Canada: CAW agrees to expansion of cheap labor at GM's Oshawa plants

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The Canadian Auto Workers (CAW) union has entered into an agreement with General Motors to organize special early retirement buyouts at its two assembly plants in Oshawa, Ontario. The move is designed to accelerate the automaker's drive to replace higher-paid veteran workers with workers earning cheap-labor wages.

About 350 of the 1,300 employees eligible for retirement at the Oshawa facilities will be offered a one-time inducement of up to $50,000 plus a $20,000 GM auto-purchase voucher to leave the company. They will be replaced by a mixture of temporary workers and new hires, both groups earning wages and benefits far below the compensation received by other GM workers, even after years of concessions contracts.

The temporary workers will earn about $10 per hour less than their counterparts, receive an inferior benefits program, and be barred from enrolling in the pension plan. New hires will begin work at $14 per hour below the regular-tier rate, will receive reduced benefits and also will be ineligible to participate in the pension plan.

This latter provision, stripping workers of any pension rights, is a further concession offered by the CAW, since the union further extended the two-tier wages and benefits system in giveback deals negotiated with the Detroit Three auto companies last fall. Those agreements deepened a two-tier wages system introduced in 2009, reducing new-hire wages another $4 per hour (to $20 from $24) and extended new-hires' time on the second tier from six years to ten years. Veteran workers, who have had their wages and cost-of-living allowances frozen, currently earn $34 per hour.

Under the concession deals the CAW inked last fall, newly hired workers were also denied a defined benefits pension plan that guarantees them a fixed pension amount and were obliged, for the first time ever in a CAW contract, to pay substantial pension premiums into a separate inferior "defined contributions" plan. New employees pay $1 per every hour worked into the new pension scheme, rising to $1.50 per hour in years five, six and seven and to $2 per hour in every year employed at the company after that. Thusly, by their eighth year on the job, almost 6 percent of the wages of new hires will be creamed off to pay the auto bosses' "legacy costs."

In the just-announced revised arrangement, the cynicism of the CAW bureaucracy reaches new heights. When the CAW negotiated its latest surrender to GM last fall, CAW Local 222 officials in Oshawa attempted to camouflage their treachery by pointing to a negotiated local provision that was meant to restrict GM's use of temporary workers. At membership ratification meetings they bragged that they had "held the line" against the company's abuse of the temporary worker hiring process. Now, only a few short months later, they trumpet the surrender of restrictions on this process as an "opportunity," "a unique agreement" and "good news for the local economy."

The new arrangement is certainly "good news" for corporate management and stockholders who have seen GM profits steadily increase in the wake of the 2009 government auto bailout and the all-out attack on workers' wages and benefits that was tied to it.

The auto bosses, in collusion with the union officialdom, seek to drive wages and benefits down to levels comparable to those paid to workers in cheap-labour platforms around the world. One concession "naturally" leads to another as the union and the auto companies jointly preside over a race to the bottom. Thus, GM Oshawa spokeswoman Faye Roberts said of the just announced deal, "We continue to work with our CAW partners to address the changing needs of our

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business." And then forebodingly, "To be competitive in this global market, there is *no finish line* for improving our products and processes."

The new provision to speed the exodus of veteran workers comes as one of the two Oshawa assembly plants is slated to close in the summer of 2014 with the shifting of product lines to Michigan. In addition, the second, larger Flex plant only has production guaranteed through 2016. The CAW is frantically beating the bushes in the interim to find ever more concessions that it can offer GM in hopes that wages can be further reduced and productivity increased sufficiently for GM to consider adding a new product line to Oshawa. GM has consistently refused to guarantee any such addition, preferring to await further concessions proposals from the union. Company executives have consistently pointed to the poverty level two-tier contracts already in place in the United States as the benchmark from which any future decisions for new product lines will be made.

At the time of this past autumn's contract negotiations, the *World Socialist Web Site* warned that management would use the two-tier wage and benefits opening provided by the union to "weed out" the more highly paid first-tier workers: it would threaten layoffs, intensify shop-floor speedup and discipline and victimize older workers so as to force them into early retirement or fire them outright. That prognosis has been grimly verified over the past period.

In plants organized by the UAW in the United States, the loosening of work rules and seniority protections has been used by plant managers to place veteran workers in the most physically taxing jobs, forcing them out through injury or early retirement.

The same is happening in Canada. Chrysler CEO Sergio Marchionne—who in 2009 infamously said workers had to accept a "culture of poverty" instead of a "culture of entitlement"—cryptically stated after the signing of last fall's concession deal in Canada that it is "an agreement we can use."

As one auto worker recently stated in a letter to the *World Socialist Web Site*, "In Windsor, Chrysler is targeting all employees over the age of 50, employees who have had temporary or permanent workplace accidents, disease or illness, and workers who have had non-occupational illness, disease or accidents. The CAW is also turning a blind eye to the discrimination and harassment by Chrysler. When asked to file a grievance, they say we don't understand the contract term that Chrysler has violated; or you are a Pennsylvania lawyer stirring up the pot."

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