

As corruption scandal engulfs union, top execs get pay raise

UAW named “co-conspirator” in illegal funds-siphoning scheme

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As the four-day United Auto Workers Constitutional Convention draws to a close, both Detroit daily newspapers reported Wednesday that federal prosecutors have concluded that the corruption scandal engulfing the organization did not just involve individual union officials, but the UAW as a whole.

In his remarks during the convention, outgoing UAW President Dennis Williams attempted to distance the top leadership of the UAW from the illegal scheme, which involved UAW negotiators and other union officials receiving more than \$1.5 million in bribes from Fiat Chrysler to sign company-friendly labor agreements in 2009, 2011 and 2015.

However, as the *Detroit News* wrote, “Federal prosecutors labelled the United Auto Workers and Fiat Chrysler Automobiles NV as co-conspirators in a widening corruption scandal, an allegation at odds with claims the labor union and automaker were victimized by rogue employees.”

The assessment is based on the plea deal signed last month by Michael Brown, FCA’s Director for Employee Relations from 2009 to 2016, who admitted to concealing illegal company payoffs to the UAW. The prosecutors’ statement that “FCA executives conspired with one another, with FCA, with officials at the UAW, and with the UAW, to violate the Labor Management Relations Act,” was the first time, the *Detroit News* reported, that “FCA and the union have been identified separately from individuals in the case.”

As the *World Socialist Web Site* reported last month, in his plea deal Brown acknowledged that the illegal payments were “political gifts” to the UAW. Their purpose was “to grease the skids in order to obtain benefits, advantages and concessions in the negotiation,

implementation and administration of the collective bargaining agreements between FCA and the UAW.”

This explosive news was not even mentioned at the convention, which concludes today. Instead, the UAW voted to give its executives a massive wage increase. The salary for the UAW president will rise from \$153,000 to \$199,000, a \$46,000 (30 percent) increase. The pay for the UAW secretary-treasurer will rise from \$153,000 to \$185,000, a \$32,000 (21 percent) increase. UAW vice presidents will see their pay rise from \$137,000 to \$165,000, a \$28,000 (20 percent) increase. In addition, the small army of “international servicing reps,” which include many family relatives of top UAW executives, will get a \$6,000 pay raise, from \$105,000 to \$111,000.

Rank-and-file autoworkers responded with disgust and anger. “Today’s announcement comes as no surprise to any UAW member,” a Fiat Chrysler worker at the Jeep Assembly Plant in Toledo, Ohio told the *WSWS Autoworker Newsletter*. “It just reaffirms what we’ve known for years: that the International UAW has sold our futures to the highest bidder. Every contract should be voided, every lawsuit settled, and every worker should walk out on strike.”

The payments from FCA executives included hundreds of thousands of dollars in reimbursements to the UAW’s Solidarity House headquarters to cover the salaries and benefits of “members of the UAW International Staff” and their “friends, families and allies” who were hired for no-work jobs at the UAW-Chrysler National Training Center in Detroit, according to the plea deal. Brown and other FCA executives also authorized a “7% administrative fee that was added to the monthly demand by the UAW for reimbursement of

salaries and benefits.” Although the “UAW did not, in fact, incur legitimate costs or provide legitimate services to the NTC,” the plea agreement stated, these “inflated” fees were “another gift” to the UAW.

The nepotism is not limited to the UAW-Chrysler training center. According the *Detroit News* report, so many relatives work at the UAW-GM Center for Human Resources in Detroit that “some dub the facility the ‘Center for Hidden Relatives.’”

In exchange for these gifts, the UAW signed and enforced sellout deals, including the one imposed during Obama’s 2009 bankruptcy restructuring of General Motors and Chrysler, which were responsible for a historic reversal in the conditions of autoworkers and the American working class as a whole. Annual raises and cost of living increases were eliminated, long-standing shop floor protections and rights were ripped up, newly hired “second-tier” workers were paid half the wages for the same work, and the companies were given a green light to create a disposable workforce of part-time temporary employees who pay union dues but have no rights.

Autoworkers rebelled in 2015, with FCA workers rejecting the UAW-backed contract by a two-to-one margin in the first defeat of a national contract in three decades. The union only pushed through a refurbished second deal, and similar deals at GM and Ford, through a combination of threats, intimidation and narrow ratification votes amid widespread charges of outright vote-rigging.

During the convention, Williams once again made the absurd claim that the bribery scheme was limited to a few bad apples that “betrayed our trust,” and that the payoffs had no impact on the outcome of the 2015 negotiations. Williams also claimed, “Our leadership team had no knowledge of the misconduct” until prosecutors informed them. This strains all credulity since Williams served as the union’s secretary-treasurer—overseeing all expenditures and revenue—from June 2010 until he was appointed union president in June 2014. He was also no doubt briefed by his predecessor, Bob King, who, federal prosecutors say confronted UAW Vice President General Holiefield and FCA executive Alphons Iacobelli over the scheme in 2011.

The bureaucratic proceedings at the UAW’s 37th quadrennial constitutional convention displayed the

imperviousness of the UAW to the concerns of rank-and-file workers.

The vote for the pay raises took place immediately after the chairman ruled out of order an amendment that would have exempted low-paid second tier and temporary part-time workers from the 25 percent dues increase imposed at the last convention. Instead, the delegates approved the continual deduction of two-and-a-half-hours pay a month for union dues, claiming this was necessary because “labor is under attack.”

In a cynical move, a motion was passed for dues to return to two-hours per month if the strike fund rose to \$850 million or above. The union executives have full power to keep the fund below that target through its repeatedly approved deductions from the fund to pay for “administrative” needs.

Not a shred of opposition was permitted at the convention, even from the union bureaucracy’s loyal oppositionists. Delegates were given clickers and horns to drown out the comments of anyone who raised the slightest criticism from the convention floor. A motion to establish “one man, one vote” to allow members to elect the president and top leadership did not even come to the floor, and Williams’ handpicked successor, Region 5 Director Gary Jones was coronated with little or no opposition. Meantime there was ample time for parties with lush meals, liquor and cigars.

The scandal has revealed the real character of the UAW. It is a corporatist syndicate whose executives share in the exploitation of the working class and derive their income and business opportunities by suppressing the resistance of the working class to ever greater exploitation.



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