

#AUTOTALKS16

QUICK FACTS ON THE GM AGREEMENT - Number Three

October 7, 2016

Don't the wage progression and DC pension mean it's a two-tier agreement?

No, this is not a two-tier agreement. Newly-hired workers will receive the same wages as traditional union members upon completion of the wage progression.

The current wage progression negotiated in 2012, which was significantly enhanced in this last round of bargaining with GM, offered an alternative to the permanent two-tier wage system that the auto companies adopted in the U.S. in 2007, and were demanding from the union. That U.S. two-tier system permanently lowered the wages for all new hires with no chance of ever catching up to the traditional rate, a company demand that our union fiercely resisted.

Our wage progression not only kept newly-hired members on a path to full wages, but was also key to securing investment and creating thousands of new jobs. In the last round of U.S. auto negotiations, UAW members fought to reverse the company's direction by adopting a model that is now similar to ours.

Multi-year wage progressions are common in Canadian collective agreements, including in education, airlines, hydro, retail, and across the public sector. Our wage progression is seniority-based, while many others require both seniority and management approval. Having a progression to full wages is not new to the auto industry. The wage progression negotiated in 2012 effectively replaced the existing six-year progression. The key difference from a two-tier system is that a wage progression means all workers get to the top, while a two-tier system means new hires are permanently on the bottom.

On pensions, there has been extraordinary pressure across all sectors of the economy to cut pension costs and benefit rates since the financial crisis of 2008. The aftermath of the Great Recession has been marked by extraordinarily low interest rates, which have put steady downward pressure on pensions and other investments. In the GM pattern settlement, defined benefit and hybrid plans have been retained for existing members. New members will continue to be among the 25% of Canadian private sector workers that have a workplace pension – a solid employer-sponsored defined contribution plan – but that difference in the type of pension does not make this a “two-tier agreement.” Unifor is proud of our role in fighting back against permanent two-tier systems, in the auto industry and elsewhere, and this agreement continues those efforts.