

UAW-GM Center for Human Resources, corporatist body at the center of union corruption scandal, sold for \$34 million

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According to press reports, the Center for Human Resources (CHR) that managed joint programs for the United Auto Workers and General Motors has been sold to a new owner for some \$34 million.

The CHR and other joint program centers by Ford and Fiat Chrysler were funded with hundreds of millions in corporate cash. They epitomized the corrupt relations between the auto companies and the UAW and were one of the chief means through which the union, beginning in the late 1970s, was transformed into a paid-for agent of management.

The CHR, derisively nicknamed by workers the “center for hidden relatives” in reference to the UAW bureaucracy’s practice of putting family members on the payroll, was shut down as part of the UAW-GM 2019 national agreement. The decision was a maneuver by the UAW and the company to remove what had by that time become a symbol of bribery and graft, by virtue of its central role in an expanding corruption scandal which has brought down more than a dozen top UAW officials, including former presidents Gary Jones and Dennis Williams. Contract negotiations, entailing the sacrifice of massive betrayals of autoworkers, were often held at the CHR.

Three former UAW officials who sat on the CHR board of directors, including former Vice President Joe Ashton, have been convicted on corruption charges. Ashton, who also sat on GM’s board, pleaded guilty last year to wire fraud and money laundering in a \$500,000 money laundering scheme involving kickbacks on union-branded merchandise. Another board member, Michael Grimes, pleaded guilty to conspiracy charges for taking \$1.5 million in bribes and kickbacks. Jeffrey “Paycheck” Pietrzyk, a co-director

of the center, also pleaded guilty to taking bribes and kickbacks.

UAW-Ford Vice President and Acting UAW President Rory Gamble is also reportedly under investigation for a kickback scheme involving UAW branded merchandise.

However, the gravy train once housed in this facility has not stopped, but merely changed locations. Joint programs once run under the CHR continue much as before but under different names.

The CHR, now renamed the “Icon” after its new owners M & M Iconic Venture, covers 420,000 square feet and sits on 18 acres of prime land in downtown Detroit along the Detroit River. According to reports the CHR includes a 375-seat auditorium, a fitness center, a 900-car underground parking garage, full service kitchen and dining area and an eight-floor outdoor terrace overlooking the city of Detroit and the Detroit River.

“It’s not just a building; it’s a campus,” real estate developer Dominic Mocerri told the *Detroit News*. “The setting is unmatched in the entire Midwest with an international location on the Detroit riverfront that has a walkway from Belle Isle to the TCF Center, and the setting is fit to fit the staff of whether it’s a Fortune 50 company, an educational community or a government operations. The setting is second to none.”

According to the *Detroit Free Press* the original cost to build the CHR in 2001 was \$180 million (an eyebrow-raising sum that likely also included sizable kickbacks). The funds were allocated in the GM-UAW contract, meaning in effect it was paid for by contract concessions extracted from workers.

The UAW and Fiat Chrysler have also agreed to close

their joint National Training Center in Warren, Michigan. The NTC was at the center of a massive bribery operation by Fiat Chrysler aimed at securing a series of sellout contract agreements dating back to at least 2009 that drastically eroded the conditions of autoworkers. These included cuts to retirees, wage freezes, the expansion of the two-tier wage structure slashing the pay of new hires by 50 percent, and the vast expansion of super exploited temporary part time workers, who have no contract rights and receive substandard pay and benefits.

The former director of the NTC, Alphons Iacobelli, admitted using NTC money to bribe top UAW negotiators, including former UAW vice presidents for FCA General Holiefield (who died in 2015) and Norwood Jewell. The bribery scheme included payments funneled from the NTC through phony charities controlled by Holiefield and his wife Monica Morgan, a top light in Detroit Democratic Party politics.

The closure of the joint training centers is entirely cosmetic and will in no way alter the corrupt relations between the UAW and the Detroit-based auto companies. The joint program centers were at the center of the corporatist integration of the UAW union with the auto companies. Beginning in the late 1970s, especially by 1979 when UAW President Doug Fraser joined the Chrysler board of directors, the union actively collaborated with management in closing plants and forcing through concessions in the name of global “competitiveness” for the US auto industry.

The unions had no progressive answer to the rise of globalization and transnational firms which organized production on a worldwide basis. As nationalist organizations wedded to the defense of capitalism, the unions offered to assist the corporations in lowering the wages of workers in order to undercut foreign rivals.

The financial integration of the UAW with the auto companies was such that its net assets have ballooned since the 1980s to roughly \$1 billion, even as the membership of the union plummeted from a 1979 high of some 1.5 million to around 399,000 today.

While the Roosevelt-era Wagner Act aimed at preventing the establishment of company unions barred the direct payment of corporate funds into union bank accounts, Congress overturned this in 1978 by permitting joint union-management committees to

promote “competitiveness.” The 1984 UAW-GM contract endorsed union management partnership, marking a milestone in the transformation of the union into an adjunct of management.

According to Thomas Adams, a former GM Buick City worker who has made a careful study of UAW finances, by 1999 GM had spent some \$3 billion on joint programs and the joint programs portion of the national contract agreement was larger than the amount spent on the portion of the contract subject to the grievance procedure. A significant percentage of employees at the CHR were UAW appointees.

Adams wrote, “The UAW and GM engaged in a two decades-long experiment in Industrial Relations based on labor-management cooperation that transformed the union into an extension of corporate labor relations. By the turn of the 21st Century, the UAW was overshadowed by UAW Inc., the corporate entity that was a labor organization in name only.” (Adams, *UAW Incorporated: The Triumph of Capital*, 2010)

While the 2009 contract, negotiated under conditions of the bankruptcy of GM and FCA, cut some of the funding for joint programs, the UAW had meanwhile secured a whole new source of corporate funding through management of the retiree health care trust fund bankrolled with billions in auto company stock. The GM-UAW retiree trust fund operated out of the Detroit CHR. Before his indictment, Ashton had served as the UAW representative from the retiree trust fund on the GM board of directors.

The COVID pandemic has further demonstrated the absolute identity of interests between the UAW and corporate management. The UAW has kept and ensured enormous profits for the auto companies even as illness and death spreads. The urgent task facing autoworkers is the building of genuinely independent rank-and-file organizations to defend workers’ lives and ensure a safe and healthy workplace. For more information about constructing rank-and-file safety committees, contact the Autoworker Newsletter.



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