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White Paper

UAW's Next Frontier:

Mercedes-Benz in Alabama

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Introduction

Following a landmark victory at Volkswagen's Chattanooga assembly plant on April 19, 2024, workers at Mercedes-Benz's Tuscaloosa Plant in Alabama will vote during May 13th – 17th to decide whether they will join the United Auto Workers (UAW). As the sole light-duty motor vehicle assembly plant of Mercedes-Benz Group AG in the United States, Mercedes-Benz U.S. International, commonly known as Mercedes-Benz Plant Tuscaloosa, produces luxury SUV models GLE and GLS, as well as electric vehicle models EQE and EQS. The vote's outcome will either reinforce the UAW's labor movement in the South or see Mercedes-Benz win over its employees with assurances of fair pay and job security.

The UAW Repositioning

The UAW has reset its institutional position in society after decades of retreat. Major changes in governance, administration, and philosophy have resulted from the years-long prosecution of financial misconduct involving several high-ranking union and corporate officials. In early 2021, federal prosecutors secured a court-approved consent decree that mandated constitutional and organizational reforms under the supervision of an independent Monitor. Under this supervision, the UAW has instituted the direct election of its 14-person International Executive Board (IEB), conducted these elections, and implemented an array of other reforms recommended by the Monitor.

The direct elections resulted in the first competitive contests for IEB positions after 70 years of literal one-party rule by the dominant Administration Caucus. Candidates supported by the dissident Unite All Workers for Democracy (UAWD) won seven of the 14 offices, including the President, Secretary-Treasurer, two International Vice Presidents, and three Regional Directors. Shawn Fain, who led the insurgent slate, took office on March 26, 2023, promising a new era in the UAW with an emphasis on furthering democratic representation at the UAW International Executive Board. Under Fain's leadership, the union has accelerated institutional reforms focusing on member-centric governance, transparency and open communications, strategic and tactical innovation, and effective exploitation of a more union-friendly environment. The new UAW has put \$40 million behind its bold

organizing campaign. The looming union-recognition election at Mercedes-Benz Plant Tuscaloosa has now taken center stage, with the UAW's potential representation of more than 5,000 workers at stake.

Mercedes-Benz Plant Tuscaloosa, Alabama

Established as the first wholly owned light-duty vehicle assembly plant by Mercedes-Benz AG outside Germany, Mercedes-Benz Plant Tuscaloosa began production in 1997 with M-Class body-on-frame SUVs. In 2005, the plant transitioned to producing unibody luxury SUVs GLE and GLS. Beginning in 2022, the plant added two electric models, EQE and EQS, to the production lineup. Today, the plant employs about 5,200 regular workers¹ and manufactures approximately 250,000 luxury SUVs and 50,000 electric vehicles annually.

As the sole producer of unibody large luxury SUVs for Mercedes-Benz for nearly two decades, Mercedes-Benz Plant Tuscaloosa has established a well-functioning supply chain network in the region, and its products are sold not only in North America but also exported worldwide. Given this vantage position, any plant closure or relocation options for this plant seem remote given current circumstances and market conditions. Additionally, the high-end, high-value-added products at this plant allow its workers to receive top-tier wages and benefits in the U.S. automotive industry². As such, wage and benefit concerns might not be the primary reason for Mercedes-Benz's resistance to unionization. Instead, Mercedes-Benz's key concerns may involve the plant's workforce arrangement, such as contract workers and suppliers, skilled trade classification, wages and wage progression for contract and temporary workers, and employee-employer relationships.

¹ [National Labor Relations Board](#)

² [Tuscaloosa News](#)

The UAW's New Frontier

Through its bargaining campaign with the Detroit Three and the recent election victory at VW's Chattanooga plant, the UAW has demonstrated its capability of establishing a grassroots network of support across a wide geography and its ability to translate this strength into victory through organizational discipline. If Mercedes-Benz Plant Tuscaloosa workers choose UAW representation, they could benefit from the union's resources to enhance job security. Additionally, the wage progression and job security for contract workers and temporary workers may see an improvement. These changes would inevitably increase Mercedes-Benz Plant Tuscaloosa's production costs. However, given the plant's irreplaceable value for the company, we expect that the potential increase in labor costs would not deter Mercedes-Benz from maintaining its operations in Alabama.

Should the UAW suffer defeat, depending on how close the vote is, it will undoubtedly explore its legal options under the NLRB. While set back, the union will not lessen its resolve. It will assess where it went wrong and how to correct it. The fight to organize the non-union auto sector will only intensify on both sides as the stakes mount.

Conclusion

The results of the unionization vote at Mercedes-Benz Plant Tuscaloosa will not only have a persistent effect on both the UAW and Mercedes-Benz but also have broader implications for the U.S. automotive industry. A victory of the UAW would send a message to all automakers that the U.S. automotive blue-collar workers are seeking not just a fair wage but also a better work-life balance, as many white-collar workers in the industry take for granted. A victory for the company would signal that workers value the work culture, employer-employee relationship and already enjoy what unionization might promise to offer.

About the Authors

Center for Automotive Research

The Center for Automotive Research (CAR) is an independent, non-profit organization conducting industry-driven research and analysis. Focusing on critical areas like Energy & Sustainability, Technology, and Labor, Economics, and Policy, CAR has been a trusted resource for the automotive industry for over twenty years. www.cargroup.org

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Mike Ilitch School of Business, Wayne State University

The Wayne State University Mike Ilitch School of Business prepares students for challenging and rewarding careers, advances the boundaries of scholarly and practitioner knowledge, and enhances the economic vitality of the city of Detroit, the state of Michigan, and beyond through its programs, research, and community engagement. Established in 1946, the business school was renamed in 2015 in recognition of a \$40 million gift from Mike and Marian Ilitch. Thanks to this lead investment, the school moved to a new state-of-the-art building in the heart of District Detroit in 2018, and academic programming and collaboration with city businesses are expanding. ilitchbusiness.wayne.edu

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