

Statement by CAW President Ken Lewenza in Response to Nardelli/LaSorda Letter to Chrysler Workers

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The past week has seen an unprecedented and outrageous series of attacks on Canadian autoworkers and their union. One after another, business executives and political leaders, working clearly in tandem, have lined up to denounce the CAW's role in the auto restructuring process, and to demand that we accept up to \$19 per hour in concessions or else face massive job losses and economic dislocation.

We heard earlier from Fiat CEO Sergio Marchionne, Federal Industry Minister Tony Clement, and Chrysler Canada CEO Reid Bigland. The letter distributed in Chrysler plants today from Robert Nardelli and Tom LaSorda, a clear attempt to sidestep and undermine the CAW, is the most offensive yet.

Let me remind these business and political leaders, and the public at large, of some key facts in this debate:

. Canada has been an incredibly successful and profitable place for Chrysler to do business in. In addition to several billions of dollars in profits generated here over past decades, the company's current activities in Canada are truly enviable. Chrysler enjoys significantly lower hourly labour costs, and higher labour productivity, in its Canadian plants than in its U.S. plants. It enjoys a very high market share among Canadian consumers (in fact, in February it sold more vehicles than any other automaker for the first time in history). Canada's health care system, infrastructure, education system, and research facilities have been and continue to be immensely valuable to this company. Canadians deserve better than to be threatened by a company which has enjoyed billions of dollars in profits here.

. Far from being "inflexible" and "intransigent," the CAW has been pro-active, creative, and constructive in our response to the financial crisis which has enveloped our industry. In May 2008 we negotiated a forward-looking contract, months ahead of the contract deadline, which saved the industry \$300 million per year. Then this March, following government instructions that we had to be "part of the solution," we negotiated (for the second time in ten months) the contract all over again. We settled with GM on provisions which will reduce active labour costs by several dollars per hour, and will eliminate a billion dollars of so-called "legacy costs." GM itself confirmed that this contract meets the goal of preserving Canada's investment advantage. Our labour costs will continue to be lower than average of all the suppliers selling into the North American market. On top of that, our productivity is consistently superior.

. Every time we negotiate a new agreement, however, the goalposts are shifted by companies who sense an opportunity to inflict long-term damage on the credibility and influence of the union. We could have reached a valuable new contract with Chrysler, prior to the original March 31 deadline that would have provided substantial savings to the company (including Chrysler-specific productivity and operational changes worth several dollars per hour). But the company, after accepting our offers, always wanted more; with President Obama's announcement on March 30, our talks were put on the back burner.

. Now we face the prospect of our own federal government interfering in our negotiations, which were already complex and difficult to begin with. The federal government has linked arms with the employers to demand exactly the same concessions. Seeing our own government echoing perfectly the painful demands made on hard-working, tax-paying Canadians by the executives of multinational corporations is deeply troubling. Worse yet, by clearly taking sides in private negotiations between an employer and the union, and hence emboldening the company to keep asking for more, the federal government is making it harder to reach a deal.

. We do not accept Chrysler's claim that the work of CAW members costs \$76 per hour. This is an inflated and artificial figure that includes many non-relevant factors, such as expenses associated with retirees who have not worked at Chrysler for years, and payroll taxes which are paid to government not to workers. Perhaps most galling of all, Chrysler's number even includes the proportional cost of downtime and lay-offs. In essence, we are being "charged" for our own unemployment. The best way to reduce that artificial \$76 number is to put Chrysler workers back to work: that alone would reduce hourly costs by several dollars per hour.

. And we do not remotely accept the claim that there is cost gap of up to \$19 per hour between our facilities and non-union auto assembly plants in Canada. The Canadian executives of Toyota and Honda have described many times their strategy of essentially matching wages, pensions, and core benefits to those paid in CAW-represented facilities (as a key part of their long-term effort to avoid unionization).

. Remember, the restructuring of Chrysler and the other companies is a complex, high-stakes process. Chrysler's future will ultimately be decided by bond-holders (who have yet to accept any concessions) and governments. The more we give up, the less bondholders and other vested interests will have to sacrifice.

. The CAW has a proven track record of ensuring that Canadian plants are competitive within North America. It is no accident that Canada has attracted more than its share of new investment, and why our share of total continental production has actually grown in recent years (despite the industry's overall challenges). We will work to defend the interests of Canadian autoworkers - both union and non-union (since remember, any reductions in CAW wages and benefits will quickly be reflected in matching rollbacks in wages and benefits at Toyota and Honda). We will ensure that Canadian plants retain their investment advantage. If Chrysler or any other company goes into bankruptcy protection (an increasingly likely prospect, given the stalemate with bondholders in the U.S.), it will not be because of us.