

We Are Approaching a Moment of Truth

A Bargaining Update for All CAW Members and Retirees at GM

May 19, 2009

Dear Sisters and Brothers:

We would like to provide you with an update from the special contract talks between the CAW and General Motors.

As you know, GM is on the verge of bankruptcy. It is being kept alive by financial assistance from the U.S. and Canadian governments. The federal and Ontario governments tore up our March 2009 contract, and instructed us to negotiate a new collective agreement with GM by May 15. This represents the third time in a year we have negotiated with GM. On May 6, the governments also instructed us to attain savings to reduce hourly labour costs to the same level as Toyota Canada.

Your elected bargaining committee representatives have been through hell in the last ten days, in a determined and courageous effort to meet the government's demands, while preserving the principles our union has fought for at GM for the last 70 years.

Principles like living up to a contract. Providing a safe and liveable workplace. Supporting each other when we're sick or injured. Looking after our spouses and dependents. Getting a fair, reliable pension, after we've worked incredibly hard for 30 years or more. And getting a fair share of the incredible value-added we continue to produce with our labour.

The May 15 deadline has come and gone. We're still in incredibly intense talks – not just with GM, but with the federal and provincial governments, too. They continue to interfere in the process, making new demands all the time. Their lack of experience in labour relations, and their repeated threats to pull the plug entirely on GM Canada, have made this process all the more difficult.

And it now seems clear to us there is still one more player involved in these talks – behind the scenes, but powerful all the same. That new player is the U.S. government. Some of the new demands placed on the CAW in this bargaining clearly originated south of the border.

Because the Canadian and U.S. governments are planning a joint effort to support GM's restructuring, we now face a dangerous attempt to enforce a "cookie-cutter" approach on our bargaining. In other words, whatever is done in the U.S., must also be done in Canada. This philosophy is absolutely offensive to us as Canadians, and it is leading the governments to demand things that are neither economically necessary nor tolerable. Moreover, this philosophy ignores the very different situations and cost structures in



Retired and current workers rally outside the Windsor office of Ontario Finance Minister Dwight Duncan, May 14, 2009.

Canada compared to the U.S. Thanks to our medicare system, GM spends one-twentieth as much on retiree health benefits in Canada as in the U.S. Our productivity is superior to the U.S. And our labour costs are lower. It makes no sense to impose a 'one-size-fits-all' formula on us, that ignores Canada's advantage.

The CAW recognizes the enormous risks facing GM in Canada, and globally. Outright liquidation would be an economic and social catastrophe – for our members, and for hundreds of thousands of other Canadians. Pensions would be cut by half, or even more. Retiree health benefits would disappear. Plants would close, and jobs disappear and communities would be decimated. We must do our best to prevent that from happening.



The pension fight back campaign has captured the attention of the media, politicians and the public across southern Ontario

Much better, of course, would be to reach a new contract with GM. The government has promised to protect that agreement, even if GM enters Chapter 11 protection (in the U.S.) and CCAA protection (in Canada). A so-called “surgical” bankruptcy process would allow the company to carry on its operations within a month or two.

But the task of keeping GM in business has become more challenging, and more expensive, with each passing month of the global financial crisis. Is that why our government is now acting so aggressively? Perhaps they would welcome the excuse to wash their hands of the problem, and let the company fail – all the while blaming the CAW for the collapse. (Of course, GM’s collapse would impose untold harm on hundreds of thousands of Canadians who are not CAW members, and add billions of dollars to the federal and provincial deficits. So this threat is akin to shooting yourself in the foot.)

If GM collapses, it will not be because of the CAW. Your bargaining committee has been responsible, creative, and determined in working to keep this company going. We are bargaining hard to reduce labour costs to the benchmark specified by government, and we are almost there. But even that may not be enough for a deal, until our governments – and perhaps the U.S. government, too – rubber stamp the package.

We all knew that pensions would be a major hurdle at GM, because of the high number of retirees. We have moved mountains in trying to reduce the cost of pensions, without tampering with the level of benefits our retirees receive. In our view, the negotiated pension benefit is a sacred trust: a light at the end of the tunnel for autoworkers who work the line, day in and day out, for 30 years. We will not allow that

promise to be broken: not for our current retirees, and not for our current actives.

Senior members have been able to retire knowing that they will have a secure income long after their last day on the job, which has allowed junior members to continue working. This has been incredibly important over the last few years of massive restructuring and layoffs, accompanied by retirement incentive programs which helped senior members into retirement and junior members to continue to have jobs.

If we accepted cuts in pension benefits today, in a fruitless effort to subsidize an enormous deficit that we did not create, then every other pension plan in Canada will be in jeopardy, too.

Pension plans with other major employers such as Air Canada, Nortel and Abitibi Bowater are also under enormous pressure, and increasingly more often workers are being asked to accept less than what they were promised.

What we do at General Motors will also have an impact on what happens to the pensions of these current and retired workers. Employers and governments alike will continue blaming workers for the problem, instead of the true culprits: reckless financial speculators (who caused the meltdown in the first place), irresponsible corporations (who evaded adequate pension contributions), and incompetent government regulators (who have a special responsibility in the case of GM Canada because of Ontario’s special loophole which accounts for two-thirds of GM’s current pension deficit).

The next days will be worrisome and frightening. We understand the fear felt by our members and pensioners. We are as determined as we can possibly be to save this company. But we will not be blackmailed by governments and employers who see this as an opportunity to take away, from all workers (not just CAW members), the principle that a worker deserves a fair and secure pension.

Please stand by for more updates from your union’s representatives. Please call your MP and MPP to demand that pension promises be respected. And please be ready to support your union in the days ahead.

In solidarity,

CAW Master Bargaining Committee