

The UAW's \$760 million strike fund: A bonanza for Solidarity House executives but only \$250 per week for striking GM workers

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On Thursday, September 19 at 7:00 p.m. Eastern Time, the WSWs Autoworker Newsletter is hosting an online meeting to discuss the strategy and perspective needed to win the strike. To participate, visit wsws.org/autocall.

The powerful strike of American autoworkers against General Motors pits 47,000 workers against one of the world's most profitable corporations. The strike is winning widespread support from workers who are looking to the strikers as the forward battalion in the global struggle against corporate domination and social inequality.

A struggle of this magnitude requires the mobilization of immense social and economic resources. Just as soldiers in an army must be adequately equipped in order to fight, workers engaged in a strike—a form of class warfare—must be adequately provisioned.

But the UAW officials, ensconced in the comfort of their corporate offices at Solidarity House, are refusing to provide GM workers with the support and resources they need to win this struggle.

First, the UAW is keeping Ford and Fiat-Chrysler workers on the job, thereby leaving GM workers isolated and minimizing the impact of the strike.

Second, Solidarity House is limiting strike pay to \$250 per week, far below the minimum required by autoworkers to cover their basic necessities during the strike. Even this does not begin until the second week of the strike, thus intensifying the financial burden borne by GM workers.

Calculated on the basis of a 40-hour week, the strike pay comes to \$6.25 per hour, which is \$3.20 below Michigan's poverty-level minimum hourly wage of \$9.45.

The financial expenditures of the UAW

The reason for the low strike pay is not because the UAW lacks the resources to pay workers more. The strike fund controlled by the UAW is \$760 million. This money comes directly from contributions made by the workers. But only a fraction of that amount is being allocated by Solidarity House to the striking workers.

The subminimum wage being doled out by Solidarity House places the striking workers in a financial situation that will become increasingly desperate with each passing day. It is no secret that GM is counting on the economic distress facing workers to force them to accept another concessionary contract.

On Monday, the *Detroit Free Press* gleefully wrote: "What does \$250 a week in strike pay really add up to these days? Not a lot. UAW strike pay

is below the national poverty line, below the Michigan minimum wage and even below what the average retiree gets in Social Security."

Noting that the low strike pay benefits the corporation, the *Free Press* added, "All those numbers give some perspective of just how tough it will be for strikers at General Motors to live on strike pay of \$250 a week."

But why is the UAW refusing to provide the workers with the support they need?

The UAW claims to be a union that defends the interests of tens of thousands of dues-paying members. In reality, it functions as a mid-sized corporation. Its primary business is providing and policing a low-cost workforce for General Motors, Ford and Fiat-Chrysler. The massive corruption scandal engulfing the organization is merely the naked expression of this fact.

The beneficiary of this corrupt business is a privileged group of approximately 450 salaried union executives, managers, office personnel and scores of flunkies without any clearly defined job description. Their sole purpose—like mob characters in a Martin Scorsese movie—is to provide "muscle" for union officials whose patronage they depend on.

The Department of Labor filings show that there are over 450 UAW executives who made more than \$100,000 in 2018. Even with the strike underway, the UAW has continued to issue paychecks to this gang of freeloaders. By the time workers receive their first strike paycheck, the UAW will have paid its own staff a total of \$1.9 million.

According to 2018 Department of Labor filings, the UAW spent more than \$72 million in salary and salary-related disbursements to UAW staff, equivalent to \$276,483 per day. This includes those currently under indictment, who are getting paid between \$2,000 and \$3,000 a week. The UAW paid \$3.7 million to its 30 officers in 2018, up from \$2.4 million in 2017—a 54 percent increase in one year.

Most of these employees occupy placeholder positions with limited or no actual function. For example, the Department of Labor filings show there are 258 servicing representatives, 134 assistants, 83 secretaries, 42 organizers, 27 bookkeepers and 25 temporary campaign associates on the UAW payroll, most of whom make over \$100,000 per year. What, for heaven's sake, do these people do?

The UAW filings identify 18 typists and 10 stenographers! It would appear that Solidarity House has not updated its job functions since the 1950s. What are the actual jobs of the individuals holding these posts, pulling down salaries just below \$100,000 annually? Are autoworkers to believe that UAW President Gary Jones and Vice President Cindy Estrada dictate their email to stenographers, who write down their pearls of wisdom and then turn their shorthand jottings over to typists? Don't Jones and Estrada know how to send a text message on their own cell phones?

According to a recent job posting for a servicing representative at UAW Local 2322 in Massachusetts, the job of servicing representative entails

“coordinating member-driven contract negotiations” and requires service representatives to “enforce contracts, resolve disputes,” “process grievances,” and “maintain regular and effective communication with workers.” As autoworkers know, however, servicing representatives do not perform any of these tasks. They make an average of \$120,000 to \$140,000.

The 42 “organizers” consist largely of bureaucrats past the age of 45 who make between \$130,000 and \$140,000. They do not actually organize anyone or anything. From 2017 to 2018, the UAW reported to the Department of Labor that it lost nearly 10 percent of its membership, dropping from 430,871 members in 2017 to 395,703 in 2018.

The rate of union executive-to-worker pay is grotesque. In comparison with autoworkers, a UAW service representative making \$150,000 per year takes in over twice as much as a better-paid skilled tradesman making \$75,000. The executive would make triple what a more senior autoworker making \$50,000 per year makes and five times a temporary-part-time worker making \$30,000 (if they work year-round).

Beyond salaries and fixed assets, the UAW spent an additional \$25 million on other “representational activities.” Included in “representational activities” in 2018 were \$359,815 in catering expenses, \$1,337,357 on airplane tickets, and \$5,395,442 in hotels and resorts.

In addition, in 2018 the UAW spent \$30.8 million in benefits, \$23.9 million in “general overhead,” \$13.8 million in “union administration,” \$10.4 million in “political activities and lobbying” and \$4.7 million in improvements to UAW property like the Black Lake facility.

This money comes from the workers themselves. The average autoworker pays roughly \$1,200 a year in union dues, meaning a worker with 5 years has paid \$6,000 in dues (equal to 24 weeks of strike pay), and a worker with 25 years would have paid \$30,000 in dues (the equivalent of more than two years of strike pay).

The UAW reported that the average monthly dues of a UAW member is \$51.65. That means that by the end of 2019, Big Three workers will have paid over \$100 million in dues since the beginning of 2015, while all UAW members will have contributed roughly \$250 million during that period.

The UAW uses its “strike fund” to finance the apparatus

A significant portion of worker dues goes to maintaining the UAW’s “strike fund.” In 2001, the UAW strike fund was at \$1 billion. Today, the fund contains \$760 million.

Ostensibly, this fund is for financing strikes, but in fact it is used to finance the apparatus. The UAW has a massive strike fund but almost no strikes, and it intends to keep it this way. So why, without having called a substantial strike in over forty years, has the strike fund fallen \$240 million over the last 18 years? The extent of the depletion is even worse when one calculates what the strike fund would be if its assets had been properly invested.

The fact is that Solidarity House has been using the strike fund as its executives’ own multimillion-dollar piggy bank.

In 1980, the UAW first amended its constitution to facilitate direct cash transfers from the strike fund to UAW salary payments and other expenses. At that time, 50 percent of all interest and dividends from UAW investments in the strike fund were directed to a fund set up by the union executives for salary and other non-strike expenses. In 1989, this was raised to 75 percent, and in 2006 the UAW moved to siphon off 100 percent of interest and revenue from strike fund investments.

Through the 1990s and 2000s, the UAW transferred large amounts of money out of the strike fund, including \$50 million in 1995, \$75 million

in 2002, \$60 million in 2006 and \$160 million from 2010-13. Last year, the UAW agreed to transfer another \$25 million from the strike fund. As a result, the UAW now spends significant amounts of money derived from the strike fund on non-strike-related activity.

In 2018, the UAW only spent \$208,970 in strike benefit payouts. In comparison, the UAW spent \$748,239 purchasing furniture—more than triple the amount they spent on paying workers’ strike pay.

The need for rank-and-file committees

The UAW has a vested interest in shutting down the strike, not only to protect their slush fund and their salaries, but to protect the exploitative business model of the UAW.

Hundreds of UAW officers are fearful that strike pay will drain the UAW’s assets and cut off the endless flow of workers’ dues money into their own pockets. The UAW officers hope to use the organizational apparatus and its resources to isolate workers and force through a concession contract to end the strike, thereby maintaining their position as policemen of the workforce.

In functioning as a strikebreaker, the UAW is giving expression to the nature of the unions as a whole. Last year, during oral arguments in the Supreme Court case of *Janus v. AFSCME*, union lawyer David Frederick made the explicit point that the role of the unions is to prevent strikes. The so-called “agency fees” (the equivalent of mandatory dues) are “the tradeoff for no strikes.” Without “union security,” he argued, “you can raise an untold specter of labor unrest throughout the country.”

Frederick’s argument was clear: the financial stability of the trade unions is essential in preventing the growth of working-class opposition in the United States. They are an industrial police force in the service of the corporations and the state.

This is the role that the UAW is playing in the current struggle. It is not a question of reforming this organization. The UAW is staffed by and serves the interests of the affluent UAW executives.

What workers need is their own rank-and-file committees that they democratically control. Such rank-and-file committees must be premised on sharing information between workers, facilitating democratic decision-making among all workers, and ensuring that workers can take common action based on the decisions they reach.

The formation of rank-and-file committees is urgently required to prevent the defeat of the strike. The autoworkers must gain full control over the financial resources that are being misused by Solidarity House.

The outcome of the strike will not be decided by the size of strike pay alone. A comprehensive social and political strategy is required to mobilize the full strength of the working class within the United States and internationally behind the strike. But as the autoworkers fight to expand the strike, they must have at their disposal the necessary resources. Therefore:

- The strike pay must be raised immediately to \$750 per week.
- The regular bloated salaries of all UAW functionaries should be immediately suspended. All nonessential personnel should be furloughed, pending the successful conclusion of the strike. Remaining union functionaries should be paid no more than striking workers.

But more importantly—since money is not everything—workers must take control of the political direction of the strike.

In fighting General Motors, they are not just engaged in a trade union struggle against CEO Mary Barra and her board of directors. They are in a political struggle against the massed power of the Wall Street banks, who stand behind GM, willing to back up its anti-worker demands with billions in credit.

And behind the banks stands the capitalist state, from Republican Donald Trump in the White House down to Democratic Governor Gretchen Whitmer in Michigan and Democratic Mayor of Detroit Michael Duggan, and an array of other governors and mayors, all prepared to mobilize the armed power of the police and the repressive forces of the federal government against the workers.

Against the corporations and their union partners, backed by the capitalist government at all levels, rank-and-file committees will advance the interests of all autoworkers and will make a broad appeal to workers and youth in all countries and all industries: the struggle against the corporations requires a broad, united movement of the working class against social inequality.

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