

UAW, Inc.

23 May 2009

The United Auto Workers reached an agreement with General Motors and the US Treasury yesterday to impose a new round of concessions on GM workers while sanctioning the shutdown of a third of the automaker's US plants and the wiping out of 23,000 of the company's remaining 62,000 UAW workers' jobs.

The deal is expected to reduce labor costs by \$1 billion by freezing wages, cutting holidays and break time and ending income protections for laid-off workers. It will put UAW workers at or below the wage and benefit rates of non-union workers at US plants operated by Toyota and other Japanese-owned companies.

The UAW also agreed to let GM forgo \$10 billion of the \$20 billion it owes to a union-controlled retiree healthcare trust fund, known as a VEBA. It will pay the rest in virtually worthless shares, making it all but certain that the UAW will sharply reduce benefits to hundreds of thousands of retirees and dependents.

The deal clears the way for the Obama administration to throw the century-old industrial giant into bankruptcy—just as it did Chrysler—in order to spin off undesirable factories, brands and dealerships. A “new,” much smaller GM is expected to emerge from the bankruptcy courts, which, freed of “legacy costs,” will be a lucrative source of profits for Wall Street investors.

From the beginning, the UAW has marched in lock step with the White House in the restructuring of the auto industry. In return for its collaboration, Obama is handing the UAW a 39 percent ownership stake in GM, 55 percent of Chrysler and seats on the boards of directors of both companies.

From this position, UAW executives will have a direct financial incentive to impose ever more brutal conditions in the factories in order to boost the value of their shareholdings. As the *Wall Street Journal* noted Thursday, the UAW-appointed member on Chrysler's board of directors will have “a duty to protect the

[VEBA] fund's financial interests,” not defend workers.

The transformation of the UAW into a business entity—which will derive a significant portion of its income from the extraction of surplus value from the labor of auto workers—is the culmination of decades of betrayals and degeneration in which the UAW apparatus developed material interests separate from, and hostile to, the “members” it claimed to represent.

Over the last 30 years, the UAW apparatus systematically insulated itself from the disastrous impact its corporatist policies have had on rank-and-file auto workers and actually increased its revenues and assets, even as membership of the UAW plummeted from a peak of 1.5 million in 1979 to 431,000 in 2008.

In an article entitled “Union's Rich Assets Recall the Glory Days,” the *Wall Street Journal* noted Thursday that the UAW “is sitting on \$1.2 billion in assets, making it, by that measure, the richest union in the country by far.”

Citing figures from the UAW's latest filing with the Labor Department, the *Journal* listed some of the organization's assets: “\$700 million in U.S. Treasury securities; \$321 million in other investments, mainly securities; and \$100 million in fixed assets, including a \$3 million townhouse in Washington's Dupont Circle and a \$33 million lakeside retreat and golf course” in Michigan. Altogether,” the article continued, “the union's investments generated about \$38 million in interest in 2008.”

Most of the assets—\$871 million at the end of 2007—are held in the UAW strike fund. But little has been touched because the UAW has all but abolished strikes in the auto industry. In the latest deals with GM and Chrysler, for example, the UAW agreed to a no-strike clause until 2015.

This financial profile of the UAW vindicates the analysis of the trade unions presented by the *World Socialist Web Site* and Socialist Equality Party.

In his report to the recent series of regional conferences organized by the WSWS and SEP, the party's national chairman, David North, explained that after a decade of sabotaged strikes in the 1980s, "the AFL-CIO, UAW and Teamsters were unions in name only. They had ceased to exist as organizations that were in any way associated with the defense of the working class. Rather, they served the financial and social interests of an upper middle-class stratum of right-wing functionaries, policing workers on behalf of and in collaboration with the corporations."

Today, North said, "The UAW is an organization that serves the interest of a vast administration that bases its income on a parasitic, exploitative and duplicitous relationship with the organization's membership."

Citing the Department of Labor reports, he continued, "The international headquarters of the United Auto Workers employs more than 2,000 people.... Approximately one quarter of the staff is paid over \$110,000 per year. Most of the several hundred "servicing representatives" receive salaries and additional cash subsidies that run between \$120,000 and \$140,000 per year.... A large number of UAW International staff members share blood ties, so it is not unusual to find families that are collectively receiving more than \$200,000 annually in union payments."

The UAW's massive loss of membership has had no significant impact on the financial well-being of the administration, North continued. In 2000, the International paid its staff \$89.6 million in salaries. In 2008, although the membership rolls had fallen by 40 percent, salaries had grown to \$100.9 million. "Looking at these figures in another way," he said, "in 2000 the UAW's central bureaucracy received \$133 in income per union member. Just eight years later, the central bureaucracy received \$233 in income per union member."

From the 1979 Chrysler bailout onwards, North's report to the conference explained, the chief function of the UAW and other trade unions was to suppress the class struggle and facilitate the exploitation of the working class. There has been a direct correlation between the collapse of mass strike activity during this period—which had long characterized American society—and the explosive growth of social inequality and concentration of wealth at the highest echelons of the American population.

The artificial suppression of social and economic tensions, however, did not mean their disappearance. On the contrary, North said, "The degree to which these contradictions have been suppressed determines the force and intensity of the crisis that follows. It is, therefore, to be expected that the present crisis will give rise to explosive social upheavals."

These struggles will erupt in direct opposition to the UAW and other trade unions and will necessitate the formation of new organizations, controlled by the working class and based on a thorough-going rejection of the pro-capitalist and nationalist outlook of the labor apparatus. Above all, this means the building of the Socialist Equality Party as the new, revolutionary leadership of the working class.

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