

The UAW and the GM share buy-back scheme

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Corporate restructuring specialist Harry Wilson, representing four hedge funds that own about 2.1 percent of General Motors' stock, has called on the company to spend \$8 billion to buy back its own shares.

The proposed stock buyback is a parasitic financial move aimed not at creating any new value, but in funneling corporate profits into the hands of stockholders by driving up share prices.

GM is currently sitting on top of a \$25.2 billion cash hoard as a result of massive wage and benefit concessions forced onto auto workers as a condition of the 2009 bankruptcy settlement imposed by the Obama administration.

Wilson served on the Obama administration's auto task force in 2009, helping devise the restructuring plan that slashed workers' jobs, wages and pensions. The *Wall Street Journal* once described Wilson as the "field general" of Obama's auto task force. He was noted for his ruthlessness in pushing for the deepest possible cuts, including cuts to autoworkers and retirees.

He worked in close collaboration with the United Auto Workers union (UAW), which the Obama administration relied on as the instrument for imposing concessions on auto workers and retirees to ensure the greatest possible exploitation of the working class and the largest possible financial return to investors.

UAW President Dennis Williams, who met February 17 with Wilson to discuss the buyback proposal, made clear that he was amenable to share buy-backs in general, and, according to Reuters, "left open the possibility that he could endorse a smaller share repurchase" than the one proposed by Wilson.

"I personally don't have a problem with Harry," Williams told Reuters last Friday. He described his meeting with Wilson as "informative and frank."

According to government filings, the UAW, through its control of a retiree medical trust fund, owns about 8.7 percent of GM shares.

The partnership between the unions and Wilson illustrates the intertwining of the official labor movement with Wall Street and the US political establishment. An examination of this relationship further exposes the role of the unions as business entities, alien and hostile to the workers they falsely claim to represent.

Wilson was recently appointed by Teamsters union President James P. Hoffa as the union's representative to the board of directors of trucking company YRC Worldwide. In 2011 Wilson was retained by the Teamsters to help round up lenders for the near bankrupt company in exchange for concessions. According to the contract, Wilson received \$250,000 a month and a bonus of \$5.5 million if Teamster members ratified concessions. He was also involved in the restructuring of bankrupt baker Hostess.

The plan being advanced by Wilson to enrich investors by siphoning off billions in GM cash through a stock buyback is particularly provocative given the upcoming contract negotiations between the United Auto Workers and the Detroit auto makers. Sentiment is strong among rank-and-file autoworkers for a reversal of past concessions, in particular the elimination of the two-tier wage and the restoration of annual wage increases and cost of living adjustments.

Coming out of the GM bankruptcy Wilson is now chairman and CEO of Maeva Group LLC, a company that specializes in "turnarounds," i.e., taking over nearly bankrupt companies and slashing employees' jobs, wages and benefits to make the firms attractive targets for mergers. Despite this—or, more correctly, because of this—Wilson maintains close connections to

the trade union apparatus.

The UAW likewise enjoys close relations with the Wall Street restructuring firm Lazard, whose vice chairman, Ron Bloom, served on Obama's Auto Task Force and was recently involved in implementing cuts to retiree pensions in Detroit. Lazard advised the UAW in setting up the retiree health care trust funds, first established in 2007. The deals saved the auto companies billions by taking retiree health care obligations off their books and putting them under the control of the UAW. From the beginning, the trust funds were massively underfunded, giving the UAW the task of imposing cuts.

All of this underscores that in the class war against the workers, the unions, the Obama administration and their masters on Wall Street stand on the same side. All are united in the drive by the financial oligarchy to extract the maximum amount of profit from the labor of the working class.



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