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U.A.W. Officials' Betrayal of Members 2007

Abstract

This article is part of the collection of writings of Mike (Marshall) Westfall, retired autoworker from General Motors in Flint, Michigan (1964-1994) and activist critic of the auto industry restructuring that led to devastating job losses. It originally appeared online in *The Westfall Papers*.
[<http://michaelwestfall.tripod.com/id107.html>, accessed 12/14/2011]

UAW OFFICIALS BETRAYAL OF MEMBERS 2007

By Michael Westfall

6-27-2007

In America the rich are getting richer, the poor are getting poorer and our middle class, which has always been the engine of our nation and the envy of the free world, are being methodically eliminated. Corporations, powerful unions and governmental forces are betraying and sacrificing middle class workers on the alter of corporate restructuring. They are viewing middle class retiree's as disposable legacy costs. While these issues are far from being limited to the auto industry, this paper discusses America's domestic auto industry relative to our retirees, our middle class workers and our manufacturing communities. All three are tightly linked together.

America has seen the tremendous benefits that can occur for corporations, communities and workers alike when workers come together as a united voice. That said, there are terribly confused top union officials today that have been traveling down the wrong road and inflicting irreparable damage to workers and retirees. Their misguided leadership is profoundly changing the definition of the union.

Negotiations are now officially getting under way to secure a new four-year auto pact replacing the one expiring in September with General Motors, Ford and Chrysler. The domestic auto giants have intensified their ruthless drive to further downsize the auto industry by shutting plants, slicing wages, cutting benefits, speeding up the assembly lines and moving production to low-wage regions. What does this mean for America?

Historically, the American auto industry has been America's foremost industry with one in seven American jobs being auto related. The United Auto Workers once had a membership north of 1,500,000. Today's group of UAW officials, led by UAW President Ron Gettelfinger, have ridden the ship down to the point where union membership is now dropping south of 500,000 and shifting in the wind like a crushed ship in a typhoon. Just a few short years ago in the 1980's places like Flint had 80,000 autoworkers, now Flint has 15,000 autoworkers. Places like Lansing had 23,000 autoworkers, now Lansing has fewer than 6,000 autoworkers.

UAW members have disappeared at such a rate that union officials have branched out their organizing to other lesser-paid employment arenas in order to keep their vast union dues flowing in. Should this pace continue, the once proud acronym *UAW* will need to be changed to *UWP, United Working Poor*, which would be a more fitting acronym for the definition of the direction that these new union officials represent.

For the last 20 years the performance of top UAW officials has been much like that of Herman Melville's crazed Captain Ahab in his elusive search to conquer Moby Dick. The hard to pin down whale sidetracked the demented and confused Ahab from his course, and then led him to his demise.

What is happening within the UAW leadership, the corporate boardrooms and the government offices to have allowed the auto industry, which was America's most prized manufacturing asset, to evaporate into the hands of foreigners? The hundreds of thousands of good paying jobs that have been allowed to "quietly" disappear were jobs that our children, community's and our nation needed going forward into this new millennium.

In the Presidential debates leading to the Whitehouse, where are the candidates on either side of the political isle who will discuss and champion the plight of America's middle class workers and the retirees who support our system and pay the bills?

Retirees and workers have given their accumulated experience, knowledge, wisdom and skills to advance these American based multi-national companies and build the American dream for us all. They have worked tirelessly to improve the quality of the products they produce and have consistently improved their efficiency. They have been a hard working and committed workforce that have been rewarded with condemnation, substandard unfair two-tiered wage configurations, sliced protective work rules and union officials who have consciously refused to keep pension buying power of older retirees in line with inflation increases. UAW retirees have recently seen UAW top officials use questionable legal means to steal the promised retirement health care benefits that were legally owned by the retirees. America's workers are being forced to compete head to head with little or no protection against exploited foreign workers who are paid disgracefully low pay and

treated with deplorable working conditions. Shouldn't America stand for more than this?

Consider the corporate tax breaks that our workers and communities have given these companies. Why weren't these weak officials minding the store and developing strategies years ago to counter these issues facing working America? Where are they now?

Autoworkers wages and benefits have always been the pattern that other American workers across the nation used to gauge and upgrade their wages and benefits. This brought up the standard of living for our entire nation. The drastic downward domino effect in automotive worker cuts will be used as examples and directly and negatively impact millions of American middle class workers from border to border.

Today's top U.A.W. officials have not been up to the task of protecting the standard of living that workers and union leaders before Mr. Gettelfinger spent seventy years achieving. The best efforts that top UAW officials have been able to muster up are to collectively harmonize their melodious voices and march in lockstep with the corporation's executive choir for deeper and more profound American worker and retiree sacrifices.

The executives have been merrily whistling all of the way to their banks with their multi-million dollar salaries and bonuses made at the expense of these needy retirees and threatened disposable workers.

Since all of the worker and retiree pain thus far has gone to union members and their families, it begs the bona fide questions, who are these union officials really representing, and to whom do the enormous benefits really go? It makes one ponder, if these top union officials run the UAW like a company union and the losers are the workers, then shouldn't it be the corporations and executives who benefit that pay the union dues rather than the workers?

The prevalent problem with America's auto industry has been corporate management, who has always put short-term profits ahead of the long term good of the company, and because of this their foreign competitors have outsmarted them.

Perceptions are important. As Japan's Toyota was stealing the automotive market from the U.S. automakers, the Japanese developed a public relations strategy to produce a certain number of Toyotas here. This was in order to offset American criticism of the American jobs that their workers were displacing...it worked. They easily put it over our blind governmental leaders, our greedy corporate executives and our sleeping labor officials. Now in America, as domestic plants have been shuttered, Toyota has built 10 new state of the art factories. An International Tribune business article written in June 2005 by Micheline Maynard of The New York Times stated that Toyota has helped create an incredible 386,000 new American jobs between their assembly plants, supplier plants, California headquarters, engineering & design departments, dealerships and advertisers.

Does Ford and General Motors really think these Toyota affiliated workers are going to buy Fords and Chevy's? They literally stole America's auto industry right out from under our very noses. It is a national disgrace and clearly shows how dangerously foolish our government leaders, corporate leaders and union officials really are.

While UAW officials may be the conductors hiding in the warm powerful front engine on this American manufacturing concession train heading for disaster, and corporate executives are in the safety of their gilded luxury passenger cars in the middle of this train clicking down the raggedy tracks, neither of these two groups are in the noisy, sparse, cold and smelly concession caboose at the end. That dangerous and dreadful car is reserved exclusively for the sacrificial middle class retirees and blue-collar workers.

<http://www.uaw.org/node/625>

Insulated union officials have gifted themselves and steadfastly protected their personal lavish salaries, pension packages and vast perks at their gold plated fiefdom at Solidarity House. When they concession away worker and retiree benefits it doesn't affect them personally. The pain is for their middle class workers and retirees that they represent and who pay the bills. See... "Salaries UAW Constitution"...

PENSIONS

Those with an agenda to dehumanize America's retirees, so they can target and eliminate them as an expenditure, use the derogatory term *legacy cost* to classify retirees. Instead of sacrificing workers and retirees, and coddling spoiled auto executives, why haven't UAW officials addressed greedy and incompetent management with their perks and plunder? The dissimilarity between the excessive and obscene executive payouts and their outrageous and extreme disregard for a living wage for working men and women could not be sharper.

A couple of recent examples are, as GM was slicing another 30,000 auto worker jobs, Rick Wagoner, GM CEO, was receiving restricted stock valued at almost \$3 million plus options valued at almost \$1.5 million. Wagoner was only one of a long line of GM executives to get million

dollar compensations. Another example was in 2006 as Chrysler announced their plans to slash 13,000 American jobs, Tom LaSorda, Chrysler CEO, accepted \$3.2 million in compensation.

UAW negotiated health care benefits were earned and promised to UAW retirees. In 2005 Mr. Gettelfinger decided that the time had arrived to declare open season on his struggling retirees and reduce their critical healthcare protections. The only legal way these top union officials could negotiate away retirees health care benefits was with fancy footwork from their creative union attorney staff and a court order. On Black October 18, 2005, these top UAW officials, in order to have the legal right to make reprehensible health care concessions "stick" for their already hard-pressed UAW retirees, requested that a federal judge approve the right for them to bargain and reduce the health care benefits for their retired members and their spouses. Anyone would be naïve indeed to believe that this deplorable move was anything but a down payment on future retiree cuts.

This attack on pensions has shocking repercussions for today's active workers who will be future retirees. They have seen first hand that their UAW officials will not protect them when they are retired. These workers will find that once retired, it is impossible to find part time employment rich enough to cover promised lost benefits. Active members deserve better then becoming America's working poor and fighting off the wolves at their door in their retirement years.

How can any retiree and their spouse, present or future, ever hope to afford to live in dignity when Mr. Gettelfinger's UAW officials unfairly betray their union promise and not only fail to negotiate basic pension increases over the years on the pensions of older retirees to keep up with rising inflation, but also go to court once you retire to obtain the legal right to concession away the little income that you do get?

These factories are not healthy places to work. In many manufacturing plants the workers life expectancy is much less then the normal life expectancy because of the exposure to smoke, fumes, carcinogens and all the other multiple workplace chemicals and hazards. Some plants have tremendous long-term health problems including cancer that come from worker exposure. These diseases many times don't surface for many years until workers retire.

Past UAW leaders negotiated hard won retirements and health care benefits to protect workers. Mr. Gettelfinger's top UAW officials have also forgotten that retirees need food to eat, gas to run their cars and heat to keep warm in the winter. Most workers want to retire someday. They don't want to be on their knees in retirement or be treated like a piece of garbage. This betrays the very premise of what these top UAW officials were elected to do.

The Gettelfinger group should be held accountable for cooperating with corporate executives and for divorcing themselves from UAW retirees.

DELPHI

Delphi was spun off from General Motors in 1999 and is GM's largest parts supplier. UAW officials should never have allowed the companies to split off the parts plants into Delphi. It was their responsibility to protect these workers. Trusting UAW Delphi members were sold a bill of goods and have been threatened, disrespected, hammered with agonizing concessions and left to swing in the wind. These parts workers were GM workers from the beginning of the automobile industry. To allow the reorganization of them so the companies could target and pilfer from them was morally wrong.

Delphi's demands of wage cuts, benefit reductions, work standards elimination, pension cut demands and other severe demands have been appalling. Delphi's threats of moving work to foreign lands where countries allow worker exploitation, as in Delphi's Shanghai plant, are a genuine threat. In Delphi's Shanghai facility they have no pensions, holiday pay or benefit costs and can get away with paying workers around \$1.50 per hour. How many Americans could support their families on \$1.50 per hour with no benefits? This is ethically repugnant. It is occurring as Delphi executives take home incredible salaries and million dollar bumper bonuses.

UAW officials should have realized by now that their worker concessions have never created one single job. They have only resulted in the transfer of jobs between competing workers and nations, who are all vying to reduce prices for the work by slashing the standard of living of the working class workers to the lowest common denominator.

American based multi-nationals have a long history of transferring production to foreign workers paid shamefully low wages and are used as unfair competitive examples against Americans who make a living wage. If American workers eliminated every benefit and 90% of their wages, they still could not compete with some of these exploited foreign workers. When our middle class jobs are all gone, who is going to support our school systems, support America's infrastructure or frequent and purchase products from the small business owners in our communities? Who will pay the taxes that run our great nation? Who will be able to afford to buy the automobiles from the companies that

discharged our workers? What we are talking about here are human rights issues, and the very survival of our economy and culture, as we know it.

On the tentative Delphi contractual settlement, any company, of course, would want fast ratification on a worker self-execution agreement. Quick ratification doesn't give workers a fair chance to really absorb the weight of the concessions. Delphi workers had better be suspicious of all the small print before they ratify and make positively sure that this agreement is not a financial suicide contractual agreement that they have agreed to that condemns their families to a lifetime of being America's working poor.

How much could each of these workers personally lose? Do the math. An \$8-\$10 per hour wage cut or buy down for a 2080-hour work year over 30 years of hard labor amounts to an incredible \$499,200 - \$624,000 loss for each worker and their family plus other additional substantial losses due to benefits tied to their wages.

This tentative agreement apparently has an early out retirement option for threatened workers. What kinds of shocking surprises do these UAW officials have lined up for pensions and retirees going forward in the larger negotiations next month?

Is there an even bigger and more painful story for these workers after the Delphi contract? The press says there is already an investment banker group waiting on the sidelines to take over Delphi after the contract settlement. See Cerberus piece in this paper. This is not the end of the pain; it is merely the beginning and perhaps the time to draw a line in the sand.

VEBA

The painful retiree health care concessions that top UAW officials pursued for retirees in 2005 were quietly designed as a much further reaching program than UAW members were initially led to believe. There is a process to totally alter the *defined benefits* program and change it to a profoundly different *defined contribution* program. This process completely overhauls and reallocates the supervision of the healthcare benefits to a new Voluntary Employee Benefits Association program (VEBA). Under such an arrangement, rather than cover all of the health care costs of workers and retiree's; union officials negotiate a cap on the company's healthcare responsibilities.

Under VEBA the corporations are able to divest of these programs. Then union officials can take administrative charge of managing these trusts containing billions of dollars of assets earmarked for employee health care benefits. These union officials putting a cap on worker and retiree health care is a horrific sleeper concession. Healthcare costs are not going down, they are rising faster than inflation. Any costs above the negotiated caps will come painfully from retirees, workers and their spouses.

Given the recent actions against retirees and their health care by union officials and with the health care monies being administered and cared for by the union, it leaves workers and retirees in a precarious and vulnerable position when the money begins to dry up should these union officials decide to cut benefits to match the insufficient benefit caps that they knowingly negotiated.

Corporations have certainly always had pipe dreams of gullible union officials who would negotiate an inadequate cap on health care and allow them to legally walk away from their full healthcare responsibilities. Never before would past UAW administrations ever consider it.

VEBA programs do not protect health care benefits. Union officials are nothing more than successful union politicians; they are not health care experts.

There are commonly known questionable examples of allowing union officials to administer and control workers' money.

A CBS *Las Vegas Now* piece discussed how Jimmy Hoffa appointed mob-connected businessman Allen Dorfman to administer the Teamsters pension fund.

See... <http://www.klas-tv.com/Global/story.asp?S=5675836>

The article explains how millions of dollars of Teamsters union members' money became mob connected and was used to expand casinos, including the Desert Inn and the Stardust. It talks of how Teamster pension money was used to fund the building of Caesars Palace, Circus Circus and several other resorts. The piece said Hoffa was up to his neck in Mafia conspiracies and that all of the Teamster loans came with unwritten strings. The article stated that when Hoffa became president of the Teamsters union in 1967, he began a relationship with Frank

Sheerhan, who was a professional Mafia killer, and that Hoffa created a Teamster local in Delaware where he put Sheerhan in charge.

Former prosecutor Charles Brandt said Las Vegas should build a sculpture of Jimmy Hoffa in view of the importance of the Teamster pension fund to Vegas.

This Teamster information is common knowledge. It clearly shows that no union has any business in administering money that belongs to workers pensions and benefits. The funds are just too important.

With this in mind, just what are the historical credentials of top UAW officials for becoming the administrator of such a huge amount of their member's health care money?

Many autoworkers would be very surprised to learn that, in the past, UAW officials have already used UAW funds to purchase several businesses and that UAW officials have had serious problems in not being the best administrators in these businesses. One such endeavor was when UAW officials bought and became sole owner of the United Broadcasting Company. In a story by Michael F. Munday, he discussed how the UAW owned Florida based UBN, which at one time had 200 radio stations. Workers at this UAW company sued the UAW claiming that the union unjustifiably fired them after manipulating a bankruptcy. See http://findarticles.com/p/articles/mi_m1571/is_29_15/ai_55426726

Another example of questionable administration abilities of UAW officials comes from an *Insight on the Newspiece* dated July 22, 2002 which states that UAW lawyers skirted the law and used shady tactics amounting to obstruction of justice. The article stated that the UAW began acquiring projects, justified as training and education funding which included a Palm Beach Resort, a failed airline, a bankrupt radio network and other businesses. The article said The UAW was under U.S. Labor Department investigation for getting as much as \$17 billion from union joint funds. See...http://findarticles.com/p/articles/mi_m1571/is_26_18/ai_90041159

Still another UAW official administration controversy comes from a December 2001 article discussing how the big three automakers have joint operating funds with the UAW for retraining laid off workers. Sponsoring a NASCAR racer can cost from between \$8-\$16 million per year per racer. This article says that there have been questionable expenditures such as sponsoring two NASCAR racers as well other debatable expenditures. In this article Billy Robinson, president of Local 2036, stated that the UAW has become a company union that doesn't represent workers.

See... Corruption and Coordination <http://www.mackinac.org/article.aspx?ID=3950>

The Oakland Press said that what is disturbing about VEBA programs are that VEBA's were used at Caterpillar and Detroit Diesel and they have gone broke. See ...http://www.theoaklandpress.com/stories/123005/loc_2005123001.shtml

One look is worth a thousand words. Take a look at the National Legal and Policy Center site ...<http://www.nlpc.org/artindx.asp>

These sites are just the tip of the iceberg as there are many others.

The auto companies are looking for a sure way to avoid paying their health care obligations even though their factories create many of the very serious healthcare problems for workers. Today's UAW officials are waiting in the wings to administer the billions of dollars in the workers' healthcare program?

It could be only a matter of short time before insufficiently negotiated VEBA funds run low of money, and the union officials who negotiated the program are unaccountable because they are retired on their separate super safe pensions.

CERBERUS

The blessings of UAW President Ron Gettelfinger on the buyout of Chrysler by corporate raider Cerberus is another major development that makes workers scratch their heads. This Wall Street Company managed to cut a deal to buy 80.1 percent of Chrysler. Regardless of Mr. Gettelfinger's satisfaction, Chrysler workers are now targeted for a wholesale assault. Mr. Gettelfinger is on Daimler Chrysler's supervisory board and has commended the Cerberus deal stating without reservation that he supports the decision because the deal is in the best

interest of members.

Cerberus is an expert in dealing with frail labor officials. Someone needs to spell out Cerberus's history to Mr. Gettelfinger. Long-term automotive people whose concern it is to grow a company do not populate the corporate ranks of Cerberus, quite the contrary. Cerberus is a private equity shark with a clearly proven and notorious 16 year demonstrated history of seeking out damaged unionized companies, like Chrysler, and then completely restructuring them by instituting painful cost cutting at worker expense. They use the workers' own top union officials to renegotiate contract terms that allow massive downsizing which leads to big scale job evaporation, terrific benefit and wage concessions, the significant changing of pensions, retiree health care benefit cuts and the turning of unions into collective beggars.

Once these vulture companies painfully slice, dice, split and strip their corporate victim and its workers, they then flip the once proud shambled reconfigured company for enormous billion dollar profits taken almost exclusively at the expense of employees, retirees and their spouses. That is how they make their money. Why should anyone believe they have changed? Do they no longer want to make the big bucks? How does this help America?

Workers are not responsible for the corporate mismanagement that produced this disaster, but they pay the cost in lost jobs, displacement, declined standards of living and broken retirements in their golden years.

Forbes financial magazine states in its June 18, 2007 edition that the Cerberus Chrysler deal is now fanning the flames for a similar private equity deal at Ford Motor Company, so Ford can restructure and go down the same path as Chrysler.

America's dwindling middle class is in a fight for survival. The people unscathed and not suffering in this war are government leaders, corporate executives and top union officials. Today's top UAW officials have failed to protect retirees and workers. They have been disarmed, unaccountable, and asleep at the wheel. They are now proving time after time that there are few lines that they won't cross.

Past visionary UAW leaders knew that a double standard between union leadership and union members would destroy the union from within. The terms whipsawing, one sided concessions and retiree betrayal were not in their vocabulary.

Walter Reuther's rally cry was " never a step backwards". It seems that Ron Gettelfingers rallying cry has been " don't curse reverse".

Union officials say that they have had to make tough choices in recent years. The truth is that they have made the easy choices. They couldn't stop saying yes to the companies when they should have been saying no. The hard choices were made years ago when the UAW's struggling and betrayed retirees hit the picket lines to fight for these critically needed protections so the workers and their families that followed them would benefit.

It is indisputable that ...when union officials lack purpose and direction as they volunteer and sacrifice members bedrock pensions, jobs, health care, benefits, wages, work rules, and worker solidarity, have decades of notice and still fail to offer concrete plans to stop the decimation of the workforce ... it is being run as a company union.

It is indisputable that ...when top union officials, become corporate cheerleaders promoting the company slogans to "expect continual worker sacrifices", become representatives and facilitators for job destroying corporate restructuring as executives receive millions of dollars in bonuses at the expense of workers, sign ongoing local "Modern Operating Agreements" that evaporate long-standing job protections, allow companies to replace existing workers with new workers at half the wages, and recruit worker "team leaders" to inflict speedups and punitive measures against their fellow workers... it is being run as a company union.

It is indisputable that ...when top union officials behave as though their primary purpose is to collect union dues, unabashedly treat their members as collective beggars and forsake struggling retirees at the bargaining table ... it is being run as a company union.

Unlike 70 years ago when great visionary union leaders with backbone, like the Reuthers, who remained close to the rank & file, defended and built America's middle class, creating a better America that energized our nation with jobs, decent wages and better working conditions, today's weak capitulating union officials are racing the clock backwards 70 years and evaporating all of the gains.

For lacking the competency to defend UAW members, for taking their own hurting retirees to court in order to negotiate away retiree health care benefits, for ignoring the needs of workers and their families, for breaking sacred solidarity and shamefully redefining the term union, the wretched record of today's UAW officials will be recorded in labor history. That will be their shameful testament and legacy.

The assault against working Americans by the very powers that should be protecting them is a betrayal and a cultural tragedy.

Michael Westfall

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