection from arbitrary management)" and has "offered little in the way of a comprehensive explanation of what we stand for" (Fletcher and Hurd 1998). Fletcher and Hurd discuss what it might mean and what it might take to move beyond the back-and-forth about servicing versus the organizing model<sup>4</sup> or for local unions to adopt a deeper organizing culture that results in their fundamentally transforming their own organization's orientation, directing resources and time and energy toward organizing new units and contracts and workplaces. In the case of Local 42, such a discussion is moot since the union is neither servicing nor organizing in any recognizable form and the vast majority of workers have never been a member of a union and, therefore, have few if any concrete expectations. For Local 42 members, outside of the handful who serve on the Executive Committee, all that has been asked of them is that they sign a membership card. The pitched battles between UAW Secretary-Treasurer Gary Casteel, Governor Haslam and VW manager Michael Horn might as well be those between Greek gods, for how connected they are to the everyday material conditions of VW workers.

In short, the UAW has put all their strategic eggs in the neutrality basket. One of the most detrimental consequences of this strategy is that, by aligning with the company, the UAW has often put pressure on workers to not "rock the boat," lest they tarnish the union's relationship with the company and potentially jeopardize a relationship that the UAW has continually hoped might lead to voluntary recognition. This has led to deep frustration and even outright resentment by some of the most committed union activists, who have seen their

coworkers fired after being injured and union activists targeted for termination by supervisors.

This frustration is only further compounded by the fact that Local 42 has largely existed as a public relations stunt. According to multiple union activists, the International calls all the union meetings, sets the agenda, and determines all the union's strategies for dealing with the company. To understand just how top-down this strategy is, consider this one fact: Local 42 has yet to train a single shop steward. The union has no intentional and organized existence in the actual factory. Instead, the International simply relies on Local 42's Executive Committee to rubber stamp strategic decisions made by the International's staff—which are often changed on a whim with no explanation to the workers—and to step in front of cameras and put their names to quotes in press releases written by the communications department in Detroit.

The “micro-unit” election in the plant literally involved no campaigning by the UAW. The election was met with complete silence in the plant. There were no public issues or grievances that the union was being organized to fight.

In “It Takes More Than House Calls: Organizing To Win with a Comprehensive Union-Building Strategy,” Kate Bronfenbrenner and Tom Juravich argue that “union success in certification election and first-contract campaigns depends on using an aggressive grassroots rank-and-file strategy focused on building a union and acting like a union from the very beginning of the campaign” (Bronfenbrenner and Juravich 1998). But the UAW did not even perform house calls in the lead up to the failed election in 2014, let alone deploy an arsenal of tactics. Two years later, Local 42, a chartered “minority union” is still not “acting like a union” in any of the most basic, recognizable forms. It would seem, however, that Bronfenbrenner and Juravich's point about maximizing tactics during an organizing campaign were taken to heart by the anti-union opposition that flooded Tennessee, as they engaged in a myriad of tactics that involved prominent community members, traditional and social media, public events, and often featured or were led by actual Chattanooga locals and VW workers.

Not only was the UAW's organizing strategy inherently disempowering to workers, but Volkswagen's commitment to neutrality has always been conflicted at best or a ruse at worse. For example, during the union vote in February 2014, supervisors wore anti-union shirts and buttons and passed out anti-union material to the workers that they supervised. Even without explicitly engaging in some of the most heinous and rampant anti-union practices that have come to be expected industry practice by most employers, VW workers still faced run-of-the-mill union busting techniques.

Before and after the election, pro-union workers were targeted for harassment and discipline by supervisors and low-level managers. For years now, pro-union workers have been called into disciplinary meetings with no union representatives and Local 42 has no intentional, organized oversight of the discipline process (Brooks 2015c). The lack of organized protection on the job has taken a significant toll on workers, but not just those targeted for their pro-union activities. Injured workers are routinely fired and VW has a private

medical clinic and emergency response team on site inside the Chattanooga factory that helps to provide documentation so the company can claim that the injuries are “pre-existing conditions” (Brooks 2015a).

Protecting pro-union workers from being targeted by management, the speed of work, the rate of injury, and the inability to heal due to the rotating shift schedules while being under constant surveillance by the company’s private health workers and under unceasing pressure to constantly increase productivity have all been identified by VW workers as prime issues for a meaningful organizing campaign. The UAW’s push for a works council has not resonated with workers and the union’s consistent refusal to support workers in confronting the company has squelched enthusiasm. In short, the UAW has failed to provide VW workers with the training, resources and support they need to collectively challenge and change the conditions they are facing everyday.

Fearful of another NLRB vote and having no clear path forward for the expanding numbers of assembly line workers at VW, one possibility for moving forward would be for the UAW to abandon its quixotic quest for industry-wide neutrality and card check and instead commit to Local 42 becoming an actual “minority” or “members-only” union. This would free the union from having to expend time and resources representing non-dues paying workers in an open shop state and shift resources toward the kind of deep organizing that the union will need to survive in the hostile territory that exists below the Mason-Dixon line. Real material wins over time can provide the basis for shifting the attitudes and beliefs of workers with less than favorable attitudes toward unions.

Recent events are painting a more optimistic picture for the UAW. Critical comments by UAW officials towards the company for failing to live up to its own professed belief in corporate social responsibility is a welcome change. The recently launched “Transnational Partnership Initiative” is a testament to the insightfulness of German labor leaders, who clearly recognize that international solidarity is necessary for workers to achieve meaningful gains in such a massive global corporation. There is no doubt that one of the greatest strategic advantages that the UAW has is the power of organized labor on the Volkswagen Group’s Supervisory Board. However, as the Chattanooga campaign exposed, it is very easy for anti-union campaigns to paint the UAW as a Detroit-bankrupting outsiders with malicious political motives. It would not be any harder to paint German unions as foreigners.

Another possible route forward is for the union to work with community groups to organize a permanent coalition that can address broader issues of social and economic justice. Union organizing that connects shop floor militancy with community programs can break the UAW out of the narrow boxes that anti-union forces will inevitably put them in, unshackle the union from the insulated and isolated organizing malaise that has seemingly characterized the Chattanooga campaign while also moving the working class in the South toward a program rooted in progressive economic populism.

It is true that the international power wielded by Volkswagen employees from Germany to Chattanooga could translate into local power through the

establishment of a works council at the Chattanooga production facility.<sup>5</sup> However, this will only be possible if the workers are capable of organizing an independent union and engaging in collective bargaining with the company. This will not happen without a bottom-up strategy that connects the actual material concerns of workers with a top-down strategy that provides them with the resources, support, and leverage to win changes on the job. And organizing in the South will remain isolated, individual, and precarious so long as unions continue to eschew the difficult and slow work of building movement infrastructure and growing the capacity of a broader left by embedding labor struggles within community organizations and institutions.

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## Notes

1. Those brands are: Volkswagen Passenger Cars, Audi, SEAT, SKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Scania, MAN, and Volkswagen Commercial Vehicles.
2. The Chamber argued that a works council is not viable under the assumption of adversarial relations between labor and management that is inherent to the National Labor Relations Act.
3. UAW staff representatives told me and other Chattanooga for Workers organizers this in a meeting long before the initial failed union representation election in February 2014. Staff representatives repeated this strategy to pro-UAW workers in future meetings as well.
4. Although, I can think of no better example of the shallowness of the service model of unionism than the exchange I witnessed the night that the UAW lost the union organizing drive in Chattanooga. After returning from the plant where the votes were counted, a VW worker who had been a prominent leader in the union organizing campaign stood up in the IBEW union hall where everyone was gathered and asked the UAW leadership, “what will you do when I walk back into the plant on Monday and they fire me?” Gary Casteel, who at the time was the UAW’s Regional Director who oversaw the organizing drive at VW, was standing at the front of the room with a microphone in his hand to address the crowd. He responded with a shrug, saying I don’t know. I can’t represent you.
5. I am leaving aside, for the purposes of this essay, a broader discussion about the strategic wisdom of unions like the UAW making rosy public proclamations about labor-management collaboration and new forms of workers organization that fundamentally undermine the adversarial assumptions between owners and workers that serves as the bedrock through which legal interpretations and understandings of the National Labor Relations Act flow. Should the VW production workers succeed at unionizing and a works council is formed, then the Chamber and other business groups are likely to pursue this line in the courts.

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