



CATERPILLAR INC. LOCKS OUT ITS WORKERS

The city of London, Ontario was on edge in early January. The reason? A serious dispute erupted between the **management** of a local plant that assembles locomotives and most of its 465 employees.

Electro-Motive Canada (EMC) **locked out** staff after important negotiations broke down between the workers and the owners.

WHAT'S AT STAKE?

EMC, a branch of the United States-based company Caterpillar Inc., is a major employer in the London area. Its workers belong to the Canadian Auto Workers (CAW) **union**.

In unionized companies, every few years members and bosses meet to discuss wages and working conditions and to try to reach new deals acceptable to both groups. If they succeed, they sign a contract known as a collective agreement that lasts for a set period of time.

In January, as its collective agreement expired, the union and EMC were so far apart in their demands that a settlement seemed hopeless. Employees asked for two more months of talks. Members also wanted the government to appoint a **mediator** to help them resolve their differences.

A HARD-LINE POSITION

However, EMC took a tough stand and instead announced plans to impose a 50 percent pay cut on some employees. That meant the average wage of around \$34 an hour would be reduced to \$16.50 an hour in many cases.

The company said it also wanted to eliminate employee **pensions** and to drastically reduce other benefits. The union countered that the offer was totally unacceptable.

"Every aspect of our collective agreement was attacked," said Tim Carrie, president of the union chapter.

The result? Some 98 percent of the union membership voted to **strike** if necessary. But the company locked out the workers before that could happen.

THE COMPANY'S ARGUMENT

For their part, the people who run EMC maintained they had no choice about the salary and benefit reductions they were proposing.

Management said that wages and other labour costs at a similar Caterpillar plant in Illinois were less than half of those at the London facility. They further argued that salaries and benefits had to be brought in line to stay competitive in a global marketplace. Otherwise, jobs in manufacturing would continue to move, as they have over recent decades, to other nations where workers expect less pay.

THE OTHER SIDE OF THE STORY

But many observers didn't fully buy these arguments. They point out that Caterpillar had sales of nearly \$43 billion in 2010 – an increase of 31 percent from 2009, despite a difficult economy. They also say that the company has had a long-standing

reputation of trying to break the will of unions.

"Caterpillar may be one of the richest corporations to ask for the deepest cuts," said Ken Lewenza, president of the CAW.

A TOUGH TIME FOR UNIONS

At any rate, EMC employees aren't the only unionized workers facing an uphill battle in Canada nowadays, several experts say. In tight economic times, when jobs are precious, many unions find that their power to negotiate is limited because their members are afraid of layoffs.

In the case of EMC, as the new year unfolded, tensions ran high when management brought in temporary workers to replace locked-out staff. Police were on hand ensuring that no violence broke out between angry union members **picketing** the company and their substitutes entering the plant.

But in early January CAW members vowed not to buckle under the pressure.

"Workers across the province are angry and feel betrayed," said union organizer Sid Ryan. "They are ready to fight together to defend their jobs."★

DEFINITIONS

LOCKED OUT: prevented by an employer from working during a labour dispute

MANAGEMENT: people who control or run a business

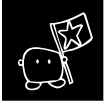
MEDIATOR: a negotiator who acts as a link between parties

PENSION: a regular payment made during retirement from a fund to which a person or an employer has contributed

PICKETING: publicizing a labour dispute by marching and carrying signs

STRIKE: a refusal to work organized by a union as a form of protest

UNION: a group of employees who band together to secure favourable wages and conditions from their employer



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ON THE LINES

Answer the following in complete sentences:

1. What is a union?

2. What is management?

3. What is a collective agreement?

4. Why were the workers at the Electro-Motive Canada plant locked out of their jobs in early January?

5. What demands did EMC management make on its unionized workers?

6. What reasons did the company give for asking for these concessions?

7. Why was the union skeptical of EMC management's reasons for asking for these concessions?
