CAW moves to meet Detroit Three's demands for two tier-wages, other givebacks

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Emerging from contract talks with the Detroit Three automakers at the posh Sheraton Centre Hotel in Toronto on Tuesday, Canadian Auto Workers (CAW) President Ken Lewenza told the press that he was "terribly disappointed" with the draconian concessions demands being made by the negotiating teams for Ford, Chrysler and General Motors.

"We're no closer today than we were about a month ago," declared Lewenza. "These negotiations are tougher today than they were when the companies were on the brink of bankruptcy." The union bargaining committees, continued the CAW head, must now "come up with a plan to maximize pressure on the companies … We will spend the next two days to look at every possible option."

Predictably, this all proved to be hot-air, aimed at better positioning the CAW officialdom for "maximizing pressure"—i.e. bullying—rank-and-file autoworkers into surrendering before the auto bosses' diktats.

On Thursday, the *Globe and Mail* published an exclusive report entitled, "CAW offers wage cuts to head off strikes," based on unnamed sources "close" to the negotiations.

The *Globe* report said that the CAW had tabled a counter-offer in which it has agreed to expand the already existing two-tier wage system inside Canadian auto plants to more closely resemble that which exists at the U.S operations of the Detroit Three.

According to the newspaper's sources, under the CAW offer new hires would henceforth start at 60 percent of the wages earned by longstanding auto workers. They would continue to earn these sub-standard rates for ten years and the benefits given new hires would also be reduced in accordance with the two-tier principle.

In previous concession contracts, the CAW had limited the time-period during which new hires would be paid lower wages to the first six years of full-time employment and new hires had started at 70 percent of the regular wage.

Within hours of the *Globe* report being published, CAW officials confirmed it. CAW National Secretary Treasurer Peter Kennedy told the *Toronto Star* that the union has also proposed that new hires should co-pay for their pensions, meaning their wages would be still further reduced, and be barred from retiring on full pension after 30 years' service.

"We have a strong indication from one of the companies that our proposal makes sense and is workable," said Kennedy. "If we can get this behind us, we're cautiously optimistic we can get a deal here."

Contracts covering more than 20,000 workers at the Canadian operations of the Detroit Three expire next Monday at midnight. In a break with tradition the union has thus far refused to name a strike target.

The CAW offer goes far to meet the companies' demands for a two-tier wage system, but falls short of their insistence that new-hires permanently labour at half-wages.

The three companies have been demanding that the CAW effectively match the concessions that the UAW foisted on US auto workers last year and are threatening that otherwise they will pull new investment from Canada.

According to a recent CAW statement, 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, these 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 pressed workers at Ford Canada, which had not participated in the auto bailout scheme, to make commensurate concessions.

Even before this week’s counter-offer, the CAW had repeatedly signaled its willingness to meet the companies’ demands on other matters under discussion including ending traditional annual wage and cost-of-living increases.

It has also been reported that concessions on work-rules and seniority clauses are under discussion. This matter, which is often treated as “small potatoes” in press reportage, is particularly important under conditions where the two-tier system is further extended. Companies will have further incentive to drive older workers out of the plants to be replaced with new-hires earning cheap-labour wages and benefits. In plants organized by the UAW in the United States, the loosening of work rules and seniority protections have been used by plant managers to place veteran workers in the most physically taxing jobs, forcing them out through injury or early retirement.

The two-tier principle is extremely important to the auto companies. Any plans to expand production in Canada would be predicated on the new lower wage rates. Chrysler, which unlike GM and Ford, currently has no Canadian workers on recall-layoff lists, has floated the possibility of refurbishing its Brampton, Ontario assembly plant, which could mean the addition of as many as a thousand new hires.

The CAW bureaucracy is well aware that there is tremendous anger and unease among its members over the continuous stream of concessions contracts—all the more so that the automakers are recording huge profits Already, they have begun to characterize their climb-down on new hire compensation not as a two-tier system but as a “multi-year wage progression.”

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. Earlier this week Lewenza issued a letter to Detroit Three workers in which he stressed the need for them to follow the orders of CAW officials.

Auto workers must take immediate steps to oppose the CAW’s impending contract surrender through the formation of independent rank-and-file committees to organize an industry-wide strike. To prosecute such a struggle, auto workers in Canada will have to join forces with auto workers in the US—reforging the unity North American auto workers established in the class battles of the 1930s and 1940s—and mount joint action with the million Ontario teachers and public sector workers now facing Liberal government-imposed wage cuts.