

# Canadian Auto Workers union imposes draconian concessions on Chrysler workers

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The Canadian Auto Workers union—acting in concert with the bosses of Chrysler and Fiat, the Obama administration, and the Canadian and Ontario governments—has reopened the three-year concessions contract the union negotiated with Chrysler Canada in Spring 2008 and forced through sweeping new cuts in benefits and paid time-off, work-rule changes, and other concessions.

According to the union, the concessions will slash Chrysler's labor costs by more than \$250 million Canadian per year through September 2012.

In the name of “fairness” and “competitiveness,” the CAW will now cede the same concessions to General Motors and Ford.

Chrysler and Fiat, which is currently in merger negotiations with the Detroit-based automaker, had threatened to pull all Chrysler production out of Canada if the 8,000 unionized Chrysler Canada workers did not accept concessions equivalent to \$19 per hour per worker.

Publicly, the union refrained from using the \$19 an hour figure, preferring to emphasize the \$240 million a year Chrysler will reap “as a result of a combination of benefit reductions, compensation changes, and increased productivity through operational improvements.” But the *Toronto Star* reported that CAW officials admitted privately that “the concessions meet company demands of reducing expenses by \$19 an hour.”

Canada's Conservative government and the Ontario Liberal government fully supported Chrysler's concession demands. Federal Industry Minister Tony Clement said that if a “competitive” labor contract was not in place by this Thursday, April 30, Ottawa would recall the emergency loans it has extended to Chrysler

and force the company into bankruptcy. Liberal Premier Dalton McGuinty, meanwhile, announced that his government will not honor a three-decades' old pension guarantee in the event Chrysler or General Motors prove unable to meet their obligations to retirees.

The CAW bureaucracy quickly joined the gang-up against the Chrysler workers. Bowing before the corporate-government extortion, the CAW insisted, was the only means to avoid the company filing for bankruptcy protection, which “would cause tremendous harm to workers, retirees and consumers alike.”

There is nothing new in the CAW telling auto workers that concessions and speed-up are the only way to secure product placements and investments and save jobs.

But the scope and scale of the concessions are. The CAW is surrendering rights and benefits won through generations of struggle.

The Chrysler contract includes all the concessions contained in the agreement the CAW negotiated with GM in early March, including the elimination of a week per year of paid time off, the extension of a wage- and cost-of-living allowance freeze to the summer of 2012, the abolition of a \$1700 annual bonus, and the imposition of a new health care premium.

Among a long list of additional givebacks, the new Chrysler contract reduces paid daily relief-time, cuts supplementary benefits, ends semi-private hospital coverage, eliminates Christmas bonuses, ends tuition rebates, axes a one-time \$3500 (“vacation buyout”) bonus, increases waiting periods for sickness and accident benefits, and reduces prescription drug coverage.

Chrysler has gained the right to make greater use of part-time and contract workers and new hires will take

even longer to reach wage parity.

In the event, the merger with Fiat goes ahead, management will have the right to introduce Fiat's "world class manufacturing" operating system, which calls for greater "flexibility" and a relentless push for efficiencies, that is the gutting of work-rules and speed-up.

Meanwhile, the company will proceed this summer with the elimination of the third-shift at the Windsor mini-van assembly, throwing 1200 workers onto the unemployment lines.

With the new contract, the CAW has also provided Chrysler, and by extension GM and Ford, with a means of shedding their health care obligations to retirees. Following in the footsteps of the UAW, which in 2007 established Voluntary Employment Benefit Associations with the Detroit Three so as to help them be rid of important "legacy costs," the CAW and Chrysler will establish a Canadian Health Care Trust.

While the details of the Health Care Trust have yet to be negotiated, let alone made public, the company will, through this mechanism, rid itself of its retiree health care obligations by setting up an investment fund, controlled by the union, that will henceforth be responsible for funding Chrysler retirees' health care. Management of this fund will give the CAW officialdom a new, lucrative source of income under conditions where its dues base among auto workers is shriveling as a result of its own betrayals. It will also give the bureaucracy a material incentive in slashing retiree health costs and in boosting Chrysler's profitability, if, as can be expected much of the fund's assets come in the form of Chrysler stock.

Lewenza told a press conference late Friday evening that Chrysler had pledged that should the company be reorganized under US bankruptcy laws (Chapter 11), Chrysler Canada will be included in a "good Chrysler," not those parts of the company that will be spun off and liquidated. He also claimed Chrysler has guaranteed that it will not seek further concessions from the CAW through the bankruptcy courts.

Over the past 12 months, the CAW has repeatedly claimed to have signed deals with the Detroit Three that represented the end of concessions only to reopen them and surrender still more.

Under conditions where they had been abandoned by the union and faced an unrelenting drum-beat of threats

from Chrysler and the Canadian and Ontario governments, Chrysler workers grudgingly accepted the contract presented them in voting last weekend. In what the CAW claimed was a high turnout, 87 percent of Chrysler workers voted in favor of the concessions-laden contract. But almost one in four, (24 percent), of production workers at the Brampton assembly plant voted against.

As has become standard practice for the CAW when ramming through concession contracts, workers were given next to no time to consider what they were voting on. Some 12 hours after the CAW leadership announced a tentative contract with Chrysler, workers from the Toronto casting plant, which is to be closed in 2011 unless a new buyer can be found, were being asked to ratify the agreement.

At a late Friday night press conference, CAW President Ken Lewenza, called the settlement a "victory considering what we've been through and the alternative and consequences that were in front of us if we didn't get a collective agreement."

Throughout the current crisis, Lewenza has bluntly stated that the objective of the CAW is to preserve the automakers' "Canadian advantage," i.e. to ensure that the Detroit Three's Canadian operations are more profitable than their US plants.

Not surprisingly, Chrysler had warm praise for their servants in the CAW leadership. Said Al Iacobelli, the company's chief negotiator, "The CAW leadership worked around the clock for its membership to hammer out the details during an extremely complex negotiation. Chrysler management values the hard work of its CAW workforce and appreciates the great lengths the CAW management went to in order to pave the way for the company's future in Canada."



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