Workers expose GM payoff to Canadian auto union officials

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Management at the General Motors transmission plant in Windsor, Ontario, have been forced to annul a secret memorandum of understanding with local officials of the Canadian Auto Workers union (CAW) after outraged workers launched a campaign to recall shop committee members who benefited from the sweetheart deal.

At issue was a local or "backyard" deal under which GM secretly increased the pay of five union officials who work as full-time CAW representatives at the transmission plant. This was done by transferring them into a premium skilled-trade job classification that had been rendered defunct as a result of the concessions the union granted GM in the 2008 "early" contract negotiations.

With the transmission plant scheduled for closure next June, the pay increase of $3.50 per hour was timed to boost the CAW officials' pension entitlement by an extra $500 per month. In a leaflet clandestinely circulated to the transmission plant workers, the rank-and-file opponents of the sweetheart deal calculated that each of the five CAW officials stood to gain as much as $125,000 in additional wage and pension earnings if they survived until age 75.

Said recently retired Local 1973 member, Gene Locknick, a member of the group opposing the secret pay hike, "Because the plant's shutting down next year, not only do they get an hourly pay increase that shows up on their cheque every week, this also affects the pension they're going to get….They did it to top off their pensions."

The secret-side deal to line the pockets of the Local 1973 bureaucrats was concluded earlier this year shortly after the CAW insisted that GM Canada workers twice reopen the collective agreement and accept massive concessions so as to clear the way for the taxpayer-funded bailout of GM by the Canadian and Ontario governments.

The new contract, rammed through by the CAW last spring, freezes autoworkers' wages and cost-of-living allowances until 2012, gives back a week of holidays and a previously negotiated $1,700 annual bonus, increases health care and insurance premiums, and allows the company to increase the workload. Retirees have had their cost-of-living protection suspended and face increased co-pays for health and other benefits. Overall, the new agreement surrenders at least $19 per hour, per worker in labour cost—considerably more than did the 2008 sell-out contract, which provided GM with an additional $400 million in savings.

And while the CAW justified its support for these latest concessions by claiming that they were necessary to save jobs, GM is proceeding with the previously announced closure of the Windsor transmission plant and imposing further job cuts elsewhere. Of the 10,000 GM workers currently employed in Canada, only 7,000 will be left by 2010. Just four years ago, GM employed 20,000 workers.

News that local officials have been receiving topped up-pay since August threatened to stoke mounting rank-and-file opposition to the CAW, which has collaborated with management to impose speed-up and victimizations on the shop floor, and the wholesale destruction of living standards and communities.

Last month, 39 per cent of production workers at the joint GM-Suzuki CAMI plant in Ingersoll, Ontario, voted against a concessions agreement modelled on the recent deals at Chrysler and GM. In 2008, workers at Ford's giant Oakville assembly plant rejected a tentative agreement by a 56 percent margin—the first time a local voted against a master contract negotiated with one of the Detroit Three automakers.

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If GM reversed course late last week and cancelled the sweetheart deal with the Local 1973 leadership, it was because it was afraid that the rank-and-file opposition movement would disrupt the longstanding, and for GM highly profitable, collusion between the union apparatus and management.

With petitions being circulated inside the factory calling for the recall of the CAW officials, GM calculated its interests would best be served by moving quickly to defuse the brewing discontent. Thus GM Canada spokesman Stew Low announced last Thursday that the pay hike for the Local 1973 officials was being rescinded. He justified this about-face by claiming that the sweetheart deal had been the result of a "misunderstanding" as to "what is allowed" under the collective agreement.

In reality, the sweetheart deal at the GM transmission plant exemplifies the relationship that has developed between the CAW and the auto bosses.

While the CAW and the United Auto Workers, from which it separated in 1985, were built by workers in militant struggles, both have undergone a frightful degeneration and serve not as a means for workers to defend their interests but as auxiliaries of management in imposing concessions and job cuts and suppressing the class struggle.

This past year has witnessed an unprecedented assault on auto workers' jobs, wages and working conditions. Yet never has there been any question of the CAW leading a struggle against the big business-government drive to make auto workers pay for the capitalist crisis. Rather CAW President Ken Lewenza repeatedly said that his bottom line was ensuring that the Detroit Three maintain their "Canadian advantage," i.e., that their Canadian operations provide them with lower labour costs and greater profits than their US plants.

And while Lewenza treated US auto workers like the enemy, he lavished praise on Chrysler boss Tom Lasorda, saying that he was proud the son of a fellow union bureaucrat—former CAW Local 444 President Frank Lasorda—had risen to such a position.

Secret codicils and memoranda of understanding have, for many years, been part and parcel of the corporatist relations between the automakers and the CAW officialdom. In return for functioning as an industrial police force for management, CAW executives are rewarded with monetary inducements and other perks. Precisely because they would never be ratified by workers in an open vote, such agreements are not published as part of the more publicly available collective bargaining agreements.

Local 1973 President Bill Reeves admitted as much in statements made to the *Windsor Star* last week. "There are a lot of things that are done under memorandum of understanding," he said. "General Motors is closing the plant, so if you're going to get it, you might as well get it now, right?" Angered over the exposure of the payoff, he added, "It's just for a small group, and people are making it a bigger issue than it really is."

The dissident Local 1973 members were entirely justified in exposing and denouncing the sweetheart deal between the local CAW leadership and GM.

But what must be challenged and overturned is not just the payoff that some local union officials received for helping GM impose unprecedented concessions on the rank-and-file, but the anti-worker auto industry "bailout" as a whole and the associated job cuts, including the impending closure of the Windsor transmission plant.

To develop such a struggle, auto workers need to soberly examine the evolution of the CAW and UAW and repudiate their pro-capitalist and nationalist perspective. If these organizations have failed the working class and been transformed into adjuncts of management, it is because they uphold capitalism, and enforce the subordination of workers' needs to the profits of big business, and have systematically divided Canadian and US workers, thereby enabling the automakers to pit workers against worker in a fratricidal struggle of jobs to the lowest bidder.

The *World Socialist Web Site* invites discussion of these vital issues with Windsor transmission plant workers and auto workers throughout North America.

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