Unifor Canada preparing to collaborate in slashing auto workers' pensions

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Unifor officials have signaled to General Motors' (GM) management that the union is open to surrendering the last remnants of a defined-benefit pension plan for newly hired workers at the Canadian plants of the Detroit Three car makers.

The union, which represents auto workers at GM, Ford, and Fiat-Chrysler, will begin its next round of collective bargaining with the auto companies in July 2016.

In a bid to prepare the ground for further concessions to the auto bosses, several Unifor officials, speaking on condition of anonymity, told the *Globe and Mail* that ending a "hybrid" pension program for all hourly paid new hires would be the best way to convince GM to invest in its facilities in Oshawa and St. Catharines, Ontario. Should such a concession be granted to GM, it is all but certain Unifor would accept that a similar provision be included in the upcoming contracts with Ford and Fiat-Chrysler.

Already in 2012, Unifor's predecessor, the Canadian Auto Workers union (CAW), agreed to create a two-tier pension system at the Detroit Three's Canada-based plants by placing new hires into a hybrid-pension scheme that was part defined benefit (i.e., a guaranteed monthly amount upon retirement) and partly "defined contribution." Under a defined contribution-plan, workers' pensions are entirely dependent on the returns of money invested on their behalf in stock and other financial markets.

Then, in September 2013, Unifor set the stage for the final destruction of any guaranteed pension benefits for new-hires when it negotiated an agreement with GM at the Ingersoll, Ontario CAMI assembly plant that pushes all new employees into a wholly defined-contribution pension scheme.

The CAMI plant was once a joint venture between GM and the Japanese carmaker Suzuki and consequently has bargained separately from the Detroit Three pattern contracts since its opening in 1989. In 2009, GM bought out Suzuki to become sole proprietor. The 2013 deal Unifor signed with GM at CAMI has now predictably become the stalking horse for concession demands in the upcoming 2016 negotiations with the Detroit Three.

One union official told the *Globe and Mail* that GM is exerting "huge" pressure on the union to accept its pension demands. "When I say huge, I would say they (GM) have no interest in doing anything … If we don't follow suit with what CAMI did." But lest any worker believe GM's demands are antithetical to the union's position, another anonymous official stated, "It's pretty hard for us not to do what CAMI did. In my opinion, it's a good thing to do."

Another union official who agreed to go on the record with the *Windsor Star* was of the same opinion. Local 222 Oshawa President Ron Svajlenko thought the concession would be quietly accepted by his membership. "They have done this at CAMI. At the same time, it's not new across the board," he said. Revealing perhaps more than he intended about the union's own perception of themselves as junior partners of GM management, Svajlenko opined, "We're interested in hearing [GM's] feedback on what their expectations are of us and what help we will need from governments and municipalities."

Despite appeals from both the Ontario government and union officials for clarity, GM continues to remain silent on its plans for auto production in Canada beyond 2017.

The company has already announced plans to move production of its Camaro model from Oshawa, Ontario to Lansing, Michigan later this spring. The move threatens over 1,000 unionized jobs in Oshawa. To no avail, provincial government and Unifor officials have implored GM for a model to replace the lost production. Terms of the 2009 $10.8 billion federal and Ontario government bailout of GM and Chrysler stipulated that the companies meet loose domestic production quotas until 2017. With the imminent expiration of that agreement (although the auto companies have yet to repay in full the monies that they received), it is expected that at least some production previously located in Canada will move to Mexico and the United States.

Since the 2009 bailout, the Detroit Three companies have raked in $76 billion in profits.

A recent report by the Centre for Spatial Economics warned that should both auto plants in Oshawa close, 4,100 jobs would be immediately eliminated with a further 30,000 jobs endangered due to spin-off effects. The report went on to state that the plant closures and resulting unemployment would cut over $5 billion from Ontario's gross domestic product and would cost the Ontario and federal governments $1 billion in lost revenues annually.

Unifor officials are bending over backwards to convince the auto executives that the union will do whatever it takes to reduce autoworkers' wages and benefits to a level below those of workers south of the border. Union President Jerry Dias has bragged that "about two-thirds of unionized workers at the Oshawa plants are eligible to retire under the provisions of the (current) Unifor contract with GM. This will save General Motors billions." Of course, the "billions" saved would be on the backs of the thousands of new hires who would enter the plants with not only massively compromised pension benefits, but significantly lower two-tier wage and benefit packages.

As Dias went on to excitedly explain, "If those workers retire, they can be replaced by newly hired employees who start at $20.50 per hour and whose wages won't rise to the full seniority level of $34 an hour until they have been there for 10 years."

For the union officialdom what is paramount in their calculations is not the well-being of the members they purport to represent, but the maintenance of a lucrative dues base that funds their six figure salaries, perks and expense accounts.

Dias and the union's chief economist, Jim Stanford, have also recently pitched the lower Canadian dollar, which is fueling higher inflation and thereby eroding workers' real wages, as further cause for celebration. They claim "all-in" labour costs for second-tier workers at Detroit Three factories in the United States now stand at $42 (US) whilst new hires in Canada reportedly account for $30 (CDN) in total labour costs (about half of the cost of veteran Canadian autoworkers).

Dias may well revel in the comparison of rates of exploitation between American and Canadian autoworkers. But just as Unifor, following on from its hidebound nationalist and pro-capitalist perspective, works to lower labour costs north of the border, so the United Auto Workers (UAW) does the same in the US. Already a third tier of American auto workers is in place at several General Motors factories in the Detroit area for a small number of workers who build battery packs and place parts in the right sequence to be assembled on cars. Without this new lower-tier, the union expected the work to go to Mexico or another country with even lower labor costs.

At the recently concluded UAW Bargaining Convention (in the run-up to the September 2015 expiration of auto contracts in the US), UAW President Dennis Williams told reporters he was willing "to talk" with the auto bosses about expanding the third tier for component work. In the scurrilous union tradition of "whip-sawing" contracts back and forth across borders, Unifor alongside the UAW continues to aid and abet the race to the bottom for North American autoworkers.