

The United Auto Workers corruption scandal and the case for rank-and-file committees

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In a sentencing memorandum filed Monday against the former vice president of employee relations at Fiat Chrysler (FCA), Alphons Iacobelli, federal prosecutors directly connect payouts to the United Auto Workers (UAW) to the effort to “obtain benefits, concessions and advantages in the negotiations and administration of collective bargaining agreements.”

The memorandum asserts that FCA funneled far more than previously reported to UAW officials to “corrupt and warp the labor-management relationship.” More than \$9 million—twice the earlier figure and six times what Iacobelli has admitted to—was channeled to union executives through the UAW-Chrysler National Training Center (NTC) between 2009 and 2017, according to the filing.

The statement that the corrupt relations directly impacted contract negotiations has the most far-reaching implications. Autoworkers should consider the contracts imposed by the UAW null and void, the product of an illegal conspiracy directed against them. This applies not only to the contracts pushed through at FCA between 2009 and 2017. The same corporatist relations prevail at all of the Big Three auto companies, and they extend back decades.

The filing Monday is the latest in a series of revelations in the expanding corruption scandal. Last week, attorneys for Iacobelli filed documents asserting that the conspiracy to influence contract negotiations preceded Iacobelli’s own involvement. “Mr. Iacobelli joined an already ongoing conspiracy,” it states. “The practices and corruption that are the focus of this case started long before Mr. Iacobelli.”

Describing the operations of the NTC, the legal document asserts that UAW officials involved in the operation “routinely had their own private charities, etc.” It continues: “They had NTC-issued credit cards. They had access to large sums of money... Some representatives of the union and the company did this for many years.”

The claims by both FCA and the UAW that the scandal involves only “a small number of bad actors” (according to FCA) and that “our leadership team had no knowledge of the misconduct” (according to then-UAW President Dennis

Williams) are being exposed as lies. Among the revelations over the past week is the fact that now-deceased Fiat Chrysler CEO Sergio Marchionne personally gifted the late UAW Vice President General Holiefield a watch valued at more than \$2,000 and then lied about it to federal investigators.

Then-UAW President Williams was himself implicated in a plea agreement released last month by Nancy Johnson, the former top assistant to UAW Vice President for FCA Norwood Jewell. Johnson asserted that Williams directed top UAW executives to use funds from training centers to pay for luxury items and personal expenses.

These corrupt arrangements are only the filthiest expressions of the overall relationship between the UAW and the auto companies. Money and luxury gifts pass so freely from the company to the union because these two organizations are on the same side. The UAW scandal provides indisputable proof of what autoworkers experience every day: the UAW is itself a pro-company enterprise, not a workers’ organization.

Autoworkers and all sections of the working class must draw the necessary conclusions from this fact. To advance their interests, workers need new organizations of struggle: rank-and-file factory and workplace committees to organize and unify resistance to the corporate and financial elite.

In 1984, the Workers League, predecessor of the Socialist Equality Party, pointed to the significance of the UAW-company joint structures and ventures introduced more than three decades ago. In *Corporatism and the Trade Unions*, the Workers League defined the doctrine of the UAW as “corporatism,” that is, “a doctrine of the identity of interests of labor and management, which leads to the unlimited collaboration between bureaucrats and the capitalist state to defend the profit system no matter how severe the consequences are for the working class.” The Workers League accurately characterized the “Joint Skill Development Training Fund,” predecessor to the NTC, as a “gigantic slush fund.”

The UAW became “UAW-GM,” “UAW-Ford” and

“UAW-Chrysler.” The intended result of these arrangements is seen in the conditions facing auto workers today, imposed by the UAW through the suppression of strikes, the acceptance of plant closures and layoffs, and endless contract give-backs to the companies.

Hundreds of thousands of jobs have been eliminated; full-time jobs have been replaced by low-wage, part-time and temporary positions; the workforce has been divided into multiple tiers; health care and pension benefits have been slashed; cost-of-living raises have been eliminated; and the eight-hour day has been effectively obliterated.

The evolution of the UAW into a corporatist syndicate and cheap-labor contractor is not an isolated process. In the US and all over the world, the trade unions, based on their pro-capitalist and nationalist program, have transformed themselves into agencies of the corporations and the government.

Beginning in the late 1970s and 1980s, the unions in the US responded to the globalization of production, the decline of American capitalism and the right-wing shift in the strategy of the American ruling class by joining with corporate management to lower the wages and increase the exploitation of American workers, in order to increase the competitiveness of US companies on the world market. The unions went from putting pressure on the companies to raise wages to putting pressure on the workers to lower wages. The executives who control these organizations were handsomely rewarded for their services.

In the court filing Monday, prosecutors assert that the money funneled from FCA was intended to “buy labor peace.” This the unions are more than willing to sell.

In his argument before the Supreme Court in the case of *Janus vs. AFSCME* earlier this year, the lawyer for the American Federation of State, County and Municipal Employees (AFSCME) said that the “agency fee”—that is, the requirement that all workers, including those not in the union, pay the equivalent of union dues—is “the tradeoff for no strikes.”

There could be no clearer declaration of the role of the unions as the industrial police force of the corporations and the government.

Those organizations, operating in and around the Democratic Party, that oppose the formation of new organizations of struggle, rank-and-file factory committees, do so from the standpoint of covering up the nature and role of the unions. Their aim is to prevent workers from drawing the necessary organizational and political conclusions from their bitter experiences with the unions.

To this end, the websites of the International Socialist Organization (ISO), the Democratic Socialists of America (DSA) and other fake-left groups have said virtually nothing

about the UAW corruption scandal, which has been unfolding for many months.

Socialist Worker, the publication of the ISO, which controls the Chicago Teachers Union, has not published a single article on the UAW scandal. Nor has *Jacobin* magazine, which is associated with the DSA. *Labor Notes*, which promotes various supposedly dissident factions of the union apparatus, has published only one article—back in February—which pathetically argues that the UAW can be transformed through a campaign for the direct election of officers and regional directors.

These organizations speak for privileged sections of the upper-middle class. They are terrified that workers are moving into struggle and striving to break free of the stranglehold of the unions. The teachers’ strikes earlier this year emerged as a rebellion against the unions, which initially opposed the strikes and then gained control of the walkouts in order to isolate them and sell them out. United Parcel Service (UPS) workers are currently facing a joint conspiracy of the Teamsters and the company to push through a contract over mass opposition, with union officials denouncing workers’ opposition to poverty-level wages as “subjective” and selfish.

The formation of new organizations is the essential prerequisite for mobilizing and uniting these and other sections of the working class. Rank-and-file factory and workplace committees are the form through which workers can advance their own demands, including the restoration of all contract givebacks, the elimination of tiers, the permanent hiring of all temporary workers, an immediate increase in wages for all workers, and genuine democracy and workers’ control in the work place.

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

The *World Socialist Web Site* and the Socialist Equality Party will do everything in our power to promote and assist in the establishment of independent workers’ organizations, connecting the growth of the class struggle to a socialist political perspective and program. We urge workers interested in establishing such committees to contact us today.



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