Unifor prepares Canadian autoworkers for more concessions after UAW sellout deals

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In the wake of the contracts rammed through by the United Auto Workers (UAW) in the United States over the past month, senior officials in Unifor, formerly the Canadian Auto Workers, have begun preparing their own membership for a “Made in Canada” sell-out in next year’s negotiations with Fiat Chrysler, Ford and General Motors.

The upcoming negotiations are “really going to be about the future of the industry in Canada, no question in my mind,” said union president Jerry Dias. “Ford has to come up with a solution for our Windsor plant, GM needs to come up with a solution for Oshawa and Chrysler needs to make a commitment to Brampton… For us our priorities clearly are going to be jobs.”

Declarations that “job security” is the top priority is coded language intended to convey that Unifor will attempt to push through major cuts in wages and benefits. In fact, Unifor has refused to lift a finger to resist the loss of thousands of autoworkers’ jobs and the wholesale closure of auto plants over the past decade and more. Indeed, at GM facilities in Oshawa, the last Camaro rolled off the line this very week. Production of the highly profitable vehicle is transferring to Lansing, Michigan, reducing the 3,600 strong workforce by 1,000.

At Fiat Chrysler, no new products have been allocated to its Brampton plant, which employs about 3,500 workers, after 2019. The Ford engine plant, employing about 500 workers in Windsor, similarly has no new investments allocated.

Dias has announced a strategy that dove-tails with Detroit Three managements’ goal of further restraining wages and benefits and tightening work rules for those workers who will remain after the auto companies attempt to conclude their restructuring programs.

The contracts covering 23,500 FCA, General Motors and Ford autoworkers in Canada come up for renewal in September 2016. The current agreements, which are two-tier in everything but name, include a lengthy ten-year “grow-in” period for newly hired workers. They start at $20.50 per hour and gradually progress to the full $34 rate a decade later (the Canadian dollar is currently valued at 25 percent less than the American dollar).

These “grow-in” workers also receive inferior benefit and pension plans. The length of the “grow-in” period was extended by Unifor from three years in 2008 to six years in the re-opened 2009 contract to the current ten years in the 2012 deal. With such a track record, there is no guarantee that the 2016 negotiations will not include a further lengthening of ‘grow-in” requirements.

Unifor officials are already 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 leaders have signaled that they are open to surrendering the last remnants of a watered-down pension plan for newly-hired workers by extending concessions granted in 2013 at the GM CAMI assembly plant to all other facilities.

The CAMI deal pushed all new employees into a wholly defined-contribution pension scheme. Currently, new hires in all other plants have a hybrid pension plan that relies heavily but not entirely on volatile investment schemes.

Speaking like a labour contractor, Dias bragged last spring 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 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 Unifor, what is paramount in their calculations is not the well-being of the members they claim to represent, but the maintenance of a lucrative dues base that funds their six figure salaries, perks and expense accounts.

Auto analysts have concluded that the $15.8 billion (US) in new investment in American plants promised by the Detroit Three during negotiations, in concert with rapidly increasing investments in their Mexican operations, leave little room for new monies to be dispensed in Canada.

However, Unifor officials clinging to miniscule labour cost differentials, have stated that the recently concluded auto agreements in the United States will make Canadian plants more competitive with operations south of the border.

Since the "transformational contract" signed by the UAW in 2007—which introduced a two-tier wage system —labour costs per vehicle were slashed by 50 percent in the US, from 11.5 percent per vehicle in 2007 to 5.7 percent in 2014, according to the Center for Automotive Research. The vast profits extracted from autoworkers—estimated to be around half a million dollars per worker since 2011—have been used primarily to fund stock buybacks and dividend payments to wealthy investors.

According to some calculations, the new deals rammed through by the UAW over the past month (under suspicion of voting fraud at Ford, violations of ratification rules at GM and an initial "no" vote at Chrysler) will lead to a fractional increase in hourly labour costs over the next four years.

With the new UAW deals, hourly labour costs at Fiat-Chrysler's American based plants will rise to approximately $56 (US) from $47 by 2019. Ford's costs for wages and benefits will increase from $57 to $60 whilst GM's labour costs go from $55 to $60 per worker per hour. Labour costs in the Canadian plants currently sit at about $47 (US) due in large part to the 25 percent trading deficit of the Canadian dollar and also the country's publicly funded health care system.

Unifor will seek to continue their concessionary bargaining strategy in the 2016 negotiations in order to undercut the wages and conditions of American workers. Already, the collective agreements struck in 2009 with the Canadian Auto Workers union (now Unifor) reduced new-hire wages by $4 per hour (to $20 from $24) as well as extending their time on the lower second-tier from six years to ten years. Veteran workers had their wages and cost-of-living allowances frozen. Retirees lost their cost-of-living allowance (COLA). The total amount of cuts to workers' wages and benefits amounted to more than $20 per hour per worker.

The union granted still further concessions in the contracts it negotiated in the fall of 2012. These included enrolling newly hired workers in a hybrid pension scheme that guaranteed them no fixed pension.

But under conditions where Canadian autoworkers (like their counterparts in the United States) have seen their wages and benefits consistently diminished and their pace of work intensified even as the auto companies rake in record profits, there is growing concern amongst corporate spokespeople and analysts that Canadian autoworkers will resist Unifor's concessions strategy.

Kristen Dziczek at Michigan's Center for Automotive Research, for instance, has warned that Unifor must learn some lessons from the UAW's failure to quell significant resistance. "Understand and manage expectations from the get-go," she warned. "The UAW's messaging for the last year has been 'It's our time'… That message resonated with membership and got their expectations raised pretty high."

It is advice that Unifor chief Jerry Dias has already taken to heart.

Canadian autoworkers face the same essential problems as their American brothers and sisters, who confront corporate demands for poverty wages, cuts to health care and pensions, speed-up and continued job losses and plant closures.

There is a long history of united struggles by Canadian and US workers. All the upheavals of US workers won a massive response from Canadian workers who recognized they were fighting against the same bosses. Every effort to unite with workers in the US was bitterly resisted by the Canadian ruling class, which invariably evoked Canadian nationalism and anti-communism.

The role of Unifor in Canada and the UAW in the US is to divide workers against each other, aiding the companies in pitting them in a fratricidal competition to continuously slash wages and benefits.

There is no separate Canadian or US road to defend autoworkers against the attacks of the globally organized auto giants. The unity of US, Canadian, Mexican and all workers is possible only by building new organizations of industrial and political struggle that reject the nationalist and pro-capitalist programs of the unions and their political subordination to the parties of big business.

As the details of the next sell-out contracts become known in the summer and fall of 2016, Canadian workers will resist ratification. But a fight to defend jobs and living standards requires the formation of rank-and-file factory committees to unite autoworkers not only across auto plants in Canada, but also in the US and internationally in a common struggle against the corporations and their own treacherous unions, which function as junior partners of the auto bosses.