

Ontario Liberals re-start talks to award more handouts to Fiat-Chrysler

Carl Bronski
23 July 2014

Ontario Liberal Premier Kathleen Wynne met last week with Dino Chiodo, president of Unifor Local 444 which organizes auto and casino workers in Windsor. The meeting, coordinated by the union's national office, was in no small part directed at resuscitating discussions between Fiat-Chrysler, Unifor, and the federal and provincial governments on financial assistance to sustain and re-develop the auto company's Windsor Assembly Plant.

The meeting comes at a time when Chrysler has strung together twelve consecutive quarters of robust profit growth. In the last filing in January 2014, the company (before changing its corporate name to Fiat-Chrysler) reported a quadrupling of its fourth quarter profits to \$1.62 billion.

Last March Chrysler CEO Sergio Marchionne abruptly withdrew all requests for a reported \$700 million in public monies from the federal government's Automotive Innovation Fund and from assorted Ontario government programs. The money was to help fund a \$2.3 billion investment in the auto company's Windsor operations, and several hundred millions more at its Brampton, Ontario assembly plant.

The announcement to go it alone came on the heels of pre-election rhetoric by then provincial Conservative party leader Tim Hudak accusing the Liberal government of paying "ransoms" to Chrysler and other corporations. Hudak, a consummate right-winger, certainly had no disagreement with Corporate Canada. Rather, he subscribes to a neo-liberal view that opposes subsidies to industries with workforces earning higher than average wages as a means of driving down workers' wages across the board.

In a news release at the time, company officials wrote, "It is clear to us that our projects are now being used as a political football, a process that, in our view,

apart from being unnecessary and ill-advised, will ultimately not be to the benefit of Chrysler. As a result, Chrysler will deal in an unfettered fashion with its strategic alternatives regarding product development and allocation, and will fund out of its own resources whatever capital requirements the Canadian operations require."

Chrysler has guaranteed continued production of both the current Windsor mini-van and Brampton sedan lines, but has held back on announcements that would extend those lines into the next decade.

The move to reject the public funding, which caught union and government officials off guard, was widely seen as a negotiating tactic by Chrysler to increase its leverage in its attempt to scale back any "strings," including design and engineering job guarantees that the federal and provincial governments might attach to their aid package. Marchionne had previously threatened to take his investment funds south of the border if government subsidies came with any restricting requirements.

Unifor had strongly supported the governments' plan to provide hundreds of millions of dollars to Fiat-Chrysler and while waiting for the specifics of the aid package to be ironed out signaled that it was ready to do "its part"—a euphemism for imposing further concessions on auto workers.

At last spring's North American Auto Show, Marchionne emphasized in a speech that Canada has received only 5 percent of North American auto investment over the past five years. "There's got to be something structural that is making this jurisdiction less appealing than others," he stated.

Marchionne already has his sights set on the next round of contract negotiations with Unifor in 2016. He has consistently chafed at the discrepancies between the

two-tier labour agreements previously signed by the United Auto Workers in the United States and those signed by the Canadian Auto Workers (CAW), which merged with the Canadian Energy and Paperworkers union last year to form Unifor. Whilst new hires on both sides of the border now earn approximately half the hourly wages of veteran workers and have access to a far inferior benefits package, Canadian new hires, unlike their American counterparts, can currently work their way to wage parity over a protracted ten-year period.

Over the last ten years the federal and Ontario governments have lavished over \$15 billion on the auto industry in Canada.

In late 2008 alone, the Canadian Conservative and Ontario Liberal governments provided \$4 billion in aid to the Canadian subsidiaries of General Motors and Chrysler. This represented one-fifth of the aid that Washington provided the two automakers (US \$17.4 billion) in the aftermath of the 2008 economic crisis. The largesse was contingent upon the auto companies undertaking a significant restructuring that included the imposition, with union support, of massive contract concessions in wage rates, benefits, pensions, and work rules.

In Canada those contracts with both Chrysler and General Motors saw over \$20 per hour in labour costs hacked from overall compensation. The union then granted similar concessions to Ford, which was not part of the bailout package, out of “fairness” to the company’s shareholders.

Unifor, and before it the CAW, have cultivated a longstanding corporatist relationship with the auto bosses and the big-business Liberals. In the name of a “national auto strategy,” the union officialdom lobbies the federal and Ontario governments to make further tax concessions and outright grants to the Big Three to assist them in competing against Toyota, Honda and other foreign-based automakers. Meanwhile, it works to pit North American workers against each other in a fratricidal struggle over jobs, actively campaigning for the Big Three to close US and Mexican facilities in preference to those in Canada, while urging Ottawa to adopt aggressive trade war measures against Asian automakers.

The corporatist relationship that CAW/Unifor has established with the Ontario government has included

for many years providing the big business Liberals with strong electoral support, including through the pro-Liberal “Working Families Ontario” coalition. In the last election, Unifor stumped for the re-election of the Liberals, who have imposed massive social spending and corporate tax cuts and are committed to even more severe austerity measures in their new mandate.

Chrysler has refused to repay \$810 million of the \$1.2 billion from the 2008-2009 bailout package, claiming that it is now an altogether new legal entity that is not responsible for the public monies it previously received.

As Marchionne wrote, “We remain forever grateful for the loans we at Chrysler received from the federal and Ontario governments in connection with the 2009 restructuring. We are equally proud of the fact that we fully honoured our commitments on those loans and repaid them six years ahead of schedule. While it is true that there were loans made to the Old Chrysler company, pre-bankruptcy, it is equally true that the new stake-holders in Chrysler Group LLC and its management did not have any direct say in the amount or the purpose of these pre-bankruptcy loans, and it would thus be inequitable to hold them liable or responsible for their repayment.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact