

**Open Letter To CAW Members At Chrysler And In The Canadian Auto Industry:**

# **“Standing Together to Defend the Pattern, and Our Union”**

March 27, 2009

**Chrysler workers in Canada have already experienced a very painful uncertainty over the last few months. Bad enough that Chrysler's very future as a company was threatened by the global financial crisis and the resulting collapse of auto sales.**



But now we have an additional dark cloud hanging over our heads. The private-equity financial experts who now call the shots at this company from New York are directly challenging our entire labour relations tradition, and even our union.

They are demanding that CAW cut its labour costs by an incredible \$19 per hour. They are demanding that we break away from the pattern agreement that has already been negotiated between the CAW and GM Canada. GM Canada has already acknowledged that this agreement will reduce its active labour costs by several dollars per hour, reduces legacy costs by as much as \$1 billion, and matches the level of labour costs in non-union U.S. facilities.

But that's not enough for the new team running Chrysler.

The CAW-GM pattern agreement reduces our labour costs by several dollars per hour. On top of that, your CAW-Chrysler Master Bargaining Committee bargained last week several additional productivity and operational changes – many of them difficult, many of them incredibly innovative. Those will further reduce Canadian labour costs by several dollars per hour.

Combined, those changes will leave CAW active all-in labour costs well below \$50 U.S. On top of that, CAW plants already have superior productivity.

Our union agreed to re-open its new contract with the Big Three, for two very specific reasons:

1. The federal government demanded renegotiation as a condition of its bridge financing package to help GM and Chrysler survive the financial crisis.
2. We as a union want to preserve our Canadian investment advantage relative to U.S. plants, based both on reasonable hourly labour costs and superior productivity.

But that willingness to negotiate on our part is not a blank cheque for the company to dictate whatever changes it wants.

Our members, and our union, will face incredible pressure and attacks in coming weeks. Every anti-union commentator in the country will accuse us of destroying jobs, even destroying the auto industry. This is nonsense. Workers didn't cause the financial crisis. Workers didn't cause the credit freeze.

CAW members are well-paid. Those wages and benefits reflect our productivity (each CAW assembly worker produces \$300,000 of value-added per year), and our struggle over the years to improve workers' standards (including past strikes to win vacations, pensions, and key health benefits). Our wages and benefits are less expensive than those earned by autoworkers in other developed countries (including the U.S., Germany, and Japan).

Make no mistake, brothers and sisters. This conflict is not about being competitive. We've proven that our CAW-GM pattern agreement does just that. It's not about the specific benefits or wages that Chrysler wants to snatch from you.

It's about preserving a system of collective bargaining, where workers have a right to set a level playing field to protect all of our members. If we give up a few contract benefits here, and a few over there, just to keep Chrysler satisfied, then it is open season. On Chrysler workers. On Ford and GM workers. On auto parts workers. On all workers.

The employer is taking advantage of this crisis, to take advantage of workers who are quite rightly worried. We must stick together now. We've preserved our plants' investment advantage. That's the only economic benchmark we had to meet.

CAW leadership at Chrysler met March 27 in Toronto where they heard about the challenges that their bargaining committee is facing in this extraordinary round of bargaining. More than 200 shop floor leadership from Chrysler in Windsor, Brampton and Etobicoke then voted unanimously to reaffirm their support for pattern bargaining in the auto industry.

Now the company is trying to destroy pattern bargaining, and our union in the process.

These will be stressful, worrying times, no doubt about it. Even if we worked for free, we couldn't save these companies from the effects of the financial crisis and the downturn in auto sales.

Stick with your union. Learn the facts and figures (see over). Know that by fighting together to defend what the union built over decades and decades of struggle, we will come out of this crisis stronger than ever.

Thank you for your solidarity and support.

**Ken Lewenza**  
CAW National President

**Rick Laporte, President**  
CAW Local 444 &  
Chair CAW-Chrysler Master Bargaining Committee

# CAW-Chrysler Bargaining: Some Key Facts and Figures

## We've Met the Test

**CAW labour costs will fall to below \$50 U.S. per hour under the proposed pattern agreement. Here's how:**

- All-in active CAW labour costs at present are in the low \$70s (Canadian). NOTE: That is not our compensation. That is total labour cost adjusted for all benefits, taxes, time off and even lay-off time.
- The CAW-GM pattern agreement will reduce that figure by several dollars per hour.
- Additional productivity and operational changes negotiated with Chrysler will reduce it by several more dollars per hour.
- At any reasonable long-run Canada-U.S. exchange rate, this reduces Canadian labour costs to \$50 U.S. or lower.

The CAW's goal in this bargaining was to preserve the "Canadian investment advantage" – so it remains attractive to put new products and investments in our plants. We have done that.



## The Phony \$19 Gap

Chrysler officials are demanding a \$19 per hour reduction in all-in labour costs. That would reduce CAW active costs to well below \$45 U.S. per hour – significantly lower even than costs at non-union plants in the U.S.

The \$19 "gap" is phony. CAW costs are lower than UAW costs today. And under this pattern agreement, they will stay that way.

## Canada's Been Good to Chrysler!

- Hourly labour costs today are lower than in the U.S.
- Hourly labour costs will remain lower than in the U.S. in the future under our proposed agreement.
- Productivity in Chrysler's Canadian plants is higher than in U.S. plants.
- For the first time ever, Chrysler sold more vehicles in Canada in February than any other automaker – so Canadian consumers are good to Chrysler, too.
- Chrysler President Tom LaSorda confirmed that Chrysler has enjoyed very large profits in Canada.
- The existing CAW contract requires Chrysler to operate its Canadian facilities until at least September 2011.

**For dollars-and-cents reasons, Canada is very attractive to Chrysler.**

### The Canadian Productivity Advantage

▶ **Number of hours of labour required to assemble a vehicle (2008 Harbour Report):**

<b>CAW Canadian plants</b>	<b>20.36 hours</b>
<b>Non-union Canadian plants</b>	<b>21.66 hours</b>
<b>UAW U.S. plants</b>	<b>22.06 hours</b>
<b>Non-union U.S. plants</b>	<b>25.24 hours</b>
<b>Mexican plants</b>	<b>28.03 hours</b>

**CAW plants are 8% more productive, on average, than UAW plants.**

**CAW plants are 24% more productive, on average, than non-union U.S. plants.**

▶ **Windsor Assembly Plant: Most productive minivan plant in North America. Required almost 6 hours less labour per vehicle than St. Louis minivan plant (2008 Harbour Report).**

▶ **Brampton Assembly Plant: 18.78 hours per vehicle (2008 Harbour Report), a 10% improvement in one year. 9<sup>th</sup> most productive assembly plant of any company in North America.**

## Moving the Goalposts:

Two times during recent contract bargaining, the CAW and Chrysler appeared to have reached a tentative agreement, with little remaining "gap" in costs. Then, both times, within a twelve hour period on Thursday, *after* the CAW had agreed to important contract changes, Chrysler's bargainers "moved the goalposts" – demanding more than \$4 per hour in additional concessions!

The management negotiators sitting at the table in Toronto are clearly not the people who are calling the shots. So who is calling the shots? Private equity? Break-up hedge funds? The U.S. government?