Canadian Auto Workers officials prepare 2012 contract surrender

Carl Bronski
10 July 2012

As the Canadian Autoworkers (CAW) union prepares to enter negotiations later this summer for new labour contracts with the Detroit Three automakers, it has signaled that it will again capitulate to the concessions demands of Ford, General Motors and Chrysler.

Last winter, Chrysler CEO Sergio Marchionne fired the auto magnate's first shot in the 2012 contract bargaining year when he insisted that wages at Chrysler Canada are uncompetitive with lower-cost facilities south of the border and must be reduced further. Marchionne's remarks were echoed last month by General Motors' CEO Dan Akerson who demanded that the CAW bring the wages and benefits paid to workers in Canada into line with those paid to workers at U.S. auto plants.

"When we built the plants in Canada, the exchange rate was materially different than it is today," said Akerson. "As a result, and the CAW knows this, building a car in Canada is the most expensive place to build a car in the world right now." Ford Canada spokesperson Lauren More was quick to pile on the following day. "Labour costs are higher in Canada that at any other Ford operation in the world. And when it comes to future investment, labour costs are one of the most important considerations."

To drive home the point, the Detroit Three sent letters to the CAW in June demanding that the union surrender a cost-of-living adjustment in favour of a lump sum payment. Profit sharing deals and lump sum payments, in contrast to fixed increases, historically reduce annual workers' take-home pay. General Motors went a step further, timing their announcement of the closure of Oshawa, Ontario's consolidated assembly plant with their public relations offensive for contract concessions. The Oshawa closure, slated for June 2013, will cost 2,000 jobs.

Auto analysts have claimed that Canadian workers are paid a basic wage that is, on average, $6.71 an hour more than their American counterparts. Although the CAW disputes this figure—stating the differential is actually half of what the analysts claim—the union officialdom nonetheless agrees that wage cuts need to be made and quickly responded to the auto executives' statements.

"People are talking about profit sharing (instead of the traditional annual wage raise)," Windsor CAW Local 444 spokesman Gord Gray told the *Windsor Star*. "We, as a union, have to be open-minded of all the relevant factors leading into negotiations and into securing product for our workplaces in Ontario." Added CAW president, Ken Lewenza, "We prefer (wage increases), but I think going into negotiations we have to be open-minded."

The auto companies know full well that with the CAW they are dealing not with an adversary, but with a pliant junior partner. "We correspond with our labour partners regularly to look for opportunities to ensure GM Canada's profitability and sustainability," said a senior company spokesman. Added Akerson, "We have to run a business here and the union understands that better than at any time in its history."

Both the company and union executives feel assured that they can work out a deal to further reduce the living standards of auto workers. "We feel confident that we can get a fair deal with Chrysler, GM and Ford," said Lewenza. Akerson agreed, stating, "Just as we did with the UAW, I think reasonable people should be able to come to a common ground to the benefit of both."

The reference to the contracts signed by the United Auto Workers south of the border is instructive. New-hires at GM, Chrysler and Ford have had their pay slashed by one-half, hundreds of thousands of retirees have been dumped into underfunded health insurance plans run by the union, older workers have seen their wages frozen, cost-of-living adjustments eliminated and job protections undermined. Over the past four years, the companies closed plants and eliminated tens of thousands of jobs.

In the auto deals negotiated last year, the UAW accepted even more cuts, agreeing to contracts that raised labor costs by the lowest amount in decades. In imposing these concessions, the union ran roughshod over rank-and-file opposition, simply ignoring the vote of Chrysler skilled trades workers, who rejected their tentative agreement.

Lewenza's idea of a "fair deal" gives an entirely new meaning to the term. In 2009, the Canadian Auto Workers union—acting in concert with the bosses of Chrysler and General Motors, the Canadian and Ontario governments and the Obama administration in the United States—reopened the three-year concessions contracts the union had negotiated 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 itself, the concessions slashed total labor costs (wages and benefits) by more than $19 per hour through September 2012. In the name of "fairness" and "competitiveness," the CAW then ceded similar concessions to Ford Canada, which had not participated in the bailout scheme.

Earlier this year, the CAW signaled just how far they were willing to go in smashing up their membership's living standards when they forced through a concessions deal at Kitchener's Lear Seating plant. Covering 315 union members, the four-year contract reduced wages from an average of $28 per hour to $19.50. New hires will start at only $14 per hour and can ramp up to $20 per hour over the life of the contract. In exchange for surrendering one-third of their wage, some workers will receive up to $40,000 in a one-time only payment. With 193 workers in line to retire by 2015, a significant majority of plant assemblers will soon be earning only a few dollars above the provincial minimum wage.

CAW Local 27 President Tim Carrie, who oversaw the negotiations at Lear, told the press he was excited about the "out of the box" thinking that led to the Kitchener deal. "These are tough times," he said. "It's easy for us to say no and then we lose jobs. We have to be innovative. This may be where we all end up. It may be what we have to do to keep work here." The president of the Auto Parts Manufacturing Association agreed, citing the massive surrender as a "template" for the industry as a whole.

For many years now, the CAW bureaucracy has acted as the arm of the corporations inside the workplace. These well-paid officials have made common cause with big-business federal and Ontario Liberal governments, agreed to form a no-strike company union at auto parts giant Magna International, dismantled plant occupations and other militant worker struggles and repeatedly rammed through concession agreements.

While auto workers are being forced to swallow further concessions, the union executives continue to pull in fat, six-figure salaries (plus expenses) with no fear of redundancy. However, as junior partners in the auto industry, they can only marvel at the compensation levels of their corporate masters.

Sergio Marchionne, paid by parent company Fiat SpA, which owns 58.5 percent of Chrysler, was awarded 14.5 million euros (US$19 million) in 2011, mostly in stock grants. General Motors—which made a record $7.6 billion in 2011— paid CEO Dan Akerson $2.53 million in total compensation after serving as CEO for four months in 2010. His 2011 compensation, capped for the time being by the Obama administration due to constraints imposed by the auto bailout deal, nonetheless totaled almost $8 million.

Ford Motor Co.—which did not take bailout money—reported that it paid its president and chief executive officer, Alan Mulally, $29.5 million in total compensation last year, up 11 percent from 2010. This included $2 million in salary, $5.46 million in bonuses and $22 million in stock options and other compensation, according to a regulatory filing by the company last month.

Mulally also received $58.3 million in stock as part of an incentive plan for his 2009 performance. Over the last two years alone, the Ford CEO has received stock worth more than $100 million. His compensation in 2011 was the highest since 2006, when Ford paid Mulally $39 million to lure him from aircraft manufacturer Boeing. Mulally raked in $26.5 million in salary and an additional $100 million in stocks and stock options in 2010 alone. He was awarded another $34.5 million worth of stocks in 2011.