Trade Union Capitalism in the 21st Century

"Imperialism is an immense accumulation of money capital in a few countries, amounting, as we have seen, to 100,000-150,000 million francs in securities. Hence the extraordinary growth of a class, or rather, of a stratum of rentiers, i.e., people who live by 'clipping coupons,' who take no part in any enterprise whatever, whose profession is idleness."

- Lenin, *Imperialism, the Highest Stage of Capitalism*

Introduction

The consistent decline in union membership in the US over the last several decades has been accompanied by an unprecedented expansion in capital held by labor organizations. These labor organizations are distinguished in the history of the US labor movement as state unions, which the NLP characterized as, "The state-sanctioned and state-promoted merger of the preceding trends of company unionism on the one hand, and the right-wing of the business union leadership, which advanced what the Trade Union Educational League called 'trade union capitalism', on the other[i]." This phenomenon has its origin in the New Deal. However, over the last several decades of state unionist domination of the labor movement, the practices of trade union capitalism have undergone their own development. It is necessary to understand contemporary trade union capitalism in order to defend and expand existing working-class concessions, which have been converted into fixed assets for the heavily corporatized establishment labor movement.

Imperialism and the Origins of Trade Union Capitalism

Trade union capitalism was originally a series of schemes adopted by the labor aristocracy. The labor aristocracy is that class of workers who are bribed by imperialism. As Lenin explained, "It goes without saying that, out of this tidy sum [of profits from imperialism], at least five hundred millions can be spent as a sop to the labour leaders and the labour aristocracy, i.e., on all sorts of bribes. *The whole thing boils down to nothing but bribery*. It is done in a thousand different ways: by increasing cultural facilities in the largest centres, by creating educational institutions, and b*y providing co-operative, trade union and parliamentary leaders with thousands of cushy jobs*[ii]." Imperialism in turn is monopoly capitalism—capitalism that has completed the division of the world among a handful of financial monopolies who are able to leverage their privileged position above market competition to make superprofits. In short, as the era of free market capitalism concluded and the era of imperialism dawned, the imperialists found they required an extensive staff of middle class professionals to keep the working class in line. This staff is the labor aristocracy.

In the US specifically, this labor aristocracy included the leaders of the American Federation of Labor and the railroad Brotherhoods. During the so-called "Roaring 20s", these people wanted to get in on the spoils of the post-war boom. To do so, they founded a series of financial institutions and other schemes involving the assets of labor organizations. This is how William Z Foster characterized it at the time:

'The employers, victorious in smashing the key sections of the labor movement in the great post-war offensive, followed up this big advantage by systematically company-unionizing the remaining trade unions and degenerating them into adjuncts of the capitalist producing mechanism and the State. The trade union bureaucrats at the head of the AFL and the big independent unions fell in line altogether with this program. They became the most brazen rationalization and war agents of American Imperialism. Almost immediately after the loss of the great national railroad shopmen's strike in 1922 they began to mold the trade unions in the direction of company unionism. They gave up completely even the faint show of resistance they had once made against the employers... The surrender of the labor bureaucrats was complete. They became the speed-up agents of the bosses. Their aim was to oust company unionism and to substitute trade unionism for it, by turning the trade unions practically into company unions... It was the era of labor banking, of trade union capitalism... As a necessary part of this class collaboration, the labor bureaucrats delivered a bitter offensive against the left-wing in the old unions who were urging the masses to reject class collaboration and to adopt a policy of struggle. This offensive, amounting to a liquidation of democracy in the unions, was marked by wholesale expulsions, blacklists, and gangster terrorism[iii]."

Foster identified trade union capitalism then with labor banking. As will be shown, this would be entirely wrong now, as labor banking constitutes a tiny fraction of the assets of the contemporary state unions. The political conditions under which trade union capitalism initially developed are what is important. Under conditions of a victorious bourgeoisie advancing against the labor movement, and internally the surrender to this offensive by the leaders of the labor movement, two features of the American labor movement became more pronounced. The first is its distinct lack of democracy. The second is trade union capitalism, expressed at the time in labor banking[iv].

Foster described the make-up of trade union capitalism in the 20s thusly: "At present writing there are 36 labor banks, 11 investment corporations, 3 trade union life insurance companies, and various other concerns, with combined assets, at least on paper, of about $150,000,000... Undisputed leader in this capitalistic banking movement was the Brotherhood of Locomotive Engineers[v]."

This old-style of trade union capitalism is not quite so widespread anymore. The best contemporary example of old-style trade union capitalism is Amalgamated Bank, which was founded in 1923. Amalgamated Bank is owned by Amalgamated Financial Corp (AMAL) which is majority owned by the SEIU affiliate (and therefore AFL-CIO affiliate now) Workers United. It is straight up just a financial institution operated by a labor organization. AMAL naturally benefits from so-called "institutional investors" (read: imperialists) such as Blackrock (over 3.4m shares), Vanguard (over 800k shares) and even the State Board Of Administration Of Florida Retirement System (several thousand shares) among many others[vi].

Despite this, the whole enterprise is valued at just over a billion dollars, which—as will be seen—barely exceeds the fixed assets of a single AFL-CIO affiliate, the UAW[vii]. This kind of independent labor-operated financial institution is not quite as popular as newer trade union capitalist schemes specifically *because* of its heavy political and capital requirements. This kind of institution has to compete with so-called "institutional investors" (read: established capitalist monopolies which dominate the state) whereas the contemporary trade union capitalism tends to operate as a junior partner to the larger capitalist firms.

One other example of old-style trade union capitalism is the SOC Investment Group[viii]. The SOC Investment Group is run by the Strategic Organizing Center (formerly Change to Win) and says its goal is "to enhance long-term shareholder returns through active ownership" by "organizing workers' capital into an effective voice for corporate accountability". In other words, the SOC affiliates who represent four million workers use their money to buy their way into corporate boardrooms with the goal of increasing profit ("enhance long-term shareholder returns") by advising the capitalists not to put short term profits above their long term interests. (Note the SOC consists of the "progressive" SEIU, United Farm Workers, and Communications Workers of America.) This practice comes from the old revisionist theory that the workers could become capitalists and even potentially build socialism simply by buying up the means of production. Such revisionist concepts as "workers' capital" and "shareholder activism" spread by the SOC are in fact just a cover for wage labor, exploitation, and the brutal domination of the bourgeoisie.

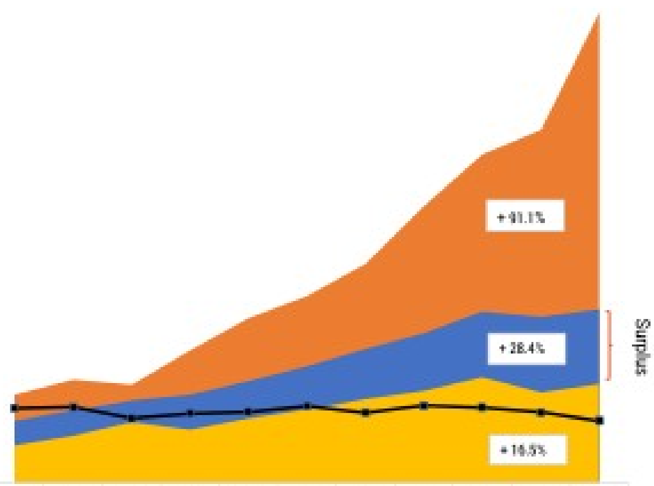
Actually, the oganization Foster called the “undisputed leader” of the trade union capitalist movement does still exist today, it is the Brotherhood of Locomotive Engineers and Trainmen since merging with the Teamsters in 2004. They only have 23k active members, and the org has an annual income of just over $20m[ix]. But the reactionary BLET has its members’ retirements managed by the Railroad Retirement Board[x]. The RRB oversees the National Railroad Retirement Investment Trust which has had over $21 billion funneled into it as of March 2025[xi]. (Hilariously, the RRB is headquartered in the William Lipinski Federal Building—Lipinski was a lobbyist for BNSF Railway, the largest rail monopoly in the country[xii].) The BLET president, Edward Hall, is a former corrections officer and real estate acquirer with his brother, and before him, BLET president Don Hahs was suspended for embezzling tens of thousands of dollars[xiii]. That is what has become of the largest trade union capital in Foster’s era. They also maintain the BLET Building Association, a “not-for-profit organization incorporated under the Statutes of the State of Ohio established by Brotherhood of Locomotive Engineers and Trainmen (the “Brotherhood”) for the purpose of holding and operating real estate property.” valued around $7 million. [Department of Labor]

The BLET however pales in comparison to the AFL-CIO, especially since the SEIU merger. What Foster derided as the worst of the worst in his day has barely a fraction of the wealth of the AFL-CIO.

Contemporary Trade Union Capitalism

It would be wrong to equate contemporary trade union capitalism with labor banking. Labor banking today is not a significant force in the finance industry nor is it a major share of the state unions' assets. Instead, the 501c structure of the establishment labor movement today has allowed them to become highly corporatized, with legal revenue streams guaranteed by the state, daily operations involving tens of millions of dollars in land and capital, hundreds of millions of dollars in fixed assets including stocks, and billions of dollars in pension funds. Contemporary trade union capitalism has innovated in this major area, namely, the conversion of concessions to the workers into financial assets themselves. The largest such scheme is the pension funds, which are discussed in the next section.

This section instead sums up the held assets and the recent history of the millions of dollars these labor organizations have made in dividends and sales of investment assets. As the Radish Research report Labor’s Fortress of Finance[xiv] shows, the state unions held $35.8 billion dollars in assets in 2020, a number which has only grown since then.



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Assets ($m)	15,213	15,754	15,562	16,811	17,967	18,793	19,961	22,032	23,916	24,814	29,069
Revenues ($m)	14,254	14,639	14,998	15,193	15,685	16,243	16,865	17,435	18,224	18,015	18,296
Spending ($m)	13,373	13,728	14,202	13,927	14,336	14,650	15,049	15,344	15,833	15,287	15,579
Net Surplus ($m)	882	911	796	1,266	1,349	1,593	1,816	2,092	2,391	2,728	2,716
Union Members (000s)	14,715	14,795	14,349	14,516	14,570	14,786	14,550	14,812	14,740	14,567	14,250

Table 3: Labor's Balance Sheet ($millions)

		2010	2019	2020	2020 v 2010
Assets	Cash	6,218	9,913	11,309	81.9%
	Accounts Receivable	662	865	889	34.2%
	Loans Receivable	361	260	356	-1.4%
	Treasury Securities	1,808	1,576	2,199	21.7%
	Investments	7,281	12,832	15,224	109.1%
	Fixed Assets	3,421	4,625	4,969	45.3%
	Other Assets	596	604	869	45.7%
Total Assets		20,348	30,675	35,814	76.0%
Liabilities	Accounts Payable	466	512	505	8.5%
	Loans Payable	514	497	553	7.5%
	Mortgages Payable	356	383	430	20.9%
	Other Liabilties	3,799	4,469	5,257	38.4%
Total Liabilities		5,135	5,861	6,745	31.4%
Sum of Net Assets	Total Assets - Total Liabilities	15,213	24,814	29,069	91.1%

Graphs – Radish Research

As the second chart shows, revenues and assets increased exponentially between 2010 and 2020 despite a significant decrease in overall union dues because of overall decreasing union membership. This shows us just how divorced the state unions have become from actual labor organizing thanks to their increased dependence on US imperialism. Trade union capitalism, and the bribes and revenues that it entails, became a stand-in for the workers themselves as state unions have become increasingly financially dependent on the real estate and stock market.

The following data table combines the income from interest, dividends, rents, and sale of investments and fixed assets, taken from the Department of Labor's Public Disclosure Room. (Lines 40-43 in Statement B of each labor organization's LM2.) The purpose of starting in 2019 for this data is to show the basis for the state unions' opportunism during the COVID crisis, when workers were subjected to absurd speedups and unsafe working conditions, often at below-unemployment pay.

Income from Capital.

Year	AFL-CIO	AFSCME	AFT	IBEW	IBT	LIUNA	NEA	SEIU	UFCW	USW
2019	2,427,633	4,598,427	14,068,092	197,124,178	10,450,211	11,244,960	8,890,847	76,486,039	49,515,018	63,348,979
2020	3,246,517	3,336,113	4,959,709	162,319,992	12,219,820	7,848,022	213,420,266	47,606,324	63,497,433	57,154,200
2021	3,472,259	1,594,292	15,441,643	268,812,461	10,005,205	14,117,262	199,597,594	59,779,415	94,307,111	70,745,316
2022	4,031,211	2,030,964	4,240,130	140,085,248	12,225,042	8,213,731	220,656,353	6,839,090	77,156,107	56,973,265
2023	4,218,649	15,562,382	47,062,356	155,574,249	16,424,407	9,899,686	142,248,696	23,171,149	83,265,716	93,068,914
2024	4,673,117	16,740,900	5,631,627	126,269,635	137,490,623	11,103,817	20,503,151	60,102,457	60,780,528	145,360,372
2025	5,091,220	14,596,861	9,873,517	162,577,916	62,106,752	25,430,766	44,720,528	23,767,553	104,998,965	185,263,234

The following combines the assets held by these unions in treasury securities, investments, and fixed assets, also taken from the Department of Labor’s Public Disclosure Room. (Lines 25-27 Statement A.)

Held Capital.

Year	AFL-CIO	AFSCME	AFT	IBEW	IBT	LIUNA	NEA	SEIU	UFCW	USW*
2019	65,871,802	255,039,076	66,803,777	497,428,180	329,175,583	220,083,461	178,210,680	215,559,319	294,165,148	1,058,671,724
2020	76,687,091	256,633,518	62,696,564	520,377,420	393,395,713	235,471,177	210,190,422	218,704,025	343,011,813	1,222,213,508
2021	83,372,145	246,815,097	51,313,715	635,739,161	425,077,628	262,250,664	244,421,200	261,504,626	447,198,435	1,413,447,893
2022	86,959,695	316,920,450	48,305,105	605,147,994	383,239,061	256,478,548	196,514,652	339,741,604	457,414,226	1,258,310,974
2023	83,376,938	331,443,704	74,971,179	600,692,364	445,707,988	266,366,615	166,412,438	340,499,351	494,700,305	1,495,032,409
2024	81,802,436	308,893,726	74,827,607	620,359,487	539,787,029	281,321,084	189,014,620	293,161,814	574,124,513	1,622,757,023
2025	82,233,326	374,607,523	68,711,687	678,290,587	582,412,046	304,549,381	160,878,845	272,973,784	658,773,657	2,066,259,126
YoY %	4.14	7.81	0.48	6.06	12.82	6.4	-1.62	4.44	20.66	4.44

Note - The reason the USW is such an outlier is because they possess over $1b in just investments, far more than any of the other unions in this table.

It can clearly be seen that the state unions are comparable to what the Chamber of Commerce calls “middle market companies”, capitalist enterprises that make between $10m and $1b annually in revenue. (Note the above charts do not show full state union revenue, which mostly comes from dues—even excluding their main income these are clearly asset-rich organizations. Also note the Federal Reserve defines middle market more narrowly, using an upper cutoff of only $250m.) For comparison, when Amazon went public in 1997 its revenue was just under $150m; other middle market companies today include King Arthur’s Baking Co (annual revenue estimated $100-200m), Eton Pharmaceuticals (approx. $80m), Tikehau Capital (approx. $700m) and Vitruvio Real Estate (approx. $30m.) The 501c structure of the state unions combined with their political alliance with American imperialism has allowed these labor organizations to develop into corporations which could modestly be described as middle market, or even above that according to the Federal Reserve criterion.

Of course, the different roles played in production are reflected in the sources and expenditures of money for the organization. The state unions chiefly rely on income from dues from their bargaining units because of their role as organizers for imperialism, so this is mainly spent on staff. Whereas medium and small capitalist enterprises with comparable revenue have proportionally much greater production costs and get their income chiefly from the sale of goods. In other words, the only differences between the state unions and "actual" corporations are those that naturally follow from their unique role as sellers of the service of controlling the workers, as opposed to selling goods and services that people actually need like some capitalist enterprises.

It is also clear from this data that the year-over-year change in labor organization wealth far exceeds that of the average raises gained by workers, which was only 1.2% from July 2024 to 2025[xv]. The unions tried to sweep under the rug the fact that during the so-called “recovery” in the aftermath of the biggest COVID waves, union incomes grew slower than non-union incomes[xvi]. This shows how the state unions have fully separated themselves from the real conditions of the workers and instead hitched their wagons to American imperialism.

Is it an accident that the NEA and AFT—the two main education sector unions—are not seeing their investments pay off quite as much as the other unions? Of course not. Politics takes precedence over economics, and the teachers’ unions have outlived their political usefulness in the eyes of the bourgeoisie. They are neither capable of containing the masses’ anger, as shown by the wildcat strikes in 2018, nor are they needed to carry out improvements in the education system which is being stripped for parts by the bourgeoisie. Consider the fluctuations in the returns of the UAW, whose political importance declined after they played their role in the auto industry restructuring and then later increased due to the need to improve production in the arms industry and contain the autoworkers:

UAW.

Year	Held Capital	Income from Capital
2008	1,129,995,983	104,143,966
2009	1,060,540,118	103,143,344
2010	999,659,549	112,506,037
2011	958,184,539	91,363,636
2012	911,728,508	90,771,635
2013	893,499,272	52,170,629
2014	873,769,508	53,232,406
2015	836,778,058	66,587,158
2016	888,819,780	15,284,929
2017	952,699,960	43,601,422
2018	1,004,138,066	29,126,910
2019	982,214,351	107,714,597
2020	1,001,561,499	73,259,077
2021	1,081,713,601	88,599,006
2022	1,022,666,752	95,178,602
2023	1,031,882,037	237,309,180
2024	1,078,644,382	43,737,257
2025	1,150,773,075	31,154,933

This is how the state unions function. Income from dues is converted into fixed assets in land and capital and can even be "cashed out" so to speak--assets can be sold off to buy popularity among the workers. This is precisely what the UAW did in 2023, selling off more than $100m of fixed assets, which no doubt helped fund the “Stand-up Strike” public relations campaign.

This is also why the state unions are consistently an ally of fascism, which is based in the finance monopolies. The UAW has $192,685,835 invested in the Russell 3000 Index which includes Palantir, Boeing, Lockheed Martin, RTX (formerly Raytheon), and Northrop Grumman. Of course, the reformist press stupidly celebrated them “divesting” from Israel even though it is decades too late, and in any case, they continue to hold investments in American militarism. After decades of the AFL-CIO doing everything in its power to aid Israel, one affiliate (the UAW) divests from Israel while maintaining investments in US militarism *after* Israel has annexed virtually all of Palestine and a not insignificant chunk of Lebanon. Sorry Palestinians, but this is the best the revisionists can do! This is why the revisionists hate New Labor. We have defended and will continue to defend the legacy of worker-led independent unionism and in particular its potential for anti imperialist action, as shown by the Arab Detroit auto workers. If the class-concious line was dominant in the labor movement, instead of politely asking Mr. Fain and his gang of reactionaries to please stop funding genocide after the fact, the AFL-CIO would have been forced by the workers to liquidate its investments in imperialist slaughter long ago.

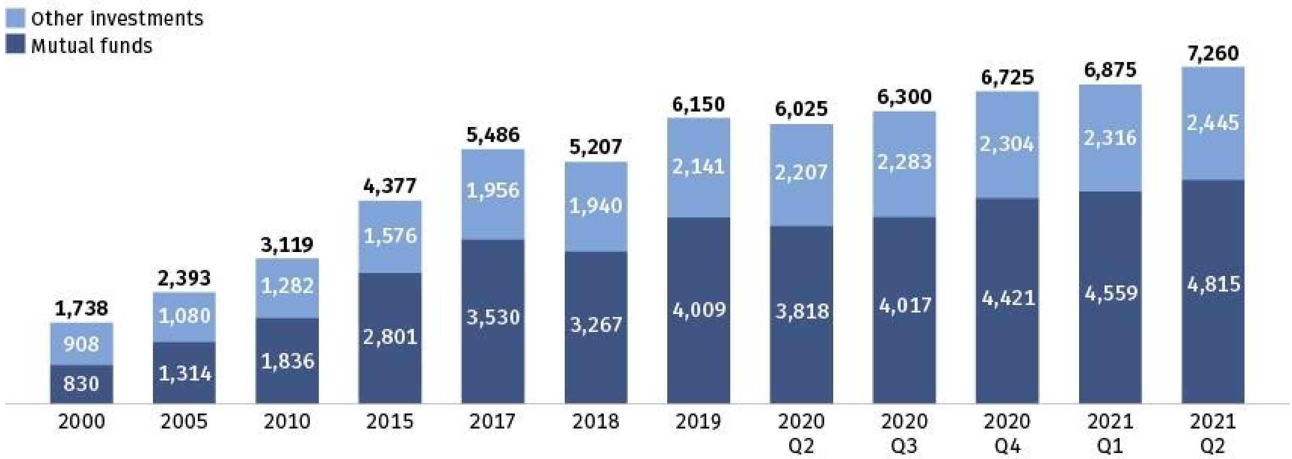
It must be noted that investments are not the sole connection between imperialism and the state unions. For instance, the IBT president Sean O'Brien sits on the board of Massport, the corporation that oversees Logan Airport in Boston and Worcester Regional Airport[xvii]. This is *while* negotiating —ostensibly on behalf of the workers—with the very logistics companies that move volume through terminals at those facilities, mainly UPS, and the waste management company Logan contracts, Capitol Waste. For its part, AFL-CIO's HIT has invested or allocated $11.7b, or 2/3rds of the HIT investing, into multi-family mortgage backed securities[xviii].

In short, the vast accumulation of fixed capital in the contemporary labor organizations far exceeds that of the earlier period of trade union capitalism that came after WW1. These assets have allowed the state unions to make a handsome profit without needing to organize workers at all—instead, they can profit off their exploitation simply through holding on to land and other investments.

Retirement Plans: Converting Concessions into Capital

The most pernicious aspect of contemporary trade union capitalism is in the conversion of concessions made to the workers by the capitalists back into assets for the capitalists. The largest-scale example of this, and the most sinister, is the exploitation of retirement benefits. This basic concession that should be available to every worker—a retirement plan guaranteeing income in old age—has been split up into a number of slush funds for the bourgeoisie. This has a two-fold effect: the first is that it weakens the concession itself, exposing it to market conditions instead of obligating the company or the state to pay a fixed sum based on the worker's wage and cost of living; the second is that it tethers the workers to their own exploitation. They are put in a difficult spot where if they fight against these capitalist schemes, they are fighting against their own ability to retire—but if they promote these capitalist schemes, they are promoting the very institutions undermining their ability to retire. It will suffice to provide two more examples of these schemes, in addition to the BLET retirement scheme mentioned above based on collaboration with the railroad barons.

This chart on 401k plan assets from the Investment Company Institute shows how rapidly private retirement plans have grown since 2000, even while retirees are struggling more than ever. These "plans" (which is a bit of a deceptive name as the growth of 401ks relies on the expansion of industries governed by markets and not a central plan) are nothing more than an attempt to peg workers' retirement benefits to the health of imperialism. And when they are examined at the granular level, it is clear that they are a massive liability from the standpoint of the class struggle.



In Massachusetts, teachers and public employees' retirements are part of the PRIT fund. The PRIT fund, valued in the tens of billions of dollars, has among its largest domestic private equity holdings billions of dollars invested in Microsoft, Apple, Amazon, Meta, Alphabet (formerly Google), and Tesla[xix]. The state employees' wage deductions—ostensibly saving for their own retirement—are thus converted into capital for the largest tech monopolies in the world. The tech monopolies (re: imperialists) who are the beneficiaries of these investments are in turn doing everything possible to undermine education, including through political donations and even the failed AltSchool program, in which Meta and Alphabet employees schemed to replace the traditional classroom environment with tech products[xx]. The PRIT Fund had approximately $115.5 billion in assets by summer 2025, invested not only in the tech imperialists but actually billions more invested in real estate, in particular apartments. [Page 79] More than $2 billion dollars of the fund is in Invesco Realty Advisors and another $2+ billion each at LaSalle Investment Management and AEW. So any rank-and-file teacher in Massachusetts, who just wants to save up for retirement, will accidentally wind up funding the scummy landlords and tech companies the labor movement is supposed to be fighting against—thanks to the public-private partnerships put in place by the teachers' unions!

The largest private sector collective bargaining agreement in the country, the UPS-IBT national master agreement, does not contain a singular retirement plan. Instead, retirement benefits are split between a pension and a 401k, and the pensions are themselves split by region. Here is the most recent accounting of the New England Teamsters Pension Fund which shows that UPS put about $26.6m into the fund over the last year and DHL just over $3m[xxi]. Page 71 onwards of their form 5500 details an exact account of where this money is invested. It includes government securities, which are to be expected, and common stock in basically every US-based monopoly, but it also includes an investment in Chinese social-imperialism, specifically China National Building Materials, and cash holdings in the South Korean Won, the pound sterling, the Euro, the Taiwan dollar, and the Polish Zloty. Would anyone seriously argue investing in Zloty makes sense for protecting American workers' retirement benefits? Doubtful. But the goal is not to protect Americans' retirement benefits. The goal is propping up American imperialism on a global scale.

One could go on and on. These are but a couple examples of retirement plans which in the US are valued at $30 *trillion*. 401(k)s alone hold $5.6 trillion[xxii]. The retirement plans—the defense of which is apparently top priority for the state unions—are in fact a colossal conflict of interest for the labor movement. These retirement plans expose workers' retirements to the volatility of capitalism. The pensions were bailed out by Biden in 2022 to the tune of $36b and some of them (including the New England Teamsters' Pension) *still* are in "critical and declining" status.

These vast assets held in pension funds, however, are worthless from the standpoint of the working-class. The average retirement savings is only about $550k compared to the $1.46m needed to retire. Only 37 million people (including retirees) participate in public pension plans and a mere 14% of private sector employees have access to a defined retirement benefit plan[xxiii]. The fact is that the assets of the establishment labor organizations have been able to expand so massively *because* of their failure to address workers' needs, not in spite of this fact.

Conclusion: Material Basis for Line Struggle in the Labor Movement

Only an incredibly naive activist—or deliberate liar—could look at an accounting of the state unions and conclude these assets have no impact whatsoever on their conduct in the labor movement. When these figures are put next to their organizing failures and sellout agreements, it is easy to understand the necessity of defeating state unionism and developing independent and class-conscious labor organizing. The problem is the salaries of many, and the opportunist political interests of others, rely precisely on obscuring these basic facts. This class dynamic within the labor movement is a reflection of why this line struggle has existed for a hundred years and will continue to exist, even under the dictatorship of the proletariat.

There have been a hundred years of revisionists trying to cover up these contradictions but they have only deepened. As Lenin tried to explain:

> "Kautsky's reply to Cunow is as follows: imperialism is not present-day capitalism; it is only one of the forms of the policy of present-day capitalism. This policy we can and should fight, fight imperialism, annexations, etc. The reply seems quite plausible, but in effect it is a more subtle and more disguised (and therefore more dangerous) advocacy of conciliation with imperialism, because *a 'fight' against the policy of the trusts and banks that does not affect the economic basis of the trusts and banks is mere bourgeois reformism and pacifism, the benevolent and innocent expression of pious wishes*. Evasion of existing contradictions, forgetting the most important of them, instead of revealing their full depth—such is Kautsky's theory, which has nothing in common with Marxism." [*Imperialism: the Highest Stage of Capitalism*, emphasis added]

This is why all the reformist efforts, from "boring-from-within" to the "rank-and-file strategy" have failed. Any attempt to push the state unions left, or however it is phrased, that does not confront the reality of modern trade union capitalism is nothing more than a pious wish.

Aside from this, one of the main issues muddying the line struggle in the labor movement is the belief that it is the reactionary union leaders who are corrupting the supposedly legitimate established unions, and not the state unions themselves that are the corrupting agent acting on the officers and members. The mainstream left wing of the labor movement has adopted a sort of Great Man theory (sometimes justified with the Lenin quote from *Left-Wing Communism* about reactionary union leaders), where it is believed if we back the O'Briens and the Fains hard enough, or find the right one, the unions will suddenly be saved. This is backwards. It is the unions themselves that are the corrupting agent on their officers, not vice versa. Their vast financial assets attract people who just want easy money doing a cozy office job that makes them feel like they are playing a progressive role in society. Even if a principled worker gets a job in a state union, that doesn't change the job itself, which is to get the workers to conform to the bourgeois state's demands and administer the workers' concessions on the bourgeoisie's behalf.

Aside from their reactionary role in the class struggle, the unions also play a backwards role in the development of production and scientific knowledge. Instead of defending safe staffing levels in critical industries, abundant production of quality and safe products, and working to advance science, the state unions grant unlimited freedom of action to the bourgeoisie as they undermine these fronts in the pursuit of profit

The opponents of the New Labor line and the advocates of reforming the state unions don't understand that this money constitutes collateral for the bourgeoisie. Their wealth has been described as a "fortress of finance" in the reformist press, which implies some kind of protective function. It would be much more accurate to call it a security deposit. It is an insurance policy that guarantees these unions remain bourgeois. And if by some act of God they were to suddenly become militant class conscious labor organizations, the bourgeoisie would simply revoke their charters and seize their assets or replace the leadership as demonstrated with PATCO and the Teamsters. It is no longer the case that the established unions consist of a large mass of militant trade unionist workers led by a small number of bourgeois lackeys. The unions themselves are bourgeois after decades of corporatization has liquidated all militancy of the rank and file and built up vast wealth backed by the state. In practice, these unions do not represent the workers in collective bargaining with the capitalists, but actually represent the capitalists in bargaining with the workers. Mandatory bargaining subjects like wages and hours are determined mainly by the constraints of the market and secondarily by the demands of the individual capital and thirdly by the subjective situation of the workers in the firm—in other words, the state unions will always "negotiate" just enough to avoid a strike or slightly lower—and subsequently market this to the workers on behalf of the bourgeoisie as a "historic win". They do this not because they are evil, or ideologically backwards, but because *their own wealth is predicated on the profitability of the enterprises they "bargain" with.* They objectively do not have an interest in reducing the rate of profit, and in fact stand to gain from *increasing* it.

The hostility from some, and the sympathy and agreement by others, towards New Labor is a reflection of these class realities. We, then as a publication and now as a movement, could have avoided much criticism from supposed "veterans" and "elders" of the labor movement if we also pretended to be unaware of the massive contradictions between the state unions and the masses staring us in the face. While there have been rhetorical responses to our articles, there have been very few responses to *New Labor Press* based in data, based in actual facts. That is because the real conditions of the US labor movement, the actual material reality, cannot be explained away. To the opponents of New Labor the challenge is simple: take the objective numbers and political facts of modern labor, that we have many times presented in our articles, and explain how they are proof of the successes of "boring-from-within", instead not proof of establishment labor's fundamental imperialist degeneration.

Anything less than this is just petty bourgeois intellectual whining. The choice is simple. We can have a militant and class conscious labor movement that prepares workers for revolution through class-conscious struggles for economic improvements, or we can have sellout contracts and opportunists leading really wealthy labor corporations. The revisionists who pretend like we can have both have contributed nothing to the labor movement except spreading their own intellectualist delusions among the working class.

The facts and figures cited here might seem far removed from the day-to-day grind of the labor movement. But these dollars and cents are the reason *why* the labor movement is so backwards. This is how Lenin described the way trade unions should function:

> "Not a state organisation; nor is it one designed for coercion, but for education. It is an organisation designed to draw in and to train; it is, in fact, a school: a school of administration, a school of economic management, a school of communism. It is a very

> unusual type of school, because there are no teachers or pupils...” [*On The Trade Unions, The Present Situation and the Mistakes of Comrade Trotsky*]

This is precisely the opposite of how the American state unions function. They *do* act like state organizations; they *do* coerce the workers into taking crummy deals and even administer workplace discipline; and worst of all, they *reject* their role as “schools of communism”, where workers can come to understand the class struggle through their own workplace grievances and through organizing begin to administer their own affairs. The highly corporatized state unions are the exact opposite of what the New Labor movement wants to build. If the American labor movement wants to actually make real gains, it must abandon the methods of the organizations who have profited enormously from selling off previous gains. This means in large part dumping the formalism, revisionism, and bureaucratic structure—and in particular the quasi-hedge-fund conduct—of the established unions. The objective basis for labor organizing is principally in the class struggle, and labor organizations must reflect this.

This means that any alternative to state unionism must replace the focus on asset management and class collaboration through the NLRB with a focus on spontaneous shop floor activity. The fact is that every single day in the US there are tiny rebellions of workers who stage walkouts, slowdowns, and confront management in one way or another. These are never discussed in the press or even recorded anywhere save for random comments on social media or workplace group chats and the like. The basis for the New Labor movement is in developing these tiny daily uprisings into stable organizations of the proletariat and—ideally, eventually—into full-fledged labor unions. This is contrasted by the revisionists, who place their hopes for the labor movement in the hand-picked lackeys of the bourgeoisie who have been placed at the head of their strategic bargaining units and bribed with hundreds of millions of dollars of stolen wealth. In fact, this wealth is the basis for the so-called “apolitical”, “non-ideological” trend which dominates the labor movement today. Corruption is so deeply ingrained in the American labor movement that it is perceived as normal—actually, it is *criticism* of corruption that is perceived as an aberration. We must fight corruption and sellouts with ideology and militancy, and counter reaction with workers’ organizations. The only weapons available to the working class are its own unity and discipline, and the failure of the state unions to respond to the current fascist offensive despite their vast wealth and status within the government is proof of this.

i NLP, *State Unionism in the US*

ii *The Second Congress Of The Communist International*, emphasis added

iii *The Party Trade Union During Ten Years*

iv *Note* - Foster goes on to describe the impact this had on Communist organizing: "A basic error was in the direction of trade union legalism: that is, a tendency to confine our struggle within the status and limitations of the old unions. This manifested itself first of all by an over-correction of the early dual unionism, and the setting up almost as a fetish, unity with the old unions... We confined our work almost entirely to the old unions, thereby neglecting the work of organizing the unorganized. This wrong policy received its most striking expression in the mistake (condemned by the C.I.) of affiliating the Passaic textile strikers to the AFL, even at the expense of eliminating the Communist leadership... Related to these wrong policies of failure to have the left-wing seize the leadership was the bad tendency of trying to force the corrupt bureaucracy to act, instead of cultivating the rank and file workers to take the leadership directly into their own hands in the teeth of the bureaucrats. Other serious errors made in the trade union work during this period were: Almost complete neglect of work among the Negroes... Underestimation of the importance of trade union work generally. Failures to mobilize full party forces. Tendencies toward diletantism. Lack of internationalism in our work; failure to popularize the RILU among the American masses." It is quite telling to compare Foster's criticism of Communists at the time with the rank Rightism that dominates so-called communists in the contemporary labor movement.

v *Wrecking the Labor Banks*

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viii https://www.socinvestmentgroup.com/mission-statement

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x Brotherhood of Locomotive Engineers and Trainmen, retrieved from https://blet.org/retirement/

xi US Railroad Retirement Board, retrieved from https://www.rrb.gov/sites/default/files/2025-04/qrtly032025.pdf

xii Chicago Sun-Times, retrieved from https://chicago.suntimes.com/city-hall/2015/10/24/18592974/ex-rep-lipinski-making-millions-from-clients-who-go-before-son-s-house-committee

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xv https://www.bls.gov/opub/ted/2025/real-average-hourly-earnings-increased-1-2-percent-from-july-2024-to-july-2025.htm

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