The middle-class “left” and the UAW-GM contract

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The United Auto Workers-General Motors contract marks a turning point in the decades-long degeneration of the UAW. With this contract, the UAW goes into business as the proprietor of a multibillion-dollar investment fund. In return, it collaborates in the rapid replacement of older workers with a younger workforce at one-half the previous wage rate and without a pension plan, sanctions the abolition of employer-paid medical benefits for retirees, imposes across-the-board cuts in real wages, and accepts the continued destruction of jobs.

The contract represents the destruction of all of the basic gains won by previous generations of auto workers.

At the heart of the contract is the establishment of a multibillion-dollar union-controlled trust fund for retiree health benefits. The so-called “voluntary employees beneficiary association,” or VEBA, will turn the union into a profit-making enterprise and make the union bureaucracy full-fledged shareholders in the exploitation of the workers. The UAW bureaucracy will get its hands on a massive cash hoard, including shares in GM, which will ensure its income even as it administers ever deeper cuts in the benefits of retired union members.

The open transformation of the UAW into a business is not a sudden or unexpected development. The Socialist Equality Party and its predecessor, the Workers League, have been analyzing this process for decades. As early as 1992, we explained that to define the UAW and the AFL-CIO as working class organizations was “to blind the working class to the realities which they confront.”

Two facts demonstrate that the transformation of the UAW is not simply the product of the subjective characteristics of corrupt leaders or misguided policies, but rather the expression of fundamental objective processes rooted in the nature of trade union organizations and the impact of major changes in the structure of world capitalism. The first is the protracted period, now extending over decades, in which the unions have worked openly to suppress the class struggle and impose cuts in workers’ wages and benefits, along with massive layoffs.

Last month’s two-day strike was the first national strike at the largest American auto maker in 37 years, more than half the existence of the UAW—a period which saw a devastating decline in the conditions and living standards of American auto workers.

The second fact is the international scale of the degeneration and transformation of the unions. This is not an American, but rather a world phenomenon, embracing the unions in the advanced capitalist centers of North America, Europe and Asia, as well as those in so-called “less developed” countries. From the American UAW and AFL-CIO, to the British Trades Union Congress, to the German Federation of Unions, to the Australian Council of Trade Unions, to the Congress of South African Trade Unions, the unions have adopted a corporatist policy of labor-management “partnership” and worked to drive down labor costs at the expense of the jobs, wages and working conditions of their members.

The driving force behind this universal process is the globalization of capitalist production, which has eclipsed the former primacy of national markets, including the labor market, and enabled transnational corporations to scour the earth for ever-cheaper sources of labor power. This has rendered the unions, wedded by dint of their historical origins and class-collaborationist tendencies to the national market and the national state, obsolete and impotent.

Under the impact of globalization, the unions have been transformed from organizations that pressured the ruling elite and the state for concessions to workers into organizations that pressure the workers for concessions to the employers. They do so in order to strengthen the global competitive position of “their” national ruling elites and induce “their” corporations to keep jobs at home—and thereby stanch the collapse in union membership and resulting decline in the bureaucracy’s dues revenues.

The 1980s—a decade of betrayals

The decade of the 1980s—which began with the concessions imposed on auto workers as part of the Chrysler bailout, accompanied by the entry of then-UAW President Douglas Fraser onto the Chrysler board of directors, followed by the AFL-CIO’s complicity in the Reagan administration’s smashing of the 1981 PATCO air traffic controllers’ strike—was pivotal in the transformation of the unions.

The American ruling elite launched a violent offensive against the working class, reviving methods of strike-breaking, union-busting, legal frame-up and picket-line terror that had not been employed for four decades. The UAW and the AFL-CIO deliberately isolated and betrayed scores of bitter struggles by workers in every economic sector in order to force the acceptance of wage cuts, plant closures and mass layoffs.

Our movement, in a 1993 document entitled *The Globalization of Capitalist Production & the International Tasks of the Working Class*, drew up a balance sheet of the American unions, analyzing their political role and the internal processes that defined their transformation.

To quote from that document:

“In the course of the protracted degeneration of the AFL-CIO, the bureaucracy has differentiated and separated its interests, as a privileged petty-bourgeois social stratum, from those of the working class. The present-day AFL-CIO represents the working out of a long process which included the systematic purging of all those socialist and radicalized workers who played the leading role in establishing the industrial unions in the 1930s.”

The document explained that the unbroken series of betrayals carried out by the unions in the 1980s was the response of the bureaucracy to the decline in the world position of American capitalism, the growing challenge to US industry from abroad, particularly from Germany and

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Japan, and the need for American capitalism to discipline the American working class.

"To this end," it stated, "the bureaucracy's actions are aimed not at minimizing the exploitation of the working class, but rather, increasing it."

The betrayal and defeat of the bitter labor struggles of the 1980s had "the intended effect of undermining the militancy of large sections of the working class, and facilitating the establishment of corporatist labor-management structures from the national level down to the locals in every major union."

On this basis the bureaucracy sought to insulate its economic and social interests from the results of its own treacherous policies, including the narrowing of its membership and dues base.

"It established new financial relations with corporate employers and investment bankers, in the form of profit-sharing arrangements, representation on corporate boards, 'workers' buyouts' and 'employee stock ownership plans,' union-management funds and joint business ventures, and other devices...

"On these economic and political foundations—financial investments and direct subsidies from the capitalist state—rests a very privileged petty-bourgeois layer which constitutes the bureaucracy of the official unions. The invocation of definitions such as 'workers organization' in relation to this corrupt apparatus only serves to conceal its real social character and the deep-going class antagonisms between it and the working class."

This analysis has been confirmed by subsequent developments and completely vindicated by the UAW contract with General Motors. The 1993 document noted that membership in US unions had declined from a high of 35 percent of the private sector labor force in the early 1950s to a mere 11 percent. Today that figure stands at 7.4 percent—considerably lower than the unionization rate prior to the rise of the industrial unions in the United States in the 1930s. The UAW has gone from a membership of 1.5 million in 1978 to 520,000 today.

Strike statistics provide further evidence of the transformation of the unions. From 1947 to 1980 the number of annual labor stoppages involving 1,000 or more workers in the US was always over 200. Beginning in the early 1980s it fell below 50. Last year there were only 20 such strikes.

Yet despite the UAW's plummeting membership, the assets controlled by the bureaucracy have continued to increase, buoyed by a strike fund worth hundreds of millions of dollars that remains virtually untouched because the union has abandoned the strike weapon. Between 2001 and 2005—a period in which the union lost 145,000 members at the Big Three auto companies—the financial holdings of the UAW increased by $94 million. At the end of 2006, the UAW reported assets totaling $1.23 billion.

The UAW and the Democratic Party

At the heart of the UAW's betrayal of the working class is its rejection of socialism. The political expression of its defense of capitalism is its alliance with the Democratic Party and opposition to the development of an independent political movement of the working class. The Socialist Equality Party and its forerunner, the Workers League, have implacably opposed the union bureaucracy's alliance with the Democrats and defense of the two-party system, and fought for the development of a mass, independent movement of working people on the basis of a socialist and internationalist program.

In the fight for this perspective, we have insisted for a quarter century on the necessity for workers to break the grip of the trade union bureaucracy and establish new forms of organization in working class communities and in the factories, independent of the trade union apparatus.

Our party's call for workers to break with these outlived and corrupt organizations has long provoked denunciations from various "left" organizations—including those claiming to be socialist—which accuse us of turning our backs on the working class. What unites our "left" opponents is their insistence that no struggles are possible except those which are sanctioned by and flow through the official channels of the UAW and the other unions.

The response of organizations such as the Workers World Party, the International Socialist Organization, the Spartacist League and Labor Notes to the UAW-GM contract demonstrates that their allegiance to the trade union bureaucracy is an essential aspect of their opportunist political perspective and practice.

This is evident in the coverage of the GM contract on the web sites and in the pages of such publications as *Workers World*, *Socialist Worker* (International Socialist Organization), *Workers Vanguard* (Spartacist League) and *Labor Notes*.

The first thing to be noted about all of their articles is the absence of any serious analysis of the implications of the historic character of the contract betrayal in general, and the transformation of the UAW into a corporate enterprise, in particular. All of these groups act as though nothing fundamental has transpired in the American labor movement over the past three decades. They proceed from the false and reactionary premise that the UAW is an organization controlled by the auto workers and expressing their interests.

This goes hand in hand with a general silence on the politics of the UAW—as though the attacks it inflicts on auto workers have no essential connection to the UAW's political support for the Democratic Party, its virulent nationalism and defense of American imperialism and militarism, and its support for private ownership and control of the auto industry.

These groups are obliged, in the face of the blatant character of the contract betrayal, to make certain criticisms of the contract and even the UAW leadership. However, these are presented as blemishes on an otherwise healthy organization, which can be erased by rank-and-file pressure on the UAW leadership.

The transformation of the UAW into a business, profiting off of the exploitation of their own members, has posed some difficulties for these organizations. *Workers World*, for example, worries that if the union-controlled fund underperforms on the stock market or falls behind rising medical costs, the UAW would be put in the "awkward position of cutting benefits to those it is supposed to represent."

The *Workers Vanguard* echoes the same concern, saying, "Not only would this plan put the union in the position of debt collector, but it also opens the door to the union itself cutting benefits if, for example, its investments cannot keep pace with rising medical costs."

These words evince unmistakable sympathy for the business executives who run the UAW. Cutting workers' benefits will be no more "awkward" for the UAW bureaucracy than it would be for any other group of CEOs. UAW officials already have decades of experience under their belts in gutting the wages, jobs and working conditions of their members. As the proprietors of the VEBA, they and their Wall Street advisors will ruthlessly calibrate what cuts in benefits are required by the demands of the market.

With their hands on a $70 billion investment fund—if similar deals are pushed through at Ford and Chrysler—UAW President Ron Gettelfinger and other union officials stand to become millionaires. This massive fund, the *Automotive News* reported, "will yield enormous clout in investment circles, and anyone who wants a piece of this action will be clamoring for an audience with Gettelfinger."

Moreover, with a portion of the trust fund financed with GM stock, the UAW will have a direct financial incentive to help management intensify

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the exploitation of its own members in order to boost the value of its shares in the company.

None of this is of any consequence to the UAW's "left" apologists. The Workers World Party cannot hide the fact that it identifies with the bureaucracy far more than with the workers, writing: "What inhumanity, asking the union to choose between job security or the security of affordable health care!"

Promoting the UAW "solidarity" myth

The International Socialist Organization, which acknowledges that the contract is a "historic surrender to GM," draws no conclusions about the nature of the UAW. Instead, it urges workers to defy union leaders and uphold "the UAW's traditions of solidarity and collective action."

Where have these people been for the last three decades?

The only "solidarity" the UAW has embraced over the last 30 years is with the auto bosses. In the early 1980s the union made "labor-management partnership" its official policy, and since then has done everything possible to break down the most elementary forms of class consciousness.

With its flag-waving nationalism, the UAW has sought to drive a wedge between US workers and their counterparts in Asia, Latin America and Europe. With "competitive operating agreements" the union has pit workers in different factories against each other. The same has been done to divide parts and assembly workers, and older workers and younger ones.

And what about the preceding period? From its earliest days, even when the UAW still functioned as a defensive organization of the working class, it played a politically reactionary role. UAW leader Walter Reuther opposed the demand for the building of a labor party and tied the unions to the Democratic Party, precluding any challenge by the working class to the dictatorship of the corporate elite over economic and political life. During the 1940s and 1950s, Reuther purged socialist and left-wing elements in the union and consolidated the UAW as a pro-capitalist, pro-Democratic Party and pro-imperialist organization.

Because of its miserable record, the UAW has been largely discredited in the eyes of workers at the Big Three plants and beyond, who correctly see it as an extension of corporate management. The union's efforts to organize Honda, Toyota and other Japanese and European-owned plants in the US Southern states have met with one defeat after another.

Workers Vanguard, however, goes to bat for the UAW, writing as though an organizing victory at a nonunion company would be a progressive development. "Organizing the unorganized is crucial to the very survival of the UAW. A victory against the GM bosses could spark a drive to organize the large and growing number of non-union, mainly foreign-owned plants in the US," they say.

The Socialist Equality Party would advise workers, should the UAW come to their plant, to vote to keep it out. Joining the UAW would not advance workers' interests one iota. On the contrary, the UAW would function as a policeman for management, doing everything it could to break up solidarity among workers and resistance to the corporations.

Even the wage differential between union and nonunion workers—chiefly the remnant of past struggles—has all but vanished, with the UAW now accepting $14-an-hour wages for future Big Three workers, well below the average nonunion wage in "goods producing industries" of $19.62 per hour.

The final organization worthy of mention is the *Labor Notes* group. Founded in 1979 by former members of the International Socialist tendency, the leaders of Labor Notes explicitly rejected the struggle for socialist consciousness and the political independence of the working class from both big business parties. Instead, claiming rank-and-file democracy and trade union militancy were the way forward for the working class, they were instrumental in promoting the Teamsters for a Democratic Union, the New Directions caucus in the UAW, and other dissident groups seeking to reform the unions.

In its latest edition, *Labor Notes* highlights the statement of three former UAW executive board members, including New Directions caucus founder Jerry Tucker, who criticize the contract agreement. The letter concludes by "respectfully" urging the UAW leadership to "instruct the workers to remain at work while they rejoin the negotiations to correct the VEBA mistake and other unjust concessions currently in the tentative agreement."

The obsequiousness of this plea aside, the VEBA scheme and the other concessions were no "mistake," but a deliberate policy for which the UAW fought tooth and nail in order to defend the interests of the bureaucracy.

Fronting for the Democrats

Citing Tucker and others, *Labor Notes* argues that the chief task of the UAW should be working with the Democratic Party to establish a system of national health care, along the lines of a single-payer bill introduced by Michigan Congressman John Conyers. The notion that the Democratic Party—a corporate-controlled party committed to continuing wars whose price tags are approaching $1 trillion—will create a national health care system on behalf of working people is a cynical fraud. Any such health care "reform" would be tailored to the interests of big business and the insurance companies, who are bankrolling the Democrat's leading presidential contender, Hillary Clinton.

While the pro-Democratic Party politics of *Labor Notes* may be the crudest of the various middle-class "left" groups, they are only expressing openly the trajectory of the entire milieu of political opportunists. These are not organizations that are fighting to raise the political consciousness of the working class through a struggle to break workers from the domination of the Democratic Party and capitalist politics. On the contrary, these are petty-bourgeois organizations, which rest upon the labor bureaucracies in their striving to gain influence within the existing political order.

There is another reason why these organizations are so wedded to the unions and unwilling to break with them. Over the last two decades not a few of these "left" radicals have been integrated into the labor bureaucracy both on the national and local level. In many cases they enjoy lucrative salaries as organizers, local and regional officials, staff members and, in the case of former 1960s student leftist Andrew Stern, the president of the Service Employees International Union.

They do not speak as left-wing opponents of these anti-working class organizations, but as partisans of them, sharing the petty outlook and concerns of the labor bureaucracy itself. Thus, the *Labor Notes* article on the GM contract fights ends with a detectable note of concern that "questions remain if the union will have enough persuasive power to coax members into ratifying this contract."

The task of genuine socialists is to destroy, not bolster, the "persuasive power" of the UAW and to build a powerful political alternative based on an internationalist and socialist perspective. That is the task to which the Socialist Equality Party and the *World Socialist Web Site* are dedicated.

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