

Chrysler Canada rejects GM-CAW “pattern,” demands even greater concessions

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14 March 2009

Chrysler President Tom LaSorda announced Wednesday evening that the Detroit-based automaker is determined to break the "pattern" concessions contract that the Canadian Auto Workers (CAW) union just negotiated with failing auto giant General Motors.

In testimony before the House of Commons finance committee in Ottawa concerning Chrysler's appeal for \$2.3 billion (Cdn) in bailout funds, LaSorda called the GM deal "unacceptable" and threatened that Chrysler might close all of its Canadian-based plants unless the company received much deeper concessions from the CAW than had been surrendered to General Motors. He also demanded favourable government treatment on an ongoing \$1 billion dispute over back taxes and that the bailout funds be paid in American rather than Canadian currency.

"Failure to satisfactorily resolve these three factors—the labour costs, government assistance and of course the transfer tax—will place our Canadian manufacturing operations at a significant disadvantage relative to our manufacturing operations in North America and may very well impair our ability to continue to produce in Canada," said LaSorda.

Currently, Chrysler has 9,400 employees in Canada. Another 26,000 are employed at dealerships across the country. The Chrysler brief to the parliamentary committee stated that including pensioners and workers in the supply chain, over 100,000 Canadians are dependent on the company's continued viability. Analysts have suggested that Chrysler is even more vulnerable to bankruptcy than its General Motors rival.

The Chrysler president's ultimatum came just after autoworkers at General Motors plants in Oshawa, Windsor, Woodstock and St. Catharines had completed voting on their union's latest concessions laden-contract. That deal calls for a wage and cost-of-living allowance

freeze until 2012, the give-back of a week of holidays and a previously negotiated \$1,700 annual bonus, and increased health care and insurance premiums. Retirees will lose cost-of-living protection and face increased co-pays for health and other benefits. Overall, the new agreement surrenders considerably more in wages and benefits than did the 2008 contract, which provided GM with \$400 million in savings.

That 2008 pact also acquiesced in the imminent closure of GM's transmission plant in Windsor. Shortly thereafter, GM announced the shuttering later this spring of their truck assembly operation in Oshawa. Of the 10,000 GM workers currently employed, only 7,000 will be left by 2010. Just four years ago, GM employed 20,000 workers in Canada.

Faced with a union leadership that had made clear it would not lift a finger to fight GM and that had recycled the propaganda of the corporation and the government that the only alternative to concessions was the company's bankruptcy, those GM workers who turned out to vote reluctantly ratified the pact by an 87 percent margin.

In classic "whip-saw" negotiating style, LaSorda singled out the "labour cost gap" between Chrysler operations in Canada and Toyota and Honda, the non-union Canadian

transplants. In denouncing the GM "pattern," LaSorda said that the approximately \$7 per hour labour cost concessions surrendered in the CAW-GM agreement would eliminate less than half of the labour cost disparities between his company and the Japanese transplants. Further, the recent deal between Ford Motor Company in the United States and the United Auto Workers union cut wages and benefits to such an extent that compensation for autoworkers represented by the UAW will equal those paid in the non-union Japanese plants located in the southern United States.

LaSorda's demands and threats came on the heels of the company's announcement that it will eliminate the third

shift at its Windsor mini-van plant in June, eliminating 1,200 jobs. The fate of Chrysler's Brampton auto assembly operation remains uncertain.

LaSorda has been buttressed in his demands for even deeper concessions from the CAW by sections of the political and business establishment who have railed against the "spineless" GM negotiating team and the "overpaid and underworked" members of the CAW. "It's a wet noodle of an agreement," said industry analyst Dennis DesRosiers. GM "got six or seven (dollars in give-backs) despite an industry in distress, a union on the run, the inability to strike, and governments demanding concessions."

The *Globe and Mail*, the national mouthpiece for Canadian big business, editorialized that, "In an industry where sales are off more than 40 per cent, [the new contract] hardly seems like enough, especially given the leverage GM enjoyed. The company had a gun to the CAW's head. It could credibly use the threat of bankruptcy. It had government on its side: Ottawa and Queen's Park [the Ontario government] are demanding cuts to the labour bill as a condition of receiving billions of dollars in taxpayer loans. And GM Canada knows that the union knows that if the company goes down, the pensioners are in trouble—the fund has a massive deficit. The CAW couldn't even threaten to strike."

Federal Industry Minister Tony Clement ratcheted up the pressure with a less than ringing endorsement of GM's viability. Referring to the new labour agreement, Clement asked, "Is it enough in and of itself? No, it's not. We still have to arrive at the conclusion that GM is viable, (and) that on a go-forward basis, that our money will be put to good use."

CAW President Ken Lewenza has insisted that the pact negotiated with GM will be the pattern for Chrysler and Ford in Canada. If this proves to be the case, it will be a disaster for autoworkers, opening the door for a new big business assault against the working class as a whole.

However, autoworkers should place no credence in Lewenza's vow that Chrysler workers' wages and benefits will be rolled back "only" to the levels stipulated in the new concessions agreement with GM. The CAW leadership has forced one concession contract after another on the membership over the past two decades and has collaborated in the elimination of thousands of jobs. It has whipped up nationalist sentiments and consciously worked to divide Canadian autoworkers from their class sisters and brothers south of the border and abroad,

publicly declaring that the be-all and end-all of its strategy is to maintain the "Canadian competitive advantage" over the UAW, that is the labour cost differential that makes the automakers' Canadian operations more profitable than their US plants.

Lewenza, like his predecessor Buzz Hargrove, has boasted to Wall Street financiers about the CAW's ability to "play ball" with the auto industry magnates and impose major sacrifices on the backs of the union's membership. These sacrifices, needless to say, will not be borne by CAW officialdom, which constitutes a bureaucracy that has sought to defend its privileges by acting ever more closely with the auto bosses to police the rank-and-file and boost corporate competitiveness, but by auto workers, pensioners and communities like Windsor and Oshawa that have produced massive profits for the auto companies for generations..

Autoworkers following the statements of LaSorda in the newspapers this week would do well to ponder Lewenza's comments in a little-reported interview he gave to the *Globe and Mail* last month. The exchange typifies Lewenza's and the CAW's corporatist mentality—the perspective that has led autoworkers into a complete blind alley.

Asked if Tom LaSorda, who like Lewenza, comes from a union family in Windsor, "could have been you," Lewenza replied, "If I had a choice of doing Tom's job, or my job—and I know both jobs very well—today, I would take my job. I think my job is as important as his, in terms of representing the members and responding to their needs. But I know Tom's father, Frank—he is the former president of Local 444 [the CAW local that represents Windsor's Chrysler workers]—and we are incredibly proud of Frank's role in raising his child to be CEO of a top corporation."



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