

# UAW corruption scandal widens as US workers press for wage increases

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New details emerged Thursday in the widening corruption scandal gripping the United Auto Workers in the US. A federal investigation has already led to guilty pleas by seven UAW leaders and Fiat Chrysler executives involved in the illegal scheme to funnel corporate cash to the UAW in exchange for pro-company labor agreements.

According to the *Detroit News*, federal prosecutors are now focusing on the misappropriation of more than a million dollars in union dues and company-paid training funds by UAW officials who used it to buy liquor, food, golf trips and condominium stays during annual UAW “training conferences” in Palm Springs, California.

“Federal court records, Labor Department filings and interviews,” the *News* reported, “shed light on the activities of UAW leaders who attended a week-long convention in Palm Springs but stayed for months. In the desert oasis, UAW leaders used either membership dues contributed by blue-collar workers or money from Fiat Chrysler, its adversary across the bargaining table, to pay for dinners, condominiums, golf fees and \$1,217 at a salon run by the Hollywood stylist from ‘Mad Max: Fury Road.’”

Much of this was revealed in the plea agreement in July signed by former UAW official Nancy Adams Johnson, the top aide to UAW Vice President Norwood Jewell. Jewell agreed to sweeping concessions in the 2015 UAW-FCA contract. Johnson admitted she took tens of thousands of dollars for lavish parties, first-class air travel to the golf resorts in California and for expensive jewelry and apparel, including \$1,100 Christian Louboutin shoes.

In a revelation that brought the corruption scandal to the very top of the UAW, Johnson told federal investigators that former UAW President Dennis Williams authorized the illegal transfer of funds from the UAW Chrysler National Training Center in Detroit to cover the costs of union travel, meals and entertainment. The directive from Williams, she said, was issued to reduce costs to the UAW “because the UAW’s budget was under pressure.”

Between 2014 and 2016, the UAW spent \$856,886 for stays at the Palm Springs hotel and another \$219,698 in

2017, according to an analysis of the union’s filings with the US Labor Department by the *Detroit News*. Contradicting the claims by Williams that no union dues were used in the conspiracy, prosecutors wrote that “high-level UAW officials used UAW funds to pay for extravagant meals, premium liquor, multi-month stays at condominiums, and multiple rounds of golf for little, if any, legitimate union business or labor-management purposes.”

During this time, the UAW hiked membership dues by 25 percent, cynically claiming that this was necessary to prepare for a potential strike against Fiat Chrysler and the other automakers. All the while, its top negotiators were accepting bribes to gut the wages and benefits of workers while vastly expanding the number of temporary part-time workers who pay union dues but have no rights. UAW members pay anywhere from \$670 to \$1,600 in annual dues.

While Williams retired earlier this year, federal investigators may now be turning their attention to his successor, Gary Jones. Referring to 2014-16, the *News* says, “The only Palm Springs-related expenses identified in the UAW’s financial reports for those years are the union’s Region 5 leadership conferences. Jones headed Region 5 before becoming UAW president in June.” After being installed as UAW president in June, the newspaper noted, Jones said “specific individuals, not institutions like the UAW” are to blame for the conspiracy.

The ongoing scandal, however, demonstrates that the entire UAW is a corrupt tool of management. Its chief role over the last four decades has been to suppress the resistance of autoworkers to the relentless attack on jobs, living standards and working conditions. During this period, autoworkers suffered a historic reversal, from the highest-paid industrial workers to increasingly low-paid and temporary workers who cannot buy the cars they build.

Conditions in the factories are reaching a boiling point. Two months ago, 7,000 workers at FCA’s transmission factories in Kokomo and Tipton, Indiana voted by 99.9 percent to strike over an estimated 200 unresolved grievances, including for health and safety issues and the

abuse of temporary workers. The life-and-death character of these issues was recently underscored by the severe injury of a worker at the Kokomo Casting Plant.

Since the strike vote, however, UAW Local 685 officials and UAW Vice President Cindy Estrada, who took over from Norwood Jewell, have ignored the mandate from the rank and file while keeping workers in the dark as they negotiate yet another sellout deal.

At union meetings on Tuesday, workers denounced the stalling by the UAW and demanded the setting of a strike date. In response, UAW Local 685 President Rick Ward said that workers could not strike without the authorization of the UAW International—the same bureaucrats who have been taking illegal payments from FCA.

“The UAW is having their little getaway to Palm Springs while we are getting sold out,” a Kokomo worker told the *WSWS Autoworker Newsletter*. “Some of my fellow workers say we need a ‘complete house-cleaning from top to bottom’ and that all of these people need to be replaced. My opinion is that it is far too late for that. This organization cannot be reformed.

“If we want what the original premise of the unions was, then we are going to have to find some way of organizing outside of the UAW,” the worker said. “We do not have common interests with the UAW. The local officials don’t want to buck the International because they would lose their positions. It’s a fool’s errand trying to reform this organization. If the unions were what they were supposed to be they would be mobilizing the whole working class now—but they aren’t.”

A GM contract worker in Detroit told the *WSWS*, “UAW members have been bleeding money for years. They don’t lift a finger to help us. There are nonunion companies that pay the same benefits we get.

“There is an incentive for the UAW not to call a strike. They keep the strike fund up to pay for their golf outings and wining and dining. I don’t see how they gave themselves a 30 percent pay raise with everything that is going on.”

The global financial crash of 2008 was followed by the restructuring of the auto industry by the Obama administration and the halving of wages of new hires at Chrysler and GM. This was used as a precedent for a full-scale assault on the wages and conditions of workers and the endless austerity measures that fueled the stock market bubble and a historic transfer of wealth to the corporate and financial elite. All of this depended on the artificial suppression of the class struggle by the unions, which reduced the number of strikes to historic levels during the last decade.

This year, however, has seen a resurgence of the class struggle in the United States and internationally. The number

of major strikes in the US has more than doubled since last year, involving more than half a million workers—or more than the total in the last six years combined. The same is true in the United Kingdom, where private-sector strike levels are the highest in more than two decades, after falling to the lowest level since 1893 last year.

A recent report by an analyst for the bank and brokerage firm Charles Schwab warned that “wage pressures should intensify” over the coming period because tight labor markets had lifted, at least temporarily, the danger of mass unemployment from the shoulders of workers. Any rise in wages, it added, “could also have implications for the stock market.”

In the US, more than 5,000 hotel workers are on strike in Chicago, while another 9,000 hotel workers in Boston, San Francisco, Seattle, Detroit, Honolulu and other cities have voted overwhelmingly to join them. More than 30,000 steelworkers at ArcelorMittal and US Steel have voted unanimously to strike, and there have been overwhelming strike authorization votes by 230,000 UPS workers, 33,000 teachers and support staff in Los Angeles and 4,000 nurses at the University of Michigan.

In every case, the unions are performing the same role, seeking to prevent strikes or, where struggles erupt, isolate them and impose defeats.

The development of opposition among autoworkers and all sections of the working class to the onslaught of the corporate and financial elite requires the formation of rank-and-file factory, workplace and neighborhood committees, independent of the corporate controlled unions. In opposition to the dictatorship in the factories exercised by management and the unions, rank-and-file factory committees should fight for workers’ control of production, including line speed and health and safety.

This mass industrial action of the working class must be combined with a political struggle for workers’ power, the expropriation of the fortunes of the corporate and financial elite, and the socialist reorganization of economic life.



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