

Forced to work for 50¢ to \$1 less an hour

Cadillac's modest profits are union's losses

By CARL STIEREN

Construction costs for the new Atkinson college residence are about 10 per cent lower because Cadillac Development Corporation is building it, but the construction workers are the losers.

Cadillac is best known as the apartment management and development corporation which has assembled land, demolished old houses, and built over 40 high-rise apartments in Toronto, Hamilton, Ottawa, and Thunder Bay. Yet by 1970 Cadillac had entered the commercial building field by putting up the Ontario Housing Corporation building at 101 Bloor Street West. This past summer, with the contract for the Atkinson residence, Cadillac established itself in university construction by getting construction workers' unions to build on campus for lower wages.

Union suspicions were first aroused last year, when Vroom, the contractor for Stong and Bethune, complained about having to build student residences for commercial construction wage-rates. Vroom claimed that this was unfair, since Cadillac had been invited to build the Atkinson residence at residential wage-rates.

After hearing about this plan, Alexander Main of the Toronto Building Trades Council called Cadillac to see if it was true. Cadillac replied that they did indeed plan to use residential wage-rates, which were 50 cents to one dollar per hour below commercial wages for many workers. When Main replied that Cadillac would probably get repercussions from the unions when they were told to take the cut, the York administration stepped into the picture.

Bill Small, vice-president for administration, wrote to Main to indicate York's concern with the attitude taken by the trade unions. Small explained that federal and provincial grants had been used for the other student residences, but the grants were no longer available.

Main asked whether the construction men who work on the

buildings should be made to subsidize them by building them at lesser rates. Small replied that York might have to table or shelve the project if residential wage-rates were not accepted by the unions. Later, Cadillac decided to build the residence anyway, using residential rates despite union objections.

Quite a different story of the incident was told by York's physical plant, which oversees campus construction. According to Harold Stott, assistant director of construction, the contract for the Atkinson residence was held up for some time in July because of opposition by commercial construction unions to the use of residential unions on the project. This explanation would have placed the blame for the delay, as well as the wage dispute, upon inter-union strife.

In fact, there are no separate commercial and residential construction unions, according to the Toronto Building and Construction Trades Council. Instead, there were sometimes two sections of the same union — one for residential construction workers and one for commercial. Within the union itself, members were assigned to the commercial section upon a basis of seniority if in that particular trade the commercial wages were higher.

According to the Building Trades Council, the construction unions were in agreement that commercial rates and conditions should apply to the Atkinson residence since it was an institutional building and since all previous York residences had been built with commercial rates. According to the union, it was Cadillac who opposed the commercial rates, with York administration backing.

The prospect of saving money by using the lower wage scale for residential workers was one of the two reasons that Cadillac got the contract, according to physical plant spokespeople. The other reason was the prospect of lower maintenance and upkeep costs for Cadillac buildings. Maintenance costs were

supposedly higher for Ryerson's Neil Wycik Co-op, which was built by the other contender for the Atkinson residence contract, Tampold Wells. However, lower maintenance costs will not pay off the Atkinson residence at York if Cadillac's buildings are really built with a planned obsolescence so that they deteriorate after twenty years, when investment and profits are recouped, as some have claimed.

Cadillac was also chosen to build the Atkinson link between the residence and the existing buildings. Construction of this building was postponed for at least two or three years when York's entitlement to use provincial construction funds dropped too low to build even before November when the province put a freeze on all new building for universities. Ironically, Cadillac had agreed to use commercial wage-rates for this building, which may not be built at all.

If past profits are any indication of its prospects at York, Cadillac will earn a tidy sum from the Atkinson residence contract. Cadillac claimed that its profits for 1970 were about 10 per cent of the shareholders' capital and retained earnings. However, according to Osgoode professor James Lorimer in his book *A Citizen's Guide to City Politics*, Cadillac's calculations allowed over a million dollars for depreciation, neglected to add the increase in the value of its land, and deducted unpaid income tax as an expense. Lorimer, who does not allow such methods in his accounting, comes up with a figure of 35 per cent for Cadillac's profit upon shareholders' capital and retained earnings. If this profit is calculated on shareholders' investment alone, the rate is 65 per cent.

The construction unions, on the other hand, have some wages as high as \$7 an hour, compensated for by an unemployment rate of 22 per cent as of Jan. 4, 1973 — a drop from last year's figure of 24 per cent.

Most of Cadillac's profits from its buildings go to four of its directors — Joseph Berman, Jack Daniels, A.E. Diamond, and Gordon Shear, who own 57 per cent of Cadillac stock. Two other directors of Cadillac represent North American Life (Nalco), which, according to Lorimer, has loaned Cadillac \$6.6 million in debentures at 8.5 per cent interest. Still other Cadillac directors are directors of Acres Group, which includes a steel company and several security and trust companies. Thus a ready source of loans or capital is provided to Cadillac through the connections of its board of directors. In some cases, money was loaned to Cadillac at rates above the prime bank interest rate. When this was done by firms who had directors who were also on Cadillac's board of directors, Lorimer pointed out that this was nothing less than directors secretly draining off Cadillac profits.

Cadillac's policies in residential construction have come under fire from citizens' groups in Toronto recently. In those areas where Cadillac has bought up perfectly sound individual houses in a stable community, such as in the Quebec-Gothic area of High Park, there have been vigorous protests. After the election last December of an anti-developer city council, it is doubtful that Cadillac can continue such projects against the wishes of

local residents. As early as May 1972, Lorimer reports Cadillac president Diamond as saying that the firm was moving away from high-rise apartment construction and management in Toronto. The reason given for this move was opposition to high-rises by residents' and ratepayers' groups, but the failure of rent levels to produce the

customary profit may have been the economic motive according to Lorimer.

With Cadillac money and manpower diverted from apartments in Toronto, their commercial and educational construction activities may increase. Perhaps York's next building will be the Cadillac Memorial Chapel.



Cadillac Development Corporation, builders of University City, south of the campus, are now making profits from on-campus building.

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