

# The UAW corruption scandal: The case for workers' committees

Joseph Kishore  
26 January 2018

United Auto Workers (UAW) officials accepted more than \$1.5 million in payments from Fiat Chrysler (FCA) in exchange for incorporating pro-company provisions into union contracts, according to a plea deal filed in federal court on Monday.

The plea agreement from FCA chief negotiator Alphonse Iacobelli for the first time makes explicit that his payments to UAW officials, including the former UAW vice president in charge of negotiations with the company, General Holiefield, were made “to obtain benefits, concessions, and advantages for FCA in the negotiation, implementation, and administration” of contracts between 2009 and 2015.

Autoworkers should consider these contracts—not only at FCA, but also at Ford and GM—null and void. They are the product of fraud and have no legal legitimacy.

The scandal is implicating a growing number of top UAW officials and associates, including Holiefield (who died in 2015); his wife, Monica Morgan, who is expected to plead guilty; and UAW Assistant Director Virdell King, who pleaded guilty last August. Three other officials are listed in Iacobelli's plea agreement only as “UAW Official-2, UAW Official-3 and UAW Official-4.” The document also states that “other UAW officials” were involved. It is known that former UAW Vice President for FCA Norwood Jewell received gifts from money stolen from UAW-run training funds.

Among the new revelations included in Iacobelli's plea agreement is the fact that in February 2015, prior to the 2015 contract negotiations, he arranged with “UAW Official-4” to make \$50,000 payments to selected UAW officials in such a manner as to conceal them from the autoworkers.

The scandal provides indisputable proof that the UAW is a corporate syndicate, not a workers' organization. It serves to enforce labor discipline, push through concessions and isolate workers' struggles. For this, the

individuals who control the organization are lavishly compensated beyond their inflated union salaries and expense accounts, in the form of bribes, positions on corporate-UAW boards, and control of health care and retirement funds.

The period covered by the Iacobelli corruption scandal is particularly significant. In 2009, one year after the 2008 financial crash, the auto industry was restructured under the direction of the Obama administration. Obama's Auto Task Force, headed by Wall Street operatives and working closely with the UAW, organized the “managed bankruptcy” of GM and Chrysler, eliminating tens of thousands of jobs and imposing contracts that slashed health benefits, cut the pay of all new-hires in half, and vastly expanded the use of low-paid, second-tier workers.

Chrysler emerged from bankruptcy through a joint investment plan involving the Italian auto company Fiat, the UAW and the US and Canadian governments. This was followed by concessions contracts in 2011 at all of the Big Three US-based auto companies that kept labor cost growth at record lows and created conditions for further restructuring and job cuts.

In 2015, the UAW chose FCA to set the pattern for new agreements covering workers at the Big Three companies (FCA, General Motors and Ford), a decision that took industry analysts by surprise. The close and corrupt relationship between UAW executives and FCA officials no doubt played a role in this decision.

The agreement reached by the UAW, greased with bribery, encountered enormous opposition from autoworkers. FCA workers rejected the UAW's proposed contract—the first rejection of a UAW national contract since 1982. The UAW rammed through a second, slightly reworded agreement at FCA, and followed suit at GM and Ford, using a combination of lies, violations of the UAW constitution (including overturning a “no” vote by GM skilled trades workers) and ballot-stuffing. (Ford workers

allege that the union stuffed ballot boxes to get the final Ford vote up to 51 percent “yes”).

The *World Socialist Web Site Autoworker Newsletter* played a leading role in organizing opposition to the 2015 agreement. Its articles analyzing and opposing the contracts were read and shared by tens of thousands of autoworkers, particularly on Facebook. The WSWS’s call for the formation of rank-and-file committees, independent of and opposed to the UAW, won a strong response.

For this, WSWS writers were attacked by UAW officials and their hirelings as “outside agitators” who were “stirring up” opposition. A UAW public relations firm initiated a campaign denouncing workers who turned to social media to spread information and organize opposition as promoters of “fake news.” This fraudulent cover for repression has since been taken up by the ruling class, which is using the banner of “fake news” to censor the Internet, with the aim of suppressing working-class opposition.

In October 2015, Metro Detroit AFL-CIO lead counsel Bruce Miller wrote a letter attacking the WSWS as “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.” Miller went on to write that the WSWS “accuses the UAW of selling out its members with the contract settlement.”

The fact that the UAW sold out its members—literally—has now been proven. Everything the WSWS said about the contracts, and about the UAW, was correct.

The corruption scandal could—and should—spell the end of the UAW as an institution. It is already deeply hated by autoworkers. Despite the best efforts of the Democratic Party and the various pseudo-left organizations that operate on the periphery of the Democratic Party and the trade unions, the UAW has been voted down by workers in auto plants in the South. It now stands naked before the entire working class as a corrupt and criminal organization.

The UAW, however, only expresses the anti-working-class character of the nationalist and pro-capitalist trade unions as a whole. For the past four decades, the unions have focused all of their efforts on suppressing the class struggle. In the ten-year period between 2007 and 2016, the number of significant work stoppages averaged only 14 per year, the lowest number since the Bureau of Labor Statistics began collecting data in 1947. The unions have played a similar role in other countries.

There is growing working-class anger all over the world. Already this year, protests have erupted in Iran, Tunisia, Morocco, Germany, India and Greece. Last year ended with the eruption of a wildcat strike by Ford workers in Romania.

The rebellion of autoworkers in 2015 demonstrated the anger of workers in the US and the weakening grip of the UAW. These tendencies have intensified. The Trump administration, with the connivance of the Democrats and the complicity of the unions, is overseeing a further redistribution of wealth to the rich.

The WSWS calls on autoworkers and all sections of the working class to draw the necessary conclusions from the UAW scandal. We urge workers to form rank-and-file committees in every plant and workplace to demand the revocation of all contracts negotiated through fraud and bribery.

Such committees will create the conditions for workers to advance their own demands, including the restoration of all contract givebacks, the elimination of second and third tiers, the permanent hiring of all temporary workers, an immediate increase in wages for all workers, and an end to the dictatorship of management and the inhumane and degrading treatment of workers on the line. To be effective and democratic, the committees will bar union officials, just as they bar all company agents and spies, from their meetings and social media pages.

The activity of factory committees must be connected to anti-capitalist, anti-imperialist and socialist demands that address the real needs of the masses. The giant corporations, including the auto companies, must be turned into public utilities and run on the basis of social need, not private profit.

The workers’ independent committees, free from the control of the nationalist trade unions, will create the conditions for unifying workers all over the world in a common struggle.

The WSWS and the Socialist Equality Party will do everything they can to promote and assist in the establishment of independent workers’ organizations, connecting the growth of class struggle to a socialist political perspective and program.



To contact the WSWS and the  
Socialist Equality Party visit:

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