

An Open Letter to GM Workers

We Are Fighting For Our Lives

May 12, 2009

Dear Brothers and Sisters;

This has been an unbelievable, frightening time for auto workers. Our industry was weakened for years by government neglect and a one-way flood of imports from offshore. Then the global financial crisis hit, auto sales seized up, and we've been fighting for our lives ever since.

As you know, the CAW has been pro-active in trying to be "part of the solution" to this mess – a mess that auto workers did not create. Our contract in May 2008 provided \$300 million per year in cost savings to the three companies combined. Then this March, as instructed by the government, we signed and ratified an extraordinary contract with GM that provided further savings as part of GM's restructuring plan.

However, on March 30 U.S. President Barack Obama, in a televised address, rejected the GM plan, and told all stakeholders to go back to the drawing board. The Canadian government rubber-stamped this decision.

General Motors is already technically bankrupt: it cannot pay its bills without government aid (including the first \$500 million in Canadian aid that flowed earlier this month). The federal and Ontario governments rejected our March contract, and have ordered the CAW to reach a new deal with GM or else they will pull the plug on the Canadian arm of the company. Without government support, GM Canada would be liquidated. Our plants would close, and



our pensioners would be left to fend for themselves.

We feel angry and betrayed about having to negotiate a new collective agreement with GM, for the third time in one year. We know that you share that frustration.

But your bargaining committee has decided that we must respond positively to the government's ultimatum. GM's future in Canada is too important for us to walk away. However, it will be a massive challenge to try to reach a fair deal in the coming days. Because the governments and the company are trying to make workers pay for this economic crisis that we did not cause, and that we cannot possibly fix.

In particular, the government has made an outrageous demand that GM's labour costs must be equivalent to Toyota Canada's – **including** the cost of GM's pension deficit! Toyota Canada has virtually no retirees. GM Canada has almost 25,000. What's worse, thanks to GM's greed and government's incompetence, the GM pension fund is many billions of dollars in deficit.

The Ontario government allowed GM to underfund its pension for decades, through its special funding regulations, which the CAW is on record as opposing. Yet now they want workers to bear the cost of the resulting massive deficit through massive cuts in our pensions.

It can't be done.





Obviously, the active GM workforce cannot solve a multi-billion dollar problem that took the company and the government decades to create. Remember, the pension deficit grew and grew even when GM was the most profitable company in Canada (GM Canada earned over \$30 billion in profit, in inflation-adjusted terms, from 1978 through 2007), including periods when GM fully funded its U.S. plans.

The CAW has committed all along that our active labour costs will remain fully competitive. The CAW has consistently reminded GM Canada that our plants are 23 per cent more efficient than Toyota Canada's (according to the independent Harbour Report).

But the long-term crisis in pension funding was not caused by the workers. And it can't be fixed by the workers. We are holding the line on this issue – to defend our current retirees. And to defend you – the active workers of today, and the retirees of the future.

Stand by for more updates. Above all, be ready to support your union in the coming crucial days. We will not allow the workers to be made the scapegoats of this crisis.

Thank you for your continuing solidarity.

Signed,

The CAW-GM Master Bargaining Committee

What does CCAA mean for our jobs?

It is possible, and even likely, that GM will file for Chapter 11 bankruptcy protection in the U.S. in coming weeks, and for CCAA protection in Canada. What does this mean?

First, it does not mean that GM is bankrupt. Rather, GM is receiving court protection for a period of time, to restructure its business and escape from some of its debts.

The Canadian government has confirmed that if we reach a new deal with GM, they will protect that agreement through the CCAA process (so that no further bargaining is required).

This also means that the Canadian and Provincial governments will continue to provide the financing needed to assist GM through the CCAA process.

The best case is that GM would quickly exit Chapter 11 and CCAA protection, with the active support of the Canadian and U.S. governments, and then begin operations as a revitalized company.

Without government financial aid (which the government says is contingent in part on a deal with CAW), then GM Canada would likely be liquidated.

In any event, the CAW will use all its bargaining and legal resources to protect the interests of our current members and our retirees.

Furthermore, the CAW has been in the forefront mobilizing its membership on a range of issues from pension security to fighting for fair trade (instead of free trade), pulling out all stops in defense of our members, our families and our communities.

The activism of our leadership and members has been very much appreciated and those actions must continue if we are going to influence elected parliamentarians in defending the interests of the Canadian economy.

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