

# Union-backed arbitration decision condemns Canadian Pacific Rail workers to real-terms pay cut, onerous working conditions

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*Are you a railroader at CP? We want to hear what you think of the arbitration settlement. Contact the CP Workers Rank-and-File Committee at [cpworkersrffc@gmail.com](mailto:cpworkersrffc@gmail.com).*

The arbitrator-imposed contract unveiled earlier this month for 3,000 engineers, conductors, and yard workers at Canadian Pacific (CP) Rail represents the culmination of the sellout of their courageous struggle for improved working conditions by the Teamsters Canada Rail Conference (TCRC). The ruling, which was delivered on the basis of an agreement struck between the TCRC and company management to suppress a strike last March, includes below-inflation pay increases, and, most importantly of all, retains the brutal scheduling regime and dangerous working conditions that prevail across North American railroads.

The rail workers, who voted by an overwhelming 96 percent to go on strike in March, will receive a pathetic 3.5 percent pay increase per year for the duration of the two-year deal. With inflation currently running at an annual rate over 7.5 percent, this will amount to an approximate reduction in real wages of more than 8 percent during the life of the two-year contract.

The TCRC's original decision to accept binding arbitration, which robs workers of the right to vote on their terms of employment or to take collective action to improve their conditions for the duration of the agreement, provoked widespread anger among rail workers.

After the workers voted overwhelmingly for a strike, the TCRC refused to set a strike deadline, allowing CP management to take the initiative and impose a lockout. The TCRC then belatedly called a strike, while the company backed by numerous big business associations mounted a pre-planned, coordinated campaign to demand the Liberal government intervene, order the rail workers back on the job and impose binding arbitration.

Less than two days later, on March 21, the TCRC accepted binding arbitration. To tamp down rank-and-file anger, the TCRC portrayed the decision to short-circuit the strike and

voluntarily accept arbitration as a clever maneuver to avoid a government-imposed arbitration process.

In a statement justifying the union's unilateral surrender of workers' rights to strike and vote on the terms of their employment, the TCRC wrote that a union-company determined arbitration process was the best option due to the "near certainty that our dispute would eventually end in a final and binding arbitration as ordered by the government. For this reason, our bargaining committee made the decision it would be in all of our best interests to take control of the situation and work out an agreement that gives us power over the terms, conditions and eventual arbitrator. ... The issues of wages, benefits and pension are the outstanding issues the arbitrator will rule on."

The final outcome demonstrates just how bankrupt and dishonest such hollow claims were. The wage settlement is a slap in the face, while the proposed creation of a pension improvement account (PIA) for TCRC members was described by one rail worker to the *World Socialist Web Site* as a "scam." PIAs were established by CP to grant workers a share in profits above the long-term rate of return for pensions. In effect, this means that the lower pension rate introduced following 2012, when CP Rail pleaded poverty to justify raiding workers' pensions, will remain in place. The only addition is a vague commitment to offer unspecified "profit-sharing" possibilities, overseen by a corporatist committee of management and union representatives.

Well aware of the seething anger over brutal work schedules and dangerous conditions, the union refused in March to explicitly confirm that it had agreed to drop these issues as part of its arbitration agreement with CP Rail. Instead, the TCRC sought to hide behind a vague promise that the arbitrator would consider "some work issues" as part of the proceedings. We now know that the sole issue raised under "some work issues" was the question of how much leave union officials can take from their core duties to perform activities for the union apparatus.

In accordance with the demands of CP management, issues such as scheduling, rest times, safety and prompt handling of grievances—all of the demands raised by workers who want to see an end to the hated Precision Scheduled Railroading system—were not even submitted by the TCRC and their CP management “partners” for the arbitrator’s consideration.

The TCRC’s capitulation to management’s dictates and abandonment of the workers’ demands for improved safety and working conditions is just one example of a whole series of union betrayals of rank-and-file workers’ struggles over recent months. The mechanism of binding arbitration to block strikes and impose pro-employer contracts without so much as a democratic vote has become the preferred means for unions to sabotage workers’ struggles in all sectors of the economy, from Ontario college lecturers to CN Rail signals and communications workers.

Binding arbitration invariably produces an outcome favourable to the employer and is often accompanied, as was the case in the CP Rail struggle, with explicit threats by the government to intervene and criminalize all worker job action. During the final stages of talks between CP and the TCRC in March, Liberal Labour Minister Seamus O’Reagan delivered an ultimatum to both parties, declaring that “we want a deal done now.”

The Trudeau Liberal government has repeatedly threatened to criminalize railworker job action. An additional factor in its quick intervention to shut down the CP Rail workers’ struggle was the outbreak of the US-NATO proxy war against Russia in Ukraine, in which Canadian imperialism is playing an especially provocative and belligerent role.

The war has produced dramatic increases in prices for energy and other raw materials. Corporate Canada and its hirelings in the Trudeau government were not about to tolerate any disruption to supply chains caused by worker job action under conditions where oil and gas companies, phosphate producers, and exporters of critical minerals can make bumper profits from the war Ottawa did so much to instigate.

The results of the arbitration agreement vindicate the decision by rail workers in March to form the CP Workers Rank-and-File Committee and highlights the urgency for workers to join the fight to expand its influence. In its founding statement, the CPWRFC declared,

“The Teamsters and the pro-capitalist trade unions as a whole long ago abandoned their role of defending workers’ interests. The privileged bureaucrats who head the Teamsters Canada Rail Conference, many of whom have not set foot in a rail yard or locomotive for years, have only one concern: their own careers. They prioritize their corporatist relationships with company executives and government ministers over the interests of the workers they claim to

represent.

“This is why we are making the fight against the arbitration agreement the starting point for a rank-and-file rebellion of railroaders and their supporters against the unions’ sabotaging of our struggle.”

One day after the arbitration settlement was announced, the US Committee on Foreign Investment gave its regulatory clearance for CP Rail to proceed with its acquisition of Kansas City Southern. If the deal receives final approval from the US Surface Transportation Board, the CP-KCS merger will create the only single-line railroad linking Canada, the United States and Mexico. Mexican regulators have already given their approval to the deal. The agreement is valued at US\$31 billion, including the assumption of US\$3.8 billion of debt, but CP expects the deal to generate \$1 billion in annualized synergies within the first three years. The costs of the deal and the new efficiencies demanded from the integration of the two railroads will be borne entirely by the workers in all three countries.

It is now little more than 16 months before the arbitrator-imposed contract covering the 3,000 CP Rail engineers and yard workers expires. The company, headed by multimillionaire CEO Keith Creel (2021 compensation \$27 million), will be relentless in its drive to cut costs and maximize profits for the investors who own the new CP-KCS mega-railroad. Teamsters Canada, the TCRC’s parent organization, views the pro-war, pro-austerity Liberal government as a close ally, going so far as to invite the war hawk and Deputy Prime Minister Chrystia Freeland to address its recent national conference. The union bureaucrats want nothing more than to secure their lucrative salaries and privileges as the brokers of cheap and expendable labour.

The task facing rail workers is to construct a North America-wide movement of the rank and file capable of waging a struggle independently of the pro-corporate unions to secure safe working conditions, manageable work schedules, and full pension and benefit rights for all workers. This requires a frontal assault on the grip enjoyed by the financial oligarchy and corporate giants, including the railroad operators, over all aspects of social and political life so that society’s vast resources can be deployed to meet urgent social needs, not the profits of a wealthy few.



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