

UAW corruption scandal reaches the top

27 July 2018

Reports that Dennis Williams, who retired as United Auto Workers president last month, authorized the illegal transfer of funds from joint training centers run by the UAW in collaboration with Detroit automakers confirm the assessment of the *World Socialist Web Site* and the Socialist Equality Party that the UAW is an anti-working class organization.

In a plea deal released Monday, Nancy Johnson, the top assistant to Norwood Jewell, the former UAW vice president for Fiat Chrysler, said that a high UAW officer, identified by the *Detroit News* as Williams, directed top union negotiators to use funds from the Big Three joint training centers to pay for air travel, golf equipment and resort fees, lavish meals and parties, limousine service, designer clothes and shoes and other luxury items.

The UAW-Chrysler training center was the conduit for company payoffs to the UAW in exchange for signing labor agreements over a span of more than a decade that decimated the livelihoods and working conditions of FCA workers. The bribery scheme violated federal laws dating back to the 1930s that prohibit the setting up and funding of company unions.

In her plea deal, Johnson admits that she was authorized by a high-level UAW official to use training center money to “pay for travel solely for purported union business, as well as lavish meals and other entertainment costs of senior UAW officials and their friends, families and allies. This directive was issued in order to reduce costs to the UAW budget from such expenditures because the UAW’s budget was under pressure.” According to unnamed sources close to the investigation cited by the *Detroit News*, Nancy Johnson said Williams authorized the payments.

At the UAW Constitutional Convention in Detroit last month, where union executives approved a 30 percent pay raise for themselves, Williams told the delegates, “To be clear: those who misallocated or misused training center funds betrayed our trust. The

UAW has zero tolerance for corruption, wrongdoing at any level of this organization.”

He repeatedly claimed that the payoff scheme involved only a few “bad apples,” and “There is simply no truth to the claim that this misconduct compromised the negotiation of our collective bargaining agreement...”

In fact, the bribery scheme involved senior officials, including Johnson, General Holiefield, Virdell King, Keith Mickens and others who were directly involved in negotiating and enforcing contracts from 2007 to 2015. From a legal standpoint, every one of the contracts signed by these corrupt officials should be declared null and void.

The source of this pervasive corruption is not simply the immorality and contempt for workers of individual union officials. It is rooted in the political DNA of the United Auto Workers, which, along with the rest of the official trade unions, defends the capitalist profit system and bases itself on a nationalist program. The UAW cannot be reformed because it long ago integrated itself into the structure of corporate management and the capitalist state, sharing in the spoils from the exploitation of the workers in return for suppressing strikes and imposing cuts in jobs, wages, benefits and working conditions.

It is impossible for workers to defend their interests through this criminal organization. That is why the Socialist Equality Party urges workers to establish new, democratic rank-and-file organizations of struggle completely independent of the union apparatus. The SEP urges workers to elect factory committees to overturn the UAW-backed pro-company contracts and mobilize all autoworkers to end the multi-tier system, restore all pay and benefit cuts, establish workers’ control over line speed and health and safety, and rehire all laid-off workers by reducing the work week to 30 hours with no loss of pay.

The latest revelation in the UAW corruption saga

follows a series of indictments that have led to guilty pleas by seven individuals, mainly former UAW and Fiat Chrysler officials, for illegal payouts designed, as one auto executive said, to keep the UAW officials “fat, dumb and happy.”

Johnson’s plea deal states: “In 2014, 2015 and 2016, in Palm Springs, California, high-level UAW officials used UAW funds for extravagant meals, premium liquor, multi-month stays at condominiums, multiple rounds of golf, for little, if any union business or labor-management purposes.” The company also paid the salaries of ghost employees at the UAW-Chrysler training center, and a monthly 7 percent “administrative” fee to the UAW’s Solidarity House headquarters.

Federal prosecutors have also investigated joint training centers run by the UAW with General Motors and Ford, as well as the private foundations of officials like UAW Vice President Cindy Estrada. According to the *Detroit News* report, so many relatives work at the UAW-GM Center for Human Resources in Detroit that the institution is known as the “Center for Hidden Relatives.”

This is just the tip of the iceberg. Since their advent in the 1980s, the joint training centers and a myriad of other corporatist schemes have been conduits for billions of dollars in payoffs, sanctioned by the passage of the Labor-Management Act of 1978.

How many workers lost their homes, suffered injuries on the job or were driven to suicide as a result of the sellout deals negotiated by UAW officials in the pay of the auto companies? In a succession of pro-company contracts, the UAW imposed multi-tier wage scales, expanded the ranks of super-exploited temporary part-time workers, and imposed the hated Alternative Work Schedule, effectively abolishing the eight-hour day.

According to the most recent government filing, in 2017 the UAW had net assets of \$1,069,381,389, with total spending of \$272,055,497. More than 400 UAW officials make in excess of \$100,000 a year, including family members of top officers. Newly installed UAW President Gary Jones will make \$200,000, not including whatever money he gets for sitting on various corporate boards, trusts, etc.

In 2015, Fiat Chrysler workers rejected the UAW’s sellout contract by a 2-to-1 margin in the first rejection

of a UAW-backed contract in three decades. The UAW then spent \$475,000 to hire BerlinRosen, a Democratic Party-aligned New York City public relations firm, to mount a propaganda campaign, including accusing the *World Socialist Web Site* of “fake news” for exposing the truth. Jewell and other UAW officials used lies, threats and intimidation, including telling workers they would lose their jobs if they did not accept the deal, to ram it through in a second vote.

At the time, the WSWS warned that the terms of the deal had been dictated by management. This has now been proven true in a literal sense.

Autoworkers must begin now to organize factory committees to take up the functions long ago abandoned by the UAW, and fight for the broadest mobilization of the entire working class, in the US and internationally, against the corporate war on workers. This building up of such committees in all workplaces and neighborhoods must be combined with a new political strategy, based on an international socialist program, including the transformation of the giant auto companies and banks into public enterprises, democratically controlled and collectively owned by the working class.

Shannon Jones

To contact the WSWS and the
Socialist Equality Party visit:

<http://www.wsws.org>