



April 17, 2009

The Honourable Tony Clement
Minister of Industry
235 Queen Street
Ottawa, Ontario
K1A 0H5

Dear Minister:

Since your government was first elected in 2006, the Canadian Labour Congress and its affiliated unions have been raising the alarm over the crisis in Canada's manufacturing and forestry industries. We met with Prime Minister Harper early in his first mandate and presented him, along with Finance Minister Flaherty, a five-point action plan we felt would bring health back to these sectors, and to secure the future of the communities that rely on the jobs they bring. Our action plan was politely received, and promptly shelved.

Here we are, almost three years later, in the grips of an economic and jobs crisis that we worried and warned about in 2006 was on the horizon. The picture gets gloomier every day.

Last month, Vale Inco and Xstrata laid off hundreds of workers across the country - Vale Inco is now shutting down its Sudbury operations for two months. U.S. Steel has indefinitely shut down its Southern Ontario operations. You have so far refused to provide the public with details of the continuation of operations and jobs commitments made by these companies to your government in return for your approval to purchase Inco, Falconbridge and Stelco.

This week Abitibi-Bowater declared bankruptcy in Canada. More Canadian pulp and paper producing jobs are at risk due to the unfair advantage U.S. pulp and paper firms are receiving in the form of an alternative fuel tax credit –

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a subsidy they now receive by simply adding a small amount of diesel fuel to the naturally occurring "black liquor" in the krafting process. A subsidy that is estimated to reduce the cost of newsprint production by up to \$300 a ton. Again, your government is silent on this latest unfair trade subsidy that can cripple the industry in Canada. Yet today, your government is on record as saying that you cannot provide loan guarantees to Abitibi-Bowater because that would violate the softwood lumber treaty.

General Motors and Chrysler are on the brink. Yet your silence is not deafening here. In fact you are quite vocal. At every opportunity you have insisted wage earners must sacrifice even more.

Every leading economist, and every major international institution from the International Monetary Fund to the Organisation for Economic Co-operation and Development, acknowledge that the real culprits who caused the financial collapse now wreaking havoc on the world economy are unfettered and unregulated financial markets and greed run amok among the corporate elite. Not one worker is responsible for this mess. Not workers and certainly not their unions. Yet workers and their families are being told to shoulder the costs - in lost jobs, and in demands to cut wages.

As you re-announced measures for the automotive industry your government said it would put in place over a year ago, you said the federal government is willing to let two major auto manufacturers collapse if workers don't give up more than they already have. You maintain this position even after the new CEO of General Motors declared the workers had come to the table and reached an agreement with the company to help them out of this mess.

Auto workers, paper workers, airline workers, steelworkers, and many more have made sacrifices these last few years to help their companies. Many are watching as their companies, after pillaging the pension plans and taking unnecessary risks, demand workers give up the contractual benefits they have paid for with their money and their years of labour.

Yet you have not called for the bondholders to sacrifice. You have not called for the banks to ease their debt burdens and free up credit. You have not called for corporate executives to sacrifice their obscene bonuses, their golden parachutes, their multi-million dollar annual pensions, and their bloated compensation. You have called only for more sacrifice from wage earners.

With direct labour costs representing seven per cent of the production costs, the crisis in the auto industry is not about workers' wages. Shame on you for trying to make it so and not putting the pressure where it belongs – on the people and the enterprises that created this mess.

If the lessons of the Great Depression are to be heeded, this economic crisis will only deepen if workers' wages are cut as unemployment is rising and consumer demand is falling. Workers have already sacrificed enough to pay for the collapse of a system based on deregulation and its resulting greed.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Georgetti', with a long horizontal stroke extending to the right.

Kenneth V. Georgetti
President

cc: CLC Officers
CLC Executive Assistants
CLC Executive Council
CLC CULR Staff