

GM lawsuit: UAW engaged in criminal conspiracy with FCA to cut labor costs

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On Wednesday, General Motors filed a 95-page federal lawsuit asserting that Fiat-Chrysler (FCA) and the UAW engaged in “a systematic and near decade-long conspiracy to bribe senior officials to corrupt the collective bargaining process,” “buy labor peace,” “slash labor costs,” and thereby “gain a wage advantage over its competitors.”

GM’s lawsuit was not filed on behalf of autoworkers. GM is demanding billions of dollars for itself on the grounds that the UAW gave billions *more* in concessions to FCA than it did to GM. And having just conspired with the UAW to starve out 50,000 striking autoworkers in the US, GM makes clear its gratitude for UAW collaboration. The first paragraph of the complaint reads: “The UAW and its officials are not Defendants to this lawsuit,” while GM stresses its aim to build a “stronger future” between the UAW and the company.

But the complaint includes critical and previously unknown details from court filings and internal GM-UAW deliberations that workers must know. These details expose the UAW as a legal arm of the corporations. The complaint states:

- “From July 2009 until at least 2017, FCA Group, through a pattern of racketeering activity, acquired and maintained an interest in and/or control of the UAW, and in particular its decisions and actions regarding CBAs [collective bargaining agreements], which FCA Group and the other Defendants operated as an 18 U.S.C. §1962(b) RICO [Racketeer Influenced And Corrupt Organizations Act] enterprise (‘FCA-Control Enterprise.’)”

- “Defendants used this control to influence the UAW’s negotiation of certain CBAs and other agreements, and then to control the UAW’s day-to-day actions in implementing these agreements as more fully alleged herein.”

- The UAW “became [then-Fiat CEO Sergio]

Marchionne’s main counterparties in Fiat’s business plan even while he explored a collaboration with Chrysler” before Fiat’s 2009 takeover of the bankrupt US automaker. “The UAW was Fiat’s bridge to establish a domestic footprint given the UAW’s significance in the US automotive market.”

- The UAW and FCA made several “side letter” agreements which were not known to autoworkers over the past decade: “From this private understanding purchased through the conspiracy that FCA would not be subject to a Tier Two cap, FCA hired Tier Two workers with abandon, possessing the incredibly valuable foreknowledge that it would not be penalized by any reinstatement of the cap. By 2015, Tier Two workers made up around 42 percent of the UAW membership at FCA—double the proportion of Tier Two workers at GM.”

- Another UAW-FCA “side letter” agreement included a plan for “significantly reducing FCA’s health care costs.”

- “Through these bribes, FCA effectively exercised control of the UAW with respect to the grievance process... The benefits, concessions, and advantages illegally purchased by FCA included at least a unique level of support from UAW leaders for FCA’s World Class Manufacturing program (‘WCM’), a streamlined internal worker grievance process, manipulation of certain contractual limits on Tier Two and temporary employees, other ‘side letter’ agreements, and even a unique agreement to support FCA’s ‘long-term business plan.’”

- When FCA needed to take control of its stock holdings, the UAW agreed to sell its majority stake on the company’s orders. “Fiat apparently ‘scripted’ [former UAW Vice President General] Holiefield at a UAW Executive Board meeting to support Fiat’s goal of buying all of the UAW Trust’s stake. Iacobelli emailed that Holiefield would ‘create a dialogue pursuant to our outline’ at the meeting, which, upon information and

belief, involved having the UAW support a complete sale of its Chrysler interest to Fiat. This scripting helps demonstrate the degree of Fiat's control over the UAW and its top officials."

- When FCA attempted to carry out a merger with GM in 2015, former UAW President Dennis Williams was "FCA Group's messenger" for bringing FCA's proposal to GM. "UAW President Williams and Vice President Cindy Estrada" attended a meeting with GM's CEO and leadership on June 18, 2015, GM reports, at which the UAW "relayed and championed Marchionne's merger proposition" and were "working at Marchionne's behest as a result of the bribery scheme."

- During 2015 contract negotiations, UAW leadership was involved in a conspiracy with GM itself. "The UAW's principal negotiators represented to GM that they could 'sell it'—that is, the deal that was on the table—to the UAW's members," GM admits.

- The UAW selected FCA as its target company in 2015 as part of this conspiracy: "On September 13, 2015, the UAW unexpectedly announced that it had chosen FCA as the 'target,' a position secured through the years-long bribery scheme between FCA Group and UAW leaders."

The contracts signed by this criminal organization over the past two decades were reached in bad faith. They are illegitimate and legally inoperable. The workers who have been fleeced by UAW corruption at all three companies are owed billions and billions of dollars in lost wages and dues.

This means tens of thousands of dollars in money owed to each worker, regardless of whether they are currently employed by the Big Three or laid off, forced to take a buyout or retired.

GM's assertion that the UAW engaged in "racketeering" only with one corporation but not with the others is legally baseless, because "racketeering" by federal definition stains the "whole organization" and all of its actions. Moreover, several UAW-GM executives are among those who have been charged in the corruption scandal.

FCA responded to the filing by warning "we will not be slowed down by this act." The company has made it known it has no intention of giving up its cost-competitiveness when it signs a new agreement with the UAW covering 47,000 FCA workers.

The UAW responded to GM's complaint by writing, "We are confident that the terms of those contracts were not affected" by the bribery for which multiple UAW officials have pled guilty in federal court.

This blatantly false statement—issued by union executives who have grown "fat, dumb and happy" through years of corporate bribery—proves that the conspiracy is ongoing and will not be changed by any reshuffling of personnel at the top of this criminal organization.

The Democratic Party, "socialist" publications like *Jacobin* magazine (which has not written a single article on the UAW corruption scandal in 2019) and self-described "reformers" claim the UAW can be "cleaned up" or changed from within. This has as much likelihood of success as efforts to transform the mafia into a charitable society.

The UAW is not a "workers' organization" capable of reform, it is a labor contractor that functions as an arm of the corporation, as the GM complaint shows. It is legally indistinguishable from the corporations. They function, GM asserts, as a single legal entity.

The betrayal of the GM strike and the ramming through of a concession-ridden contract at Ford does not mean the fight is over. On the contrary. Industry publications have warned of growing opposition among FCA workers, and GM and Ford workers will quickly come into conflict with the companies and the UAW as the UAW seeks to impose the terms of its new agreements. This opposition must be mobilized against the illegitimate contracts and the union-company dictatorship in the factories.

New organizations are needed to carry forward this struggle. The WSWS *Autoworker Newsletter* calls for the formation of rank-and-file factory committees, which are independent of and in opposition to the UAW. Autoworkers should convene meetings to discuss the facts exposed in the GM lawsuit and prepare an independent, international strategy for fighting the Big Three automakers.



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