

Where did half a billion dollars from the UAW strike fund go?

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In recent weeks, local officials from the United Auto Workers union have told workers in the US to save up money from their meager paychecks for a possible strike when the four-year agreement for 139,000 GM, Ford and Fiat-Chrysler workers expires in mid-September. Union locals are also reportedly carrying out a drive to collect canned goods in case of a strike.

Last week, the *Wall Street Journal* ran an article entitled, “As talks near, UAW steels for a strike,” which reported that union locals in Illinois, Kansas, Texas and other states were holding “strike-preparedness” meetings, issuing buttons to members reading, “I’m saving to strike for a better contract.” The UAW will also request a strike authorization from its members in August, the *Journal* reported.

The UAW’s call for auto workers to save for a strike should be taken as proof that this anti-working class organization has no intention of carrying out a struggle, and that it is consciously working out plans to dissipate and suppress the growing anger among auto workers. It has absolutely no intention of using its multihundred-million-dollar strike fund, paid for through dues extracted from workers, to sustain a struggle.

That the UAW is even hinting of a possible walkout is evidence of its concern over the widespread sentiment among workers for a struggle to recoup lost wages and benefits now that the corporations are flush with cash, having made \$73 billion in profits since the current contract was signed four years ago.

The UAW views such sentiments with anger and fear. The pro-company organization has not called a nationwide strike against any of the Big Three auto giants since 1976. Over the last four decades, the UAW abandoned strikes while it colluded in the destruction of hundreds of thousands of jobs and the transformation of the once highest-paid industrial workers into a cheap labor force.

In 2007, the UAW called a two-day strike at selective GM factories and a six-hour strike at some Chrysler plants that was dubbed by the media as “Hollywood strikes” because they were for show only. Behind the scenes, the UAW

agreed to a “transformational” contract that institutionalized the hated two-tier wage system, froze wages for older workers and allowed the auto companies to dump their retiree health care obligations into a multibillion-dollar investment vehicle controlled by the UAW. In 2009, as part of Obama’s restructuring of GM and Chrysler, the UAW agreed to a six-year ban on strikes.

The UAW is no less committed to maintaining “competitive” labor costs in the current round of negotiations. With a major ownership stake in the auto companies and seats on their corporate board of directors, the UAW has a direct financial stake in sweating out even more profits from the workers it claims to represent. The UAW is moreover allied with the Obama administration and the Democratic Party, and a strike could trigger a far wider movement of the working class against poverty-level wages, which have been the centerpiece of Obama’s economic policy.

In relation to the current talk of a walkout, auto workers should take a warning from the betrayal of this year’s oil refinery workers’ strike by the United Steelworkers union. In the face of some of the largest and most politically connected corporations in the world, the union called out less than a quarter of the 30,000 USW-organized workers in the industry, denied them aid from the union’s \$150 million strike fund and starved strikers into approving a sellout deal.

All of this raises the question: What about the UAW strike fund? Over the last 13 years, the UAW strike fund has fallen from over \$1 billion in 2001, to \$914 million in 2005 and an estimated \$600 million in 2014. Where did this half a billion dollars go?

Last year the UAW raised dues by 25 percent, allegedly to build up the Strike Insurance Fund in preparation for an all-out battle with the car companies. But the UAW has no intention of using this fund to sustain the fighting capacity of auto workers. On the contrary, it has long been used as a slush fund to sustain a small army of international vice presidents, organizers and servicing representatives who earn salaries in excess of \$100,000 a year, in addition to the

salaries they are paid by the companies for running various labor-management bodies.

As early as 1983, the Workers League, the predecessor of the Socialist Equality Party, reported that the UAW altered its constitution to divert dues money from the strike fund into the treasuries of the UAW's Solidarity House headquarters in Detroit and its local union affiliates. As the Workers League's *Bulletin* newspaper reported at the time, the "money will be split 2-1 between the local bureaucrats and Solidarity House, to offset the impact of the loss of membership due to the slump and the refusal of the leadership to fight for jobs."

Moreover, a special clause was included that would indefinitely extend the "temporary" diversion of money from the strike fund whenever its balance is above \$550 million. "The bureaucracy is thus providing itself a direct material incentive to prevent strikes," the *Bulletin* wrote. "On top of their organic hostility, as supporters of capitalism, to any struggle by the working class, the bureaucrats will receive a cash payoff as long as they are able to keep the lid on the class struggle."

This prognosis has been confirmed in the research done by Thomas Adams, a history professor at Michigan State University and a former UAW member who retired after 30 years of work at GM's Buick City complex in Flint, Michigan. Adams is writing a book based on his 587-page PhD dissertation entitled, *UAW Incorporated: The Triumph of Capital*.

According to the UAW's 1974 constitutional convention, Adams writes, the strike fund was exclusively reserved for aiding locals on strike or locked out, donating to other unions engaged in similar struggles or meeting financial obligations or expenditures incurred as a result of authorized strikes or in cases of lockouts. However, he writes, the UAW constitution was amended in 1980, 1989, 1995 and 2002, "in order to create additional sources of revenue for the international union."

This began with the 1980 diversion of strike fund earnings, "An amount, not in excess of 50 percent of interest and dividend received by the international strike insurance fund" was made available to a newly set up "Organization, Education, and Communication (OEC) Fund" controlled by the UAW International Executive Board (IEB). The diversion of strike fund earnings was raised from 50 to 75 percent in 1989, and in 2006 the final 25 percent of the fund's investment earnings was placed at the disposal of the IEB.

Then there were direct transfers from the fund. In 1995, the UAW constitution was amended to allow the transfer of \$50 million from the strike fund to the General Administrative Fund of the international union, Adams

wrote. Again in 2002, the constitution was changed to allow a direct transfer of \$75 million from the strike fund to the newly established Emergency Operations Fund run by the IEB. In 2006, the convention approved direct payments of \$50 and \$60 million, plus accumulated interest, from the strike fund for supposed "organizing efforts" and communicating to a "targeted or national" audience about the "UAW beliefs or principles."

The diversion of investment earnings and direct transfers "enabled the union bureaucracy to continue to fund its positions regardless of the number of workers in the UAW," Adams writes.

Today the UAW International maintains the same number of highly paid functionaries (800 individuals) with only 400,000 members as it did when it had 1.4 million members. According to its 2014 Labor Department filing, the UAW had \$784 million in investments—with the vast majority held in Wall Street stock market portfolios, including the Pimco Tactical Opportunistic Offshore Fund L.P. Last year's UAW convention also approved another transfer of \$25 million from the strike fund to implement "restructuring initiatives."

Summing up the transformation of the UAW into a business, after the transfer of literally billions of dollars from the auto companies to joint funds operated by the UAW, Adams aptly writes, "The UAW and GM engaged in a two decades long experiment in industrial relations based on labor-management cooperation that transformed the union into an extension of corporate labor relations. By the turn of the 21st century the UAW was overshadowed by UAW Inc., the corporate entity that was a labor organization in name only."

The organization of a genuine fight by auto workers, including a nationwide strike aimed at mobilizing the broadest support in the working class, will require a rebellion against this multibillion-dollar business entity and the development of new forms of organization, controlled by the rank and file and guided by an internationalist and socialist strategy.



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