



U.S.

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Volkswagen employees say 'no' to United Auto Workers in Tennessee

By Chris Isidore, CNN

(CNN) — Union organizers in the South suffered a setback Friday when workers at the Volkswagen plant in Chattanooga, Tennessee, voted against being represented by the United Auto Workers.

The vote was 712 against the union and 626 in favor. There are about 1,550 hourly workers at the plant who were eligible to vote.

The vote was seen as the UAW's best chance to organize a nonunion auto plant, because Volkswagen management did not oppose the effort.

"We commend Volkswagen for...trying to provide an atmosphere of freedom to make a decision," said UAW Region 8 Director Gary Casteel, who directs the union's Southern organizing. "Unfortunately, politically motivated third parties threatened the economic future of this facility."

Organizers faced strong opposition by Republican officials who wanted to maintain Tennessee's reputation as a non-union state in order to attract new businesses.

U.S. Senator Bob Corker, a Republican and former mayor of Chattanooga, praised the 'no' vote.

"Needless to say, I am thrilled for the employees at Volkswagen and for our community and its future," Corker said in a statement on his website.

Corker had been heavily involved in negotiations with VW that lead the automaker to pick the town for its factory, according to the Senator's website.

The plant, which opened in 2011, is Volkswagen's only U.S. plant. But automakers from Asia and Europe have opened more than 30 U.S. plants to serve the U.S. market, and more than two-thirds of those plants are in the South.

Volkswagen said it was neutral on the vote, but opponents of the union had also criticized the company for being too welcoming of the union organizing effort.

Volkswagen wants to establish a so-called "works council" at the plant, in which management and hourly workers together come up with ways to make the plant's operations more efficient.

The automaker has works councils at virtually every plant it operates around the world. But there were doubts about whether the council could be set up under U.S. labor law without a union being in place.

Volkswagen said it will try to move ahead with a works council, despite the outcome of the vote.

"Our employees have not made a decision that they are against a works council. Throughout this process, we found great enthusiasm for the idea," said Frank Fischer, CEO of Volkswagen Chattanooga. "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."

Union opponents blame the UAW for problems at U.S. automakers, two of which, General Motors and Chrysler Group, needed federal bailouts and bankruptcy reorganization in 2009. But GM, Chrysler and Ford Motor, the other UAW-represented automaker, are all posting strong profits today.

Workers at the VW plant make roughly \$19 an hour, compared with about \$26 to \$28 an hour for veteran hourly workers at the Detroit automakers, although new hires at the unionized plants are making closer to \$17.

But unionized workers are usually better paid than their non-union counterparts. Labor Department statistics show that the typical weekly wage of a unionized worker in the private sector is \$892 a week, or a little more than \$46,000 a year. That's 20% more than their nonunion counterparts.

Experts suggested that this loss is a serious blow to the UAW's efforts to reverse the long-term decline in its membership.

"This is a setback that will resonate throughout the South and, likely, around the world," said Jack Nerad, executive editorial director at Kelley Blue Book. "In VW the union had management that seemed neutral to positive toward its attempt to organize the plant's workers, and it still failed to gain certification. The UAW's attempts to organize other nonunion plants are very unlikely to be greeted with as much cooperation from other manufacturers, so this could mark the end to UAW hopes to gain traction in these nonunion Southern state plants."

As far as VW's hope to have a works council, that will be difficult to set up anytime soon, according to Donald Schroeder, a management-side labor lawyer with Mintz Levin. There can't be another union representation election at the plant for at least a year and U.S. labor law has significant barriers to these kinds of labor-management committees without an independent union.

"It will be virtually impossible for them to replicate the kinds of council they have in Germany," he said.

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