

What is the UAW?

Shannon Jones
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The longtime president of the old American Federation of Labor, Samuel Gompers (1850–1924), was asked in 1915 to summarize the program of his organization, to which he gave the succinct reply, “more.” The AFL was a conservative, craft union-dominated, pro-capitalist labor federation against which those socialist militants that founded the mass industrial unions in the 1930s were forced to rebel. Despite this, for many decades it was able to make certain improvements in the living standards of workers, justifying its designation as a defensive organization of the working class.

There is no trade union in the US today that could seriously claim that its program is “more.” If UAW President Dennis Williams or any other union leader were asked the same question about today’s American labor movement, if compelled to answer truthfully, they would have to reply, “less.”

Over the last four decades, the American unions have focused their energies on suppressing the resistance of the working class and helping impose one round after another of concessions—plant closures and job cuts, wage and benefit reductions, speedup and forced overtime, no-strike clauses, etc.—on their members. The UAW has been in the forefront of this process, spearheading the abandonment of any conception of class struggle and forging joint union-management structures based on the lie that the interests of workers and the corporations are identical.

It has not called a nationwide strike in nearly 40 years. Meanwhile, hundreds of thousands of auto jobs have been destroyed, the union’s own membership rolls have collapsed, and many autoworkers’ wages, in real terms, have dropped below those of their great-grandparents who worked for Henry Ford’s “five dollars a day.”

In the process, the UAW bureaucracy has found new sources of income, based on money from union-management slush funds, stock holdings of Big Three companies, and multi-billion-dollar VEBA trust funds. It has become a business in its own right, providing an ample income for an army of union parasites based on a share of the profits sweated out of the rank-and-file workers.

In the current contract negotiations, neither of the two parties represents the workers. On the contrary, the interests of both the companies and the UAW are hostile to those of the workers.

The UAW is not negotiating in behalf of autoworkers. It is negotiating in behalf of itself. It is seeking to work out with the auto bosses a new *modus operandi*—a new business model—to maintain a flow of revenue into its coffers even as its dues base continues to dwindle from a combination of job cuts and the departure of disgusted workers who decide to leave the union and stop paying dues.

The main aim of the UAW in this round of talks is to convince the companies to allow it to expand its VEBA trust to cover active as well as retired workers and non-union as well as union employees. This would give the UAW officialdom control of additional billions for investment, speculation and other means of increasing its income. In return, the UAW is offering, as a *quid pro quo*, further givebacks to bolster the auto companies’ profits at the expense of the workers.

The workers have no say in these talks, because they do not have an organization that represents their interests. Anyone who continues to

claim that the UAW is such an organization is either deluded or dishonest.

An analysis of the United Auto Workers makes this case graphically. According to US Labor Department filings, in 2014 the UAW held \$978,107,000 in total assets, including \$628,953,000 in marketable securities. In addition to \$116 million in dues income, the UAW received \$35,627,000 in interest income. In 2014, the UAW international spent \$218,937,000, including \$77,695,000 in direct salary and expense disbursements to International officers and staff, while paying out a mere \$2.8 million in strike benefits.

As the membership of the UAW has declined, so has the proportion of union funds coming from dues. According to federal filings in 2000 the UAW International received 67 percent of its income from dues. By 2014 that number had dropped to just 53 percent. After collaborating in plant closures and mass layoffs that have slashed its membership rolls, the UAW sought to offset the impact on its treasury by imposing a 25 percent dues increase in 2014.

While workers have seen their pay cut or frozen, the officials who man the UAW apparatus are doing handsomely.

- UAW President Williams pulls in a salary of \$175,160 from the union. On top of this he receives \$29,396 in salary from the UAW Retiree Medical Trust and \$120,000 for serving on the board of directors of truck maker Navistar.
- UAW vice president for General Motors Cindy Estrada takes in at least \$167,662.
- Norwood Jewell, vice president in charge of Fiat Chrysler, pockets at least \$157,024.
- Jimmy Settles, UAW vice president for Ford, pulls down at least \$163,785.

All three receive pay from the UAW Retiree Trust as well as undisclosed amounts from other sources, including joint programs funded by the auto companies.

Hundreds of international servicing reps, organizers, administrative assistants and lawyers are on the UAW payroll taking in salaries of over \$100,000 a year. This does not include national and local officials on the payroll of the various joint programs operated by the UAW and the auto companies, such as the UAW-GM Human Resources Center and the UAW-Ford National Programs Center Joint Training Fund.

This state of affairs did not emerge overnight, but is the culmination of a process in which the nationalist and anti-socialist perspective of the trade unions interacted with the worldwide crisis of capitalism and the increasing global integration of capitalist production.

The UAW emerged out of the mass industrial struggles of the 1930s in which militant workers, inspired by the ideas of socialism, played a leading role. In 1935 the founding convention of the UAW delegates voted not to endorse either of the two big business parties, the Republicans and Democrats, and fight for the building of an independent Labor Party.

But the leadership of the UAW, which came to be led by the faction headed by Walter Reuther, based itself on a pro-capitalist and nationalist perspective institutionalized in the UAW’s alliance with the big business Democratic Party. The failure of the UAW and the Congress of Industrial

Organizations (CIO) to break with the Democratic Party meant that the incipiently revolutionary movement of the working class embodied in the rise of the mass industrial unions was being politically neutered. It expressed the subordination of the CIO movement to the capitalist profit system and symbolized the fact that it would not challenge the existing economic and political set-up.

On this basis the Reuther leadership drove the militant socialist-minded workers who pioneered the successes of the 1930s out of the union during the anti-communist witch-hunts of the late 1940s and of the 1950s, and consolidated a right-wing bureaucracy based on the perspective of American nationalism.

Initially, the consequences of this reactionary policy were not apparent. In the period of the post-World War II boom, the UAW was able to win advancements for autoworkers under conditions where US industry dominated the domestic and world market. However, the increasing crisis of American capitalism, reflected in the 1971 decision of the Nixon administration to remove the gold backing from the dollar, undercut the nationalist strategy of the UAW. The rise of powerful competitors to US industry in Europe and Asia forced the abandonment of a policy of relative class compromise on the part of the US ruling class in favor of a policy of class confrontation.

Moreover, the increasingly global character of capitalist production and the rise of transnational corporations producing for the world market that could shift production quickly from one country to another, undercut the unions' ability to use strikes or the threat of strikes to pressure employers for wage increases. The unions, based on a national program and tied to the capitalist nation state and national industry, had no progressive answer to the rise of the transnationals.

Under these conditions the strategy of the unions shifted from pressuring the employers for wage increases to pressuring workers to give concessions in order to attract globally mobile capital to the United States.

After the 1976 Ford strike, the UAW never again called a national walkout and sought to suppress the localized strikes that did erupt in the late 1970s and early 1980s. In the wake of Reagan's firing of the air traffic controllers in 1981, strike activity collapsed nationwide, going from a high of 424 major strikes in 1974 to 62 in 1984, to just 11 in 2014.

A turning point came in 1979 with the decision by US Federal Reserve Board Chairman Paul Volcker to raise interest rates and shut down large sections of industry. Mass layoffs were used to undermine the militancy of autoworkers, with the UAW playing the role of finger-man in targeting factories with the most "troublesome" workforces for closure. At the same time, the UAW sought to divert workers' anger against layoffs and wage cutting by whipping up chauvinist sentiment directed against Japanese autoworkers.

The 1979 bankruptcy of Chrysler and the UAW-backed concessions agreement marked the start of a new relationship between the union and the auto corporations, based on a policy of ever-increasing labor-management collaboration. Faced with massive membership losses and a corresponding drop in its dues income, the UAW sought to shore up its revenue by establishing ever more intimate ties with corporate management. As early as 1973, the UAW had launched the Quality of Work Life (QWL) program, the first of what would later blossom into a maze of labor-management committees.

The policy adopted by the UAW was that of corporatism. In a 1984 document, *Corporatism and the Trade Unions*, the Workers League, the forerunner of the Socialist Equality Party, described the policy of the UAW as "a doctrine of the identity of interests of labor and management, which leads to the unlimited collaboration between union bureaucrats, corporate management and the capitalist state, to defend the profit system, no matter how severe the consequences for the working class."

However, in implementing this policy the UAW faced the problem that joint labor management programs were barred by provisions of the

Wagner Act, which prohibited the transfer of employer funds to labor unions. It overcame this hurdle in 1978 with the passage by Congress of "The Labor Management Cooperation Act." The measure specifically sanctioned the establishment of joint union-employer committees aimed at improving the "competitiveness" of a plant or industry—that is the elimination of work rules, the slashing of wages and the imposition of speedup.

In 1980, the UAW amended its constitution to secure additional funding for its apparatus. The changes permitted direct transfers of money from the strike fund to the Solidarity House bureaucracy and the diversion of interest earned. In subsequent years the constitution was amended repeatedly to allow new sources of revenue for the union apparatus that disassociated the funding of the UAW from the size of its membership. A large portion of the funding for the UAW was linked to the size of the strike fund, giving the UAW a direct incentive to suppress strikes so as not to diminish its nest egg, which by 2001 had grown to over \$1 billion.

Beginning in 1980 the UAW permitted the diversion of up to 50 percent of the interest and dividends received by the UAW strike fund to a fund set up by the International union. This was raised to 75 percent in 1989 and in 2006 the final 25 percent was placed at the disposal of the International. On top of this, the UAW authorized direct cash transfers from the strike fund, including \$50 million in 1995, \$75 million in 2002 and in 2006, it authorized the diversion of up to \$60 million for supposed organizing. In addition, it authorized the transfer of another \$50 million to its general operating fund. In 2010 then-UAW President Bob King sought and received authorization to transfer \$160 million over four years.

Thomas Adams, a former GM Buick City worker, notes in his dissertation, "UAW Incorporated, the Triumph of Capital" (Michigan State University, 2010), that the importance of the changes to the UAW Constitution "cannot be understated because a large portion of its financial resources was directly linked to the size of the strike fund. Maintaining the large strike fund was essential to retaining the union bureaucracy."

Despite the hemorrhaging of UAW membership, which fell from 1,357,141 in 1980 to 391,415 in 2013, the number of international staff members has remained remarkably constant. In 1980 there were about 800 international staffers, while in 2013, with less than one-third of the membership, the UAW reported about the same number. This does not include hundreds employed in various joint labor-management programs.

In a series of contracts in the 1980s, concessions became the permanent policy of the union.

Wage and benefit reductions, job cuts, discipline and speedup were enforced by means of a complex structure of joint labor-management committees.

The union contract, which supposedly protected the rights of workers against the most flagrant management abuses, lost its meaning as the UAW changed its wording at will through innumerable secret memoranda of understanding with management.

The 1984 UAW-GM contract in particular marked a turning point. It sanctioned non-profit companies that were separate entities from the UAW and GM. The UAW-GM officials who sat on the executive boards of the joint companies were top leaders of the UAW whose salaries from these entities did not have to be reported to the US Labor Department.

By 1990 the Quality of Work Life program had disappeared, replaced by the UAW-GM Center for Human Resources, with a budget in excess of \$75 million a year. By 1999, the Human Resource Center had spent over \$3 billion on joint programs. The joint activities portion of the national contract agreement was now larger than the portion of the contract subject to the grievance procedure. (Source: Adams, "UAW Incorporated: The Triumph of Capital," 2010)

Adams 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.” (Ibid., p. 224)

The 2009 contract settlement, carried out under conditions of the bankruptcy and forced restructuring of Chrysler and General Motors, slashed funding for joint programs. However, according to IRS tax filings, in 2013 the UAW-Ford National Programs Center had an income of \$33 million, the UAW-GM Center for Human Resources had nearly \$55 million in income, and the UAW-Chrysler Skill Development and training program took in \$36 million.

The UAW meanwhile had developed a new, lucrative source of income through the establishment of a retiree health care trust, or Voluntary Employee Beneficiary Association (VEBA). The process began in 2005 when the UAW took the unprecedented step of reaching an agreement with GM to cut retiree health care benefits by \$1 billion. The agreement also established a VEBA to cover retiree health care costs.

In 2007, the UAW and the auto companies agreed to create an expanded VEBA that took all retiree health care costs off the books of Ford, Chrysler and GM. The trust, controlled by the UAW, was underfunded from the beginning by \$36 billion, or nearly a third short of what the auto companies owed for retiree health care. The transfer, however, represented a gigantic payoff to the union bureaucracy, which obtained a direct incentive to cut health care benefits in order to preserve its investment vehicle.

As part of the 2009 bankruptcy and restructuring of GM and Chrysler, the UAW, working closely with the Obama administration, agreed to massive concessions, including a no-strike pledge, an expanded two-tier wage system, a draconian attendance policy, ending of income security for laid-off workers and the elimination of dental and vision coverage for retirees. The VEBA was restructured and funded with billions in corporate stock, making the UAW the largest stockholder of GM and Chrysler. In order to consummate the deal, GM had to apply for an exception to federal pension law that banned the VEBA from owning company stock. As majority stockholder, the UAW gained a vested interest in increasing the exploitation of autoworkers in order to boost the value of its shares.

Further, under terms of the 2009 settlement, local union contracts were made virtually meaningless because the implementation of the so-called “True North” evaluation system forced locals to compete against each other for jobs. Locals were evaluated on the basis of their willingness to permit outsourcing, reduce job classifications, undermine seniority and lower wages.

The 2015 negotiations take place under conditions where the UAW faces further membership losses and the exodus of tens of thousands of dues-paying members because of the enactment of Right-to-Work laws in Michigan and Indiana. Under these conditions, the union is looking to secure new sources of income.

In the present round of talks, the UAW’s proposal to expand the VEBAs to include hourly workers as well as white-collar employees has been welcomed by the auto bosses and the corporate media, which report it could save the auto companies billions of dollars. The companies no doubt see this as the first step in eliminating their health care obligations altogether by dumping autoworkers onto the Obama administration’s health care exchanges. There is little doubt that the discussion over a “super-VEBA” is being coordinated with the Obama administration, whose “health care reform” is aimed at eliminating employer-paid benefits and putting the onus of paying for medical care on the individual.

A recent article in the *Detroit News* compares the outlook and practice of UAW President Williams to that of an auto company CEO. The *News* writes: “His idea for a giant health care pool covering all employees, hourly and salaried, sounds more like [it came] from the chief of an automaker.” It goes on to say: “the negotiations could leave the union on

track to be fiscally stronger than it has been in years with mutually beneficial contracts for both its members and the companies.”

In fact, any contract signed by the UAW would be aimed at strengthening the companies and UAW, Inc. at the direct expense of autoworkers.

The UAW has been transformed into a business run by a wealthy, parasitic layer of officials who have no accountability to the membership and are not subject to democratic control. The UAW functions as a subcontractor or labor broker for the auto companies, its income increasingly tied to the auto companies, and hostile to the interests of the workers trapped within it.

This organization, which arose out of the semi-insurrectionary struggles of the American working class rapidly tied its fate, due to the anti-socialist outlook of its leadership, to the interests of American capitalism, sacrificing in the process the interests of autoworkers to the profit drive of the auto bosses.

The degeneration of this organization into a business based on the increased exploitation of the working class demonstrates the failure of any program for the working class based on a nationalist and pro-capitalist perspective.

In this period of intensifying capitalist crisis workers face the necessity of building new organizations of struggle and in the process breaking the grip of the official trade unions.

The *World Socialist Web Site* and the *WSWS Autoworker Newsletter* are fighting for the building of rank-and-file committees independent of the employers and the union apparatus as well as the two big business political parties. They must be based on the most thoroughgoing democracy, and committed to waging an uncompromising fight to defend jobs, wages and working conditions. They must coordinate the struggles of workers between plants, link up with steelworkers, teachers and other sections of workers facing similar struggles. These committees must oppose the nationalist and chauvinist poison of the UAW by fighting to unify workers in Europe, Asia, Africa and across North and South America.

The fight for rank-and-file committees must go hand in hand with a new political strategy. The working class must break with the Democratic and Republican parties and build a mass political party of its own based on the fight for world socialism.



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