

# US Justice Department shuts down UAW corruption investigation, praises union “reforms”

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In a deal worked out between federal prosecutors and the United Auto Workers (UAW) union, the Justice Department said it would wind up its more than five-year investigation of the UAW in exchange for a few token reforms.

To date, the investigation has led to the conviction of 15 people, including former UAW Presidents Gary Jones and Dennis Williams as well as Joe Ashton, former UAW president for General Motors, and Norwood Jewell, former UAW vice president for Fiat Chrysler. The investigation led to jail time for three Fiat Chrysler executives, other ranking UAW officers and the widow of late UAW vice president for Fiat Chrysler General Holiefield.

In a press conference Monday afternoon, US Attorney Matthew Schneider announced that the Justice Department had agreed to a civil settlement with the UAW that includes an independent monitor overseeing the union for six years. He said the government would not bring racketeering charges against the UAW as federal prosecutors had previously threatened.

In addition, the UAW agreed to hold a membership referendum on a change to the union constitution to permit the direct election of top union officers instead of officers being chosen by convention delegates. The UAW also agreed to pay back \$15 million improperly diverted from joint training centers and pay an additional \$1.5 million in back taxes and penalties.

For its part, the Justice Department said it is ending its investigation into UAW corruption and essentially handed the remaining top union officers a clean bill of health, including President Rory Gamble and others such as Vice President Cynthia Estrada, who had earlier been named as a target of the probe.

Gamble hailed the agreement. It leaves in place all current UAW international officers and executive board members and imposes no fines or other penalties on the union. As for the “independent” monitor, the individual will be chosen from among a list proposed by the UAW.

Even if a referendum on direct election of officers is voted on and ratified, the earliest date that elections could be held is 2022, leaving the leadership in place until then. Given the experience of the Teamsters and other unions, even if a direct election is held, workers will likely have to choose between candidates pre-vetted by the UAW bureaucracy.

In the joint press conference, Schneider went out of his way to praise Gamble and vouch for his character. In reference to the indictment and convictions of top union officers, Schneider echoed the claims of past UAW presidents, since convicted, that union corruption was the work of a few bad apples. He claimed that with the corrupt officials now removed that the UAW is essentially pristine and pure.

Workers have every reason to react to this settlement with contempt and derision. No penalties are being imposed on the vast majority of UAW officials who oversaw corruption. These men and women agreed to corruption-tainted contracts surrendering hundreds of millions, if not billions, of dollars in concessions to the Detroit auto companies. These officials will keep their cushy union posts, their fat salaries and expense accounts. Meanwhile, autoworkers are being forced into plants every day amid rising infection and death while the COVID-19 pandemic rages.

Further, no one has suggested that workers be made whole for the loss of jobs, wages and benefits contained in the sellout contracts negotiated by UAW officials on the take from management. In a bribery scheme dating back at least a decade, Fiat Chrysler executives admitted paying UAW officers to obtain management-friendly contract terms. These included pay freezes, the expansion of the two-tier wage system, the elimination of the eight-hour day and the wholesale employment of temporary part-time workers. These cuts in turn served as a pattern for similar concessions surrendered to Ford and GM.

According to court documents filed by General Motors, Fiat Chrysler funneled tens of millions of dollars to top

UAW officers through offshore bank accounts to obtain the union's cooperation in a bid to force a merger with General Motors. The suit alleged the UAW operated as a "FCA-controlled enterprise."

Amid rising anger over the indifference demonstrated by the UAW to the threat posed by COVID-19 and the union's brazen collusion with management to suppress opposition, Schneider was focused on trying to boost the tattered credibility of the union apparatus. Schneider praised Gamble's "cooperation and dedication" while calling the UAW a "fine institution." He went on to assert he was now "returning the union to men and women of the union," that is, the same sellout artists responsible for betrayal after betrayal.

There is nothing in Schneider's political record that demonstrates that he has the slightest concern for the democratic rights of workers or anyone else. Appointed to the legal staff of Republican President George W. Bush in 2001, he advised the administration on the formation of the Department of Homeland Security, which ran and continues to run roughshod over the US Constitution in the name of the "war on terror." Schneider later served as top legal adviser to Michigan's Republican Governor Rick Snyder during the political conspiracy to throw Detroit into bankruptcy in 2013 and gut the jobs and pensions of city workers. It was during this experience that Schneider saw the critical importance of the UAW and other unions in suppressing the resistance of the working class.

Earlier this year, the *Detroit News* reported that US attorneys were investigating the involvement of Gamble and former UAW vice president for Ford Jimmy Settles in connection with a kickback scheme involving union-branded merchandise.

When a questioner alluded to these allegations, Gamble unleashed a tirade of invective against the *Detroit News* and other news outlets that reported the paper's findings, calling them "irresponsible." And further, "I resent challenge to my integrity...Stop tearing down people's character for click bait revenue."

The requirement that the UAW hold a referendum on the direct election of officers corresponds with the attempt by the reform group Unite All Workers for Democracy (UAWD) to force direct elections. Largely the creation of the *Labor Notes* publication and the Democratic Socialists of America and other pseudo-left groups, UAWD seeks to channel workers' anger into futile attempts to reform the UAW under conditions of a growing rank-and-file revolt.

The *World Socialist Web Site Autoworker Newsletter* has insisted from the day the first indictments were announced in the federal investigation that the massive bribe-taking by union officials was the reflection of more fundamental

processes. The unions, as nationalist and pro-capitalist organizations, reacted to the rise of transnational production in the 1970s and 1980s through their ever-closer integration into the structure of corporate management and the state. In the 1980s, the UAW adopted the corporatist program of union-management collaboration aimed at strengthening the Detroit automakers in their competition with global competitors.

In return for negotiating an endless series of concessions contracts, the auto companies funneled hundreds of millions, in fact billions, of dollars into the UAW coffers through the creation of a myriad of joint union-management programs, including the various joint training centers that played a key role in the corruption investigation. This legalized bribery had transformed the UAW into little more than an arm of corporate management long before Matthew Schneider came on the scene.

The *Autoworker Newsletter* and the Socialist Equality Party have helped initiate the formation of rank-and-file safety committees at auto plants and auto parts plants as the genuine voice of workers in the factories. In contrast to the UAW, these committees are democratic organizations controlled by the workers. They start with the defense of the interests of workers, not what corporate management wants or says it can afford. In the first place these committees demand that the protection of health and safety must take precedence over corporate profits.

The building of rank-and-file safety committees, independent of the UAW, now takes on life-and-death urgency with COVID-19 cases spiraling out of control in the auto plants. These committees are raising the demand for a shutdown of the auto plants and all nonessential production and full compensation for laid off workers until the pandemic is contained. We urge workers to contact the *Autoworker Newsletter* about forming a rank-and-file safety committee at your plant.



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