

# Federal government selects former US banking regulator as UAW monitor

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The US Attorney's office selected the high profile ex-banking regulator Neil Barofsky as its choice for independent monitor for the United Auto Workers in a court filing Monday. If confirmed by the court, Barofsky will be responsible for overseeing enforcement of the six-year consent decree signed in December by the UAW and federal prosecutors.

The decree put an end to a massive federal corruption probe, which led to the convictions of 15 top UAW officials and corporate executives. UAW officials pleaded guilty to accepting millions of dollars in bribes from Fiat Chrysler (now Stellantis), stealing millions in union dues to finance lavish getaways to Palm Springs resorts and the use of third-party apparel contracts as a conduit for pocketing millions more in kickbacks.

The investigation brought down the two previous union presidents, Gary Jones and Dennis Williams. Two former UAW vice presidents, Joe Ashton and Norwood Jewell, also pleaded guilty, and a third, General Holiefield, escaped prosecution only by his death in 2015. The current president, Rory Gamble, was also reportedly under investigation before federal investigators closed down the probe last year. As documented by the *World Socialist Web Site*, the years-long corruption investigation lifted the lid on the incestuous relations between the auto companies and the UAW apparatus, which operates as little more than a wholly owned subsidiary of corporate management.

Per the terms of the agreement, Barofsky was selected out of a list of three candidates nominated by the UAW in February.

The selection of Barofsky is an indication of the seriousness with which the US government is approaching the consent decree. From 2008 to 2011, Barofsky served as Special Inspector General for the Troubled Asset Relief Program (TARP) bank bailout

carried out in response to the financial 2007-09 financial crisis. The mandate of his office was to root out and prosecute fraud, waste and abuse in the \$700 billion program, as well as to produce quarterly reports for Congress.

In contrast to the corporate toadies who normally occupy such positions, Barofsky made a name for himself as a prominent critic of the monetary policies of the Obama and Bush administrations, as well as the bank bailout program itself. Barofsky eventually resigned his position in April 2011.

As early as 2009, Barofsky criticized the former Bush administration for lying to the American public about the true cost of the TARP bailout. In a 2010 report to Congress, Barofsky warned that none of the basic problems in the economy, which had led to the recession, had been resolved, and that TARP, by underwriting losses made by banks as a result of reckless speculation, created the possibility of an even more serious financial crisis in the future.

After resigning his position, Barofsky spoke in more strident terms, authoring a book titled *Bailout: An Inside Account of How Washington Abandoned Main Street While Rescuing Wall Street*. In an interview following the book's publication, Barofsky accused Obama's Treasury Secretary Timothy Geithner of complicity in a criminal conspiracy by major banks to rig international benchmark interest rates, declaring that Geithner was one of many people who should be "in handcuffs."

However, as with TARP, Barofsky's actual enforcement powers will be limited to the most egregious illegal behavior, while leaving the basic corrupt relations between the UAW and the auto companies intact. As monitor, he will have the power to initiate disciplinary proceedings against UAW officials

for criminal behavior or for associating with “barred persons,” including those indicted in the corruption probe.

He will also oversee a referendum among the union’s membership, to be held as early as this fall, over whether to switch to direct elections for members of the UAW International Executive Board (IEB). The membership of this national leadership body has for decades been chosen by hand picked delegates to the UAW Constitutional Convention.

But Barofsky does not have the power to scrutinize negotiations between the UAW and the auto companies or annul management-friendly collective bargaining agreements secured by the companies with bribes of union officials. According to the terms of the consent decree, “the United States and the UAW agree that the UAW shall continue to negotiate and administer its collective bargaining agreements absent oversight or approval from the United States government, except as may be necessary to ensure the elimination of fraud, corruption, or illegal conduct.”

Moreover, Barofsky will have no power over the myriad forms of legal bribery, which have bound the financial interests of the unions to the auto companies for decades. This includes the joint training programs, through which millions of dollars are funneled from the companies to the unions each year, and which continue in reorganized formats under the 2019 agreement, and numerous other labor-management committees.

Neither will he oversee the billions of dollars worth of General Motors stock handed to the UAW by the Obama administration as part of its restructuring of the auto industry, in order to secure the union’s assistance in carrying out layoffs and slashing wages for new hires in half. Barofsky will also have no authority over the six-figure salaries of union officials or the union’s use of the \$790 million strike fund as a slush fund to bankroll their own salaries.

Despite these limitations the selection of Barofsky is clearly motivated by a desire on the part of the government to provide the consent decree with an air of legitimacy, thereby bolstering whatever remains of the tattered credibility of the UAW. The institutional integrity of the UAW, which plays a critical role in maintaining labor “peace” in a strategically vital industry, is a top priority of the federal government. Wildcat strikes last March against the UAW’s attempt

to keep workers on the job during the first wave of the pandemic, and which successfully shuttered the industry in North America for two months, demonstrate the degree to which the UAW is losing control over rank-and-file autoworkers. Since then, however, the UAW, as with its counterparts in schools, meatpacking plants, warehousing and other sectors, has played the key role in forcing workers to remain on the job, even as COVID-19 spreads virtually unchecked.

For the Biden administration, the role of the UAW is all the more important given the crucial importance of the auto industry in the rapidly developing confrontation against China. The auto industry is a major consumer of semiconductors sourced from that region, and has been hammered by global chip shortages leading to the idling of plants throughout the country. The Biden administration has also identified the emerging electric vehicle (EV) market, which US automakers currently lag behind in, as a strategically important area of economic competition with China.

The UAW is eager to play its part in enforcing national “unity” in the name of conflict with China. For decades it has facilitated plant closures and wage cuts in the name of American “competitiveness” and has pitted American autoworkers against their Chinese and Mexican counterparts.

Autoworkers cannot put any faith in the federal government’s intervention into the UAW. Instead, they must take the initiative and organize themselves independently of both the union and the Biden administration. The *World Socialist Web Site Autoworker Newsletter* is assisting workers to build a network of independent rank-and-file committees throughout the country. For more information, write to the *Autoworker Newsletter* at [autoworkers@wsws.org](mailto:autoworkers@wsws.org).



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