Detroit Three demand massive concessions from Canadian auto workers

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As a September 17th deadline draws near for the renewal of union contracts at the Canadian operations of the Detroit Three auto makers, Ford, General Motors, and Chrysler are holding firm in their demands for massive new concessions from members of the Canadian Auto Workers (CAW) union.

The three companies have presented contract offers that closely resemble those foisted on U.S. auto workers one year ago. According to the CAW, the automakers' concession demands include: a full-blown two-tier wage system under which new hires would be paid half-wages permanently; the elimination of "30 and out" (entitlement of a full pension after thirty years' service); the substitution of a Defined Contribution pension plan for the Defined Benefits pension system that has been in place for some fifty years; an end to cost-of-living increases; cuts in benefits including access to prescription drugs; and the replacement of wage increases by unreliable "profit-sharing" bonuses.

These brutal concession demands come on the heels of previous give-back contracts signed by the CAW over the past two decades. In 2009, the Canadian Auto Workers union—acting in concert with the bosses of Chrysler and General Motors (GM), 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 giveaways. 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 auto bailout scheme.

Now pro-business auto analysts are claiming 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—arguing the differential is actually half of what the analysts claim—the union officialdom nonetheless agrees that labor costs have to be lowered and quickly responded to the auto executives' statements by offering their collaboration. "We prefer (wage increases), but I think going into negotiations we have to be open-minded," stated CAW president Ken Lewenza this past June.

Executives at the Detroit Three are determined to drive down Canadian labour costs to the low-wage levels now seen in the United States. "When we built the plants in Canada, the exchange rate was materially different than it is today," said GM CEO Dan Akerson. "As a result, and the CAW knows this … 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, "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."

Last week, Chrysler CEO Sergio Marchionne upped the ante in a brazen attempt to intimidate the company's workforce. "Nobody in their right mind would continue to create an unlevel playing field in its own organization," he told the *Globe and Mail*. "It's impossible. We have other plants, other options."

Marchionne then indicated Chrysler will only proceed with the building of a $400 million paint shop at its Brampton, Ontario assembly plant, and the creation of a thousand new jobs if the new hires are permanently paid the half-wages being paid new hires at Chrysler's U.S. operations.

This is hardly the first time Marchionne has used such naked intimidation tactics to blackmail workers into accepting concessions. Last spring, after workers at Windsor Dakotta rejected a sellout deal recommended by

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the union and went on strike, Chrysler unceremoniously voided a three-year guaranteed supply letter of agreement with the parts plant, so as to assist the CAW in herding the strikers back to work. (See: A lesson for autoworkers: The short lived Windsor, Ontario Dakkota strike)

The automakers' provocative demands notwithstanding, Lewenza repeatedly issued upbeat statements this summer, declaring his confidence that a "fair deal" could be reached with the Detroit Three without a strike.

But the intransigence of the Detroit Three, combined with an increasingly restive membership in the auto plants, has forced Lewenza to recast his bargaining posture— if only for public consumption. For the first time ever, the CAW has refused to name one of the three automakers a "strike-target" and threatened, although notably without making any commitment, to strike all three simultaneously.

Behind this maneuver, lies the CAW bureaucracy's fear that auto workers, having already taken the measure of the pro-company union, may take matters into their own hands and jump the gun in wildcat strike action prior to their contracts' expiration. Union members at all three companies voted massively for strike action in August ballots and have let it be known that under conditions where the auto magnates are once again reaping massive profits, they are in no mood to shoulder yet another round of concessions.

The CAW is determined to thwart any militant struggle against the auto bosses. It has not called a company-wide strike against any of the Detroit Three since 1996, while presiding over massive contract concessions, plant closures, and the elimination of thousands of jobs.

In the event the CAW sanctions a "legal" strike against one of the Detroit Three, it will not be with a view to reversing the contractual "race to the bottom," but as a means of allowing workers' to blow off "steam" during a short-lived tightly-controlled job action, the better to then impose a give back contract with the tired adage—"It's the best that we can get."

In a September 10 statement, Lewenza did his best to head off the possibility of unofficial wildcat action that could rapidly spin out of the union bureaucracy's control. "A week from the deadline, anxiety levels are understandably high and rising," said the CAW President. "The bargaining committees will do their best to keep members up to date on the status of negotiations. As September 17 approaches, it is increasingly important that members at all facilities, in all local unions, support their bargaining committees. To reach a deal, it's crucial that members continue having faith in their elected representatives and support their bargaining committees." Lewenza's statement also sought to prepare the ground for concessions. "The union," it declared, "recognizes the fragility of the industry and the need to stabilize fixed costs, while finding a solution that rewards members' work."

For their part, the auto companies know full well that in 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 earlier this summer. Added company CEO Dan Akerson, "We have to run a business here and the union understands that better than at any time in its history…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."

Underscoring this subservience to the dictates of big business, the CAW, in an unprecedented move, invited Bank of Canada Chairman Mark Carney to address its August convention in Toronto. The assembled bureaucrats gave Carney a standing ovation.

The kowtowing of the CAW to big business fully illustrates the fact that it cannot be reformed and made to respond to the needs of auto workers. Over the last three decades the union has been transformed into a pro-company organization, controlled by an upper middle class layer of highly paid officials that answers only to the corporations and the government. The only way forward for workers is to break decisively with this anti-labor organization and build rank-and-file committees, independent of the CAW, and to wage an industrial and political struggle, based on a socialist and internationalist program, to fight for well paying and secure jobs for all workers.

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