

Volkswagen's Tennessee plant sets new standard for low wages

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Volkswagen's new plant in Chattanooga, Tennessee, made headlines this year as the first US auto assembly plant to pay its entire production workforce the lowest starting wage for new US autoworkers—\$14.50 per hour.

But now the plant is starting all new production employees at \$12 per hour, workers said, setting the bar even lower for autoworker wages.

In order to receive a bevy of state, federal, and local subsidies, Volkswagen promised in 2008 to create 2,000 local jobs at the “full” pay rate. But as production approaches full speed, all new production workers are now being hired in through Aerotek, Volkswagen's labor contractor, at \$12 per hour. In addition to the current production workforce, the factory employs over 500 temporary contract production employees, workers said.

“Aerotek workers are in assembly doing the same jobs as VW workers, they just work for a different company,” said one contract worker named Josh. “In orientation, we were told we're considered equal to Volkswagen workers, and expected to work just like them.”

While discipline is severe for Volkswagen employees, Aerotek contractors have it even worse. “If you're five or six minutes late within your first week or two, you're done,” said Josh. “If you call out a day within your first month and a half, you're out,” he said.

“Anyone who talks about ‘spoiled American workers’ is very badly mistaken,” he concluded.

The plant produces the Volkswagen Passat, Volkswagen's midsize sedan aimed at the US market. In moving production to Chattanooga, Volkswagen was able to chop nearly \$7,000 off of the car's sticker price,

bringing the base model down to \$20,000. It did this while significantly increasing the car's size and adding features such as dual-zone climate control and a hands-free calling system.

Despite the record-low wages paid by the plant, there has been no problem filling positions with local workers. The economic devastation wrought on Chattanooga over the past ten years has thrown tens of thousands of experienced and qualified industrial workers out of work as major factories shut their doors.

“These are the best-paying jobs available anywhere in Chattanooga,” said one Volkswagen worker who asked us not to use his name. “You do everything knowing there are a dozen people out there who would gladly do your job if you don't want it.”

Volkswagen received over 35,000 applications for its initial hiring batch of 1,500 employees, and applicants continue to stream in by the thousands. On morning shift changes, applicants join the uniformed Volkswagen and Aerotek workers streaming into the plant's gates.

“Every day for the past three months, 48 people have taken an 8-hour production simulation exam, hoping to land a job at the plant,” said Josh. “That's over four thousand people wasting a whole day to fill five hundred positions,” he said.

In addition to the hundreds of contract employers from Aerotek, maintenance and food service is done by contractors who earn even less than production temps, in some cases as little as \$8 per hour.

“Wages are falling everywhere; it's true in Detroit and it's true here,” said Josh. “But what can you do? Twelve dollars per hour is still a pretty good job around here.”

Wages in the area have fallen as high unemployment forces workers to take any job that becomes available.

“It’s good business on the part of the companies,” said Josh.

Josh used to work for the local electrical company making \$11.50, but started looking for other work when he found out his department was being cut. “I knew more layoffs were coming, so I started looking for work early,” he said. “I’ve seen my coworkers laid off by the dozens.”

Josh said that two out of the seven Aerotek workers on his team were laid off from General Motors plants in Detroit, where they were paid \$28 per hour or more, and moved to Chattanooga to start as temps making \$12 per hour.

Many of those who make it through Volkswagen’s arduous hiring process cannot stand the mental and physical fatigue of production work. “Twenty or 40 people a week just walk out,” said Josh. “It’s a very hard job.”

While the paint and body shops—where many temps start out—have their fair share of hard work, workers said assembly is the most arduous part of the plant. “I’ve been here since early August and I haven’t even touched a car body,” said Josh. “They make sure you’re prepared, because assembly work is absolutely insane.”

The vast majority of those who applied for work at the plant were turned away. One of those was John Mayo, 57, who currently works as the head of the maintenance for a local marina. Mayo said he makes \$13 per hour at the marina, and applied to Volkswagen for the benefits.

“They looked at my age and said, ‘he couldn’t do this for 20 years.’ Sure, they overlooked my experience, but that’s how things go,” he added.

Mayo said he took off work to complete the application process, which took most of the day. Five of his co-workers at the marina applied for work at the plant, all unsuccessfully. “I’m not looking for a handout, just a decent job,” he said.

Mayo accepted his current job, despite the “ridiculously low rate of pay,” because he was laid off from his previous job as a maintenance head at a boat dealership, and collected unemployment for the first time in his life.

Daryl Okolley, who waits tables at a local diner by

the plant, said he understands why people accept Volkswagen’s low wages. “It’s hard to find any decent work anywhere around here.”

Okolley was one of over a thousand workers who lost their jobs when Wheland Foundry, an automotive brake casting plant in the South Side of Chattanooga, was closed in 2001. “One day they just got everyone together in the auditorium and said, we’re closing down. About a week later I got a retirement check for \$161, and that was that.”

He went from making \$13 per hour at the foundry to minimum wage at a Kentucky Fried Chicken restaurant, before landing his current job. “It was quite an adjustment, to say the least,” he said.

Okolley made \$13 per hour at the foundry. “At the time, that was a decent job,” he said. “But you can’t raise a family on that now.”



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