

# UAW-corporate corruption scandal spreads to Ford and GM

Eric London

4 November 2017

The United Auto Workers (UAW) in the United States is the subject of an expanding scandal that has cast a light on its corrupt and incestuous relationship with the Big Three auto companies.

In late July, a federal indictment was unsealed detailing charges against top UAW officials and a corporate executive at Fiat Chrysler (FCA). On Tuesday, the *Detroit News* reported that the FBI is adding Ford and General Motors to its investigations into a network of bribes funneled through training centers jointly operated by the UAW and the auto companies.

The indictments involving FCA revealed that leading UAW executives received over \$4.5 million in payouts from company officials. The money was allegedly transmitted through the joint training center and laundered through several charities, children's centers and hospice programs. Union officials lavishly spent money officially earmarked for worker training on themselves and their relatives, purchasing furniture, jewelry, designer clothing, international vacations and other luxury items.

Those charged so far include Monica Morgan, the wife of former UAW Vice President General Holiefield, who would be indicted but for his death in 2015; former UAW negotiator Virdell King; Chrysler lead negotiator Al Iacobelli; and Chrysler financial analyst Jerome Durden. Durden and King have both pleaded guilty to corruption charges as part of a deal with prosecutors. UAW Vice President for Chrysler Norwood Jewell is also involved, though he has not been charged, as he allegedly received gifts purchased with money stolen by other officials.

According to a report in the *Detroit News*, the investigation is now expanding to other top UAW executives, including UAW Vice President for GM

Cindy Estrada, who oversaw the UAW-GM training center, and her predecessor, Joe Ashton.

Though not named as prominently as Estrada in the *Detroit News* report, UAW Vice President for Ford Jimmy Settles oversees the UAW-Ford training center and is also likely under suspicion. All these officials oversee their own charities with funds worth hundreds of thousands or millions of dollars.

The revelations that top officials at the UAW received direct handouts from company executives can come as no surprise to anyone following the operations of the UAW. For decades, the UAW and the other organizations that call themselves "trade unions" have functioned as instruments of corporate management. They are not "workers organizations," but cheap-labor contractors and an industrial police force that work to suppress any opposition from the workers they claim to represent.

In the case of the UAW, the relationship is particularly naked. While the UAW was forged in the bitter and insurrectionary battles led by socialist-minded workers in the 1930s, it came to be dominated by a pro-capitalist and nationalist bureaucracy. In the 1980s, the UAW and the AFL-CIO trade union apparatus responded to the decline of American capitalism and the social counterrevolution launched by the ruling class by integrating itself more closely with corporate management, forcing through concessions contract after concessions contract. The "training centers" involved in the corruption scandal were set up then, serving as slush funds for union executives.

In recent years, the UAW, led by executives involved in the corruption scandal, has resorted to outright fraud to force through measures demanded by the companies.

The 2015 contract in particular was rammed through in the face of a groundswell of opposition from auto

workers, including the first defeat of a national contract backed by the UAW since 1982 (at Fiat Chrysler). The contract that was pushed through at FCA and then GM and Ford built on measures in earlier contracts, including a multi-tier wage system, poverty-level wages, the expanded use of temporary labor and cuts in health care and retirement programs.

That these contracts were implemented through bribery and kickbacks makes them legally inoperative. It also lends further support to widespread allegations that the UAW stuffed ballots to pass the contract at Ford in the final vote in 2015.

The *World Socialist Web Site* played the central role in mobilizing and organizing opposition to the 2015 contracts. It warned at the time that “the biggest obstacle to unifying the working class is the United Auto Workers and the other unions.” We noted that “top union executives receive hundreds of thousands of dollars, padding the salaries and expense accounts derived from dues and cash diverted from the strike fund with compensation from their positions on corporate boards, joint labor-management operations and the UAW’s retiree health care trust.”

In response to the opposition of workers, the UAW hired public relations firm BerlinRosen to improve its image and stop workers from using social media. UAW President Dennis Williams denounced “outside groups” that “like to stir people up” for helping defeat the FCA deal.

AFL-CIO Metro Detroit lead counsel Bruce Miller called the WSWS “vultures on the left dressed in red garb who preach their love for the workers while they advocate on behalf of the enemies of working people.” No word from Miller as to whether the corruption charges change his evaluation of who advocates “on behalf of the enemies of working people...”

Given the current campaign led by the Democratic Party and US intelligence agencies to use allegations of Russian efforts to “sow divisions” in the US to justify a regime of Internet censorship, it should be recalled that it was the UAW that first began employing the term “fake news” to attack the WSWS and autoworkers for using social media to share information and coordinate opposition to the 2015 contract.

The outcome of this operation can be seen in the conditions faced by auto workers. Last month, a 21-year-old Ford Woodhaven Stamping temporary

worker named Jacoby Hennings died in an apparent suicide after being disciplined for tardiness by the company. A police report acquired by the *World Socialist Web Site* shows that Hennings died after seeking help from the UAW. Hennings’ desperation is an acute expression of a near universal phenomenon among autoworkers and the entire working class, which faces precarious and temporary work, uncertain hours, low wages, and a complete absence of rights or real grievance procedures on the shop floor.

The companies, the unions and the entire political establishment fear more than anything else that workers will break from the stranglehold of the trade unions to advance their own interests. Former federal prosecutor Peter Henning told the *Detroit News*, “If the companies are buying labor peace by corrupting union leadership, that has to be a significant concern. This sends a message that union leaders are just in it for themselves. This can rile up members and lead to an insurgency.”

An insurgency is precisely what is required. Under conditions of growing international tensions, deepening social inequality, mass deportations and police violence, there is no doubt that the coming period will involve the outbreak of large-scale social struggle involving millions of workers and young people. The UAW scandal is further proof that in the trade unions, workers confront not their representatives, but their most determined enemies.

Workers need new organizations to advance their interests against the massive corporations that control both political parties, the media, the courts, the police and the unions. New organizations—workplace and neighborhood committees—will be based on the principle of the class struggle and will seek to draw together different strata and sections of the working class to harness their strength in a common fight against the capitalist system.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**