

Pyongyang, Tennessee

The UAW's German ally takes a dim view of Dixie's auto boom.



By

Holman W. Jenkins, Jr.

North Korea? That's the analogy Germany's top labor leader recently applied to the American South because, in the American South, nonunion auto plants are permitted to exist.

Detlef Wetzel, chairman of Germany's IG Metall union, told Reuters late last year: "Low wages and union-free areas: that's not a business model IG Metall would support. If companies entered these [Southern U.S.] states in order to be free of unions, meaning to not acknowledge a fundamental pillar of democracy, then we're in North Korea."

It would be interesting in an appalling sort of way to plumb Herr Wetzel's reasoning about when employment of nonunion workers makes a country North Korea. After all, 82% of German workers aren't unionized either. But no doubt his epithet only applies to countries that compete with IG Metall for jobs.

[Enlarge Image](#)



The Volkswagen assembly plant in Chattanooga, Tenn. *EPA/Corbis*

This meshes with the agenda of United Auto Workers chief [Bob King](#), who has sought the German union's help to organize the U.S. plants of Volkswagen and Mercedes. What happened to Mr. King's pitch of just a

couple of years ago, that the UAW's new mission was to make auto makers more productive and profitable? Nowhere is it written the union couldn't be an asset to an employer, but never in evidence was a strategy to turn Mr. King's nicey-nice sentiment into action.

His union not only makes common cause with a German union whose aim is to reduce the competitiveness of U.S. plants. He lately proposed to boost his union's strike fund with higher dues in order, as he put it, to avoid "confrontation" with the Big Three. In fact, the union seeks a confrontation: Its mission in next year's contract talks is to revoke the "entry-level" wage established in 2007 to help Detroit match costs with its foreign competitors.

A question the union gauges only in its inner sanctum is whether, so soon after the bailouts, politicians are ready to indulge a more militant UAW. Doubtful. Democrats in Washington may be attached to the idea that the decline in unionization and rise in inequality are the same thing, mostly as an excuse for doing the bidding of organized labor, a major funder of the party. But politics does not trump reality out in the economy.

This month Seattle-area Democrats were quick to throw organized labor over the side to save a large Boeing investment in their area. Michigan last year turned itself into a right-to-work state. In the bankruptcy last year of Twinkie-maker Hostess Brands, the bakers deliberately forced liquidation of the company to free themselves from a fellow union, the Teamsters, whose high-cost distribution practices were strangling Hostess's growth opportunities.

Which brings us to Volkswagen, the pivotal test of Mr. King's post-bailout focus on organizing the transplants.

After some hemming and hawing, Volkswagen has now decided not to invite the UAW into its new Chattanooga plant on a "card check" basis—without a secret ballot vote. For one thing, many of the pro-union cards the UAW boasts about were apparently signed by temporary workers no longer at the plant.

Volkswagen remains under pressure from IG Metall to accept the UAW into the factory whether or not workers want it. The union sits on VW's supervisory board and reportedly threatened to block a new crossover SUV to be built in North America that VW desperately needs to rescue its faltering U.S. ambitions.

Now this battle seems to be ending with a whimper, perhaps foreshadowing the same for Mr. King's Southern strategy. VW just announced \$7 billion in fresh investment, certain to include a new midsize SUV. The company's new U.S. boss says Volkswagen will "listen" to America rather than the other way around.

Let's keep a bit of history in mind. In the late 1970s, the company opened a UAW-staffed factory in Pennsylvania. It was a disaster. When workers weren't striking, the factory churned out exactly the wrong car for an America of falling energy prices. After a fast start at the Chattanooga plant, VW finds itself again producing outdated sedans the market doesn't want. A fix would hardly be expedited by piping aboard the UAW at the exact moment the UAW is casting aside its post-bailout cooperative mien.

But the union has to do something. The UAW collects sizable dues from members yet is losing its ability to extract for them better wages and benefits than nonunion workers get. The soon-to-retire Mr. King still talks confidently of winning a VW vote, but his Southern strategy always seemed a Potemkin exercise to distract his members until the post-bailout political atmospherics recede and the union can go back to using its labor monopoly to squeeze the Big Three.

Our guess is the banquet years of the 1990s aren't coming back. UAW members will conclude that what they're getting for their soon-to-be-hiked dues is increasingly nothing.

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Volkswagen Opens Tennessee Plant to Union Organizers UAW Seeks Support to Unionize Factory

By

Neal E. Boudette

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[Volkswagen AG](#) on Tuesday opened the doors of its Chattanooga, Tenn., plant to organizers from the United Auto Workers union, which is trying to rally support to unionize the factory.

The move by Volkswagen is highly unusual because auto companies and parts suppliers typically deny the UAW access to their facilities when facing organizing drives by the union.

On Tuesday, Volkswagen officials called together several hundred morning-shift workers to hear an opening appeal for support by Gary Casteel, a top UAW official, workers who attended the meeting said.

Joining Mr. Casteel in addressing the workers was the plant's head of human resources, Sebastian Patta, the workers said.

Workers at the plant will vote from Feb. 12-14 on whether to accept the UAW as their formal representative.

Mr. Patta outlined the ground rules for the election, explaining that the UAW would be allowed to post fliers on the plant's bulletin boards and have representatives in lunch and break rooms to campaign for support, the workers said.

Mr. Casteel then spoke and said the UAW wouldn't pressure workers to support the union, the workers who attended the session said.

Mr. Casteel also noted that workers at [Ford Motor](#) Co. would be paid average profit-sharing bonuses of more than \$8,000 this year, suggesting that union representation could deliver similar benefits for the Chattanooga employees, the workers who attended the meeting said.

In a telephone interview on Monday, Mr. Casteel said the union would only campaign for votes at the plant and doesn't plan to visit workers at their homes.

A group of workers opposed to the UAW has asked for equal access to the plant and the opportunity to speak at plant-wide meetings, but it was rejected by Volkswagen management. [Emphasis added]

Mr. Casteel on Monday said he opposes the idea of granting antiunion workers open access to the plant.

UAW Seeks to Raise Membership Dues

By

Christina Rogers

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Leadership at the United Auto Workers' union is proposing to raise membership dues for the first time in decades to bolster its strike fund ahead of labor talks in 2015 with the Detroit car makers.

UAW President Bob King said Wednesday the increase will help replenish a fund that once had more than \$1 billion in it, but has since shrunk to \$600 million.

"The strike funds really serves as a deterrent," Mr. King said, on the sidelines of a conference at the Detroit auto show. "The corporations understand that if we have a strong strike fund, we can take on a strong fight."

Right now, UAW workers contribute two hours of pay each month to union dues. The proposal, which must be approved by members at the UAW's convention in June, would raise that amount by a half hour, or 25%, the first such increase since the late 1960s. All funds collected from the increase will go directly into the strike fund, Mr. King said.

The proposal comes as the UAW strives to increase its influence, after decades of membership declines, and as it seeks to organize foreign-owned auto plants in the South, including [Volkswagen AG](#)'s factory in Chattanooga, Tenn.

Mr. King will step down in June, after serving only a single, four-year term in which he led the UAW through labor talks with the Detroit auto makers in 2011 and helped reverse a decadeslong slide in union membership.

Additionally, Mr. King has made organizing workers at the U.S.'s foreign-owned plants an important objective to help boost its membership rolls. In the late 1970s, the union represented about 1.5 million workers, but membership is now about one-third that size, despite modest growth in recent years.

The UAW has been in talks with Volkswagen AG about possibly representing workers at its plant in Chattanooga, Tenn., and aims to build support among workers at U.S. plants owned by [Nissan Motor Co.](#) and [Daimler](#) AG's Mercedes-Benz.

But its efforts have faced stiff opposition from Republican politicians in right-to-work states where laws prevent unions from forcing workers to participate.

Mr. King said talks are proceeding with VW and the UAW has collected signatures from more than 50% of workers in the Chattanooga, Tenn., plant supporting union membership. He declined to say when the UAW might call an election, a necessary step for winning representation.

"I'm very confident with the outcome there," he said.

The UAW has named Dennis Williams, the union's secretary-treasurer, as the union's preferred candidate to become the next president in 2014. Union members will elect a new president at its convention this year in Detroit. If elected, Mr. Williams will be tasked with leading the union through contract talks with the Detroit car makers in 2015.

Mr. King said Michigan's new status as a right-to-work state will make the next round of negotiations "tougher, not easier" but is confident that the UAW will retain its membership. He cited high union participation at UAW-organized plants in right-to-work states in the South.

The union also is likely to push for higher wages for new hires at [General Motors Co.](#), Ford Motor Co. and Chrysler Group LLC plants in the 2015 labor talks, but Mr. King said that would be up to the new leadership. Entry-level workers now start out at about \$16 an hour, far less than the \$28 for veteran workers.

"You can't be a worker doing the same job on the line and making a lot less money without having some feelings about it," Mr. King said.

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