

## An historic betrayal

# Canadian Auto Workers union “partners” with Magna International

Statement of the Socialist Equality Party (Canada)  
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Canadian Auto Workers union President Buzz Hargrove and Frank Stronach, the notorious anti-union boss of auto parts giant Magna International, have signed a “Framework of Fairness” agreement that will see Stronach invite the CAW to “organize” his company’s plants in return for the union giving an indefinite no-strike pledge and abandoning the grievance procedure and other fundamental union principles.

The deal will become effective only when ratified by workers at each plant in the Magna empire. Both Stronach and Hargrove are actively promoting the new “non-adversarial” arrangement, in which the union will work as an adjunct of management in enhancing corporate competitiveness and profitability and suppressing worker dissent.

At a joint union-company press conference held October 15 at Magna headquarters, both Hargrove and Stronach were at pains to promote, in the name of defending “Canada’s auto industry,” an employer-union common front against the increasing threat that Asian imports represent for company profits and the union’s dues base.

The downsizing of the North American auto industry in the face of globalized production has, said Hargrove, “led all of us on our side of the table—and I know it has led Frank and others—to say why would we waste our efforts in fighting one another over whether there’s going to be a union in a particular division of Magna when it makes more sense to sit down and have a relationship that’s non-traditional, that’s non-adversarial in nature.”

In other words, auto workers in Canada should join hands with Magna and the Big Three and other Canadian-based auto parts makers to try to place the burden of the global restructuring of the auto industry on workers in Asia, Mexico, and, for that matter, the US.

In a joint statement published October 17 in the *Globe and Mail*, Canada’s traditional voice of the financial establishment, Hargrove and Stronach outlined a blueprint for a corporatist approach to labour relations, in which “Magna accepts the CAW as a genuine partner” and the union “accepts Magna’s culture of ‘fair enterprise’”—a euphemism for the rejection of any conception of a cleavage between the interests of capital and labour.

Thusly, the deal “will have several unprecedented features.... Instead of union stewards, ‘employee advocates’ will work with ‘fairness committees’ in each plant to make local decisions and resolve concerns. Instead of traditional grievances, a ‘concern resolution process’ will give workers several avenues to pursue

and resolve a concern. Instead of strikes and lockouts, unresolved contract matters will be referred for final-offer arbitration.”

Wage rates at Magna plants do not significantly differ from those in plants organized by the CAW. As the co-chief CEO of Magna, Donald Walker, noted, “When our shareholders examine the deal, they’re going to see that it doesn’t make us less competitive.” Business analysts observed that the deal does not affect company operating costs and that its real aim is to increase productivity rates on the shop floor by adding a union that will work with management to snuff out dissension, in other words, in policing the workforce.

Currently, Magna employs about 19,000 hourly auto parts workers and 2,000 salaried employees in some 45 plants and engineering centres across Canada. Almost all of the facilities have remained without union representation despite numerous attempts over many years by the CAW to win the right to represent the workforce. Also active in the United States, Magna employs over 18,000 workers there at 72 sites, of which only eight are organized by the United Auto Workers union. Stronach has said that he hopes a similar framework will soon be established with the UAW.

Since starting his business in his own garage in the 1950s, Stronach has promoted a paternalistic corporate culture that includes profit-sharing schemes, company-run “grievance” hot-lines, and employee charters designed to promote an “entrepreneurial spirit” and dampen class consciousness. He often personally intervened at plants targeted by the union, with a combination of veiled threats and blandishments, to ensure any membership drive would fall on stony ground. When the CAW did gain small footholds in three Magna plants in Ontario employing about 1,000 workers, including the Integram Seating plant near Windsor, it was by negotiating extraordinarily long-term contracts that surrendered the right to strike in favour of binding arbitration.

Traditionally, union organization drives are centered around attempts by union officials to convince individual workers at a given site to sign union cards. After the required majority is received, the process for ratification of the union as sole bargaining representative for the workforce is initiated. Under the newly announced “framework,” workers will simply be asked to vote on a tentative agreement already worked out by the joint company-union team.

The CAW-Magna deal has provoked widespread rank-and-file opposition and several local CAW officials have been forced to speak out against it. But the top union leadership is closing ranks with the aim of stifling all opposition. Hargrove, who initially dismissed the criticism of the deal as coming from an inconsequential rump with an axe to grind over the CAW’s alliance

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with the big business Liberal Party, suddenly changed tacks and called a meeting of the national executive board this Tuesday. It endorsed the Magna partnership by a vote of 16-1. Former CAW President Bob White has also applauded the deal, saying that the union must face “new realities” and noting that “strike frequency is a tiny fraction of the 1970s level.”

Typical of the CAW’s corporatist orientation was the response of Tim Carrie, president of CAW Local 22 in London, Ontario, to the union’s “partnership” with Magna: “This helps dispel the myth that unions cause difficulty. This is very sophisticated management that realizes unions can stabilize workplaces and can work with management to improve workplaces.”

From the standpoint of the CAW bureaucracy, the purpose of the Magna deal is to secure its financial position. The revenue flowing to the CAW bureaucracy from union dues have been put under severe pressure as a result of the downsizing of the auto industry in North America, the surge in the value of the Canadian dollar, and its increasing inability to attract new members and organize non-union plants.

Meanwhile—as underlined by the historic concession contracts negotiated by the UAW in the United States over the past several weeks with GM and Chrysler—auto workers on both sides of the border face an unprecedented threat to their jobs, working conditions and living standards.

For close to two decades the Canadian Auto Workers union was able to maintain a certain leverage in its bargaining with the Big Three due to a favourable labour cost differential brought about by the existence of a state-run health-care system in Canada and a dollar that at times had a 40 percent lower valuation than its American counterpart. It was this cost advantage and not any illusory extra-militancy amongst Canadian union officials that fuelled the 1985 nationalist breakaway from the UAW and the formation of the CAW.

While the split was sold to the rank and file by the CAW bureaucracy as a means of opposing the concessions policy of the UAW leadership of Owen Bieber, the CAW was both before and after the split ready to work with the automakers to slash labor costs. The split allowed it to appeal with increasing shamelessness to the auto bosses to close their US facilities and eliminate jobs south of the border in preference to reducing production at their more profitable Canadian facilities.

Increased international competition and the rapid disappearance of the US-Canadian labor cost differential have thrown the CAW leadership into intense crisis. In 2002 it joined with the Big Three and the Ontario and federal governments to form a Canadian Automotive Partnership Council whose mission is to “to address the key competitive issues facing the Canadian

automotive industry.” And Hargrove and the CAW leadership have used the anti-working class policies carried out by the social-democratic New Democratic Party when in power in various Canadian provinces to justify the CAW’s terminating its decades-long affiliation with NDP and allying with the Liberals, the Canadian bourgeoisie’s traditional governing party. In the 2006 federal election, Hargrove campaigned for the return of Paul Martin’s Liberal government and personally canvassed for the re-election of Liberal MP Belinda Stronach, the daughter of Magna boss Frank Stronach and herself a former top Magna executive.

According to Hargrove and Stronach, discussion on the Magna-CAW pact began two years ago. But it is no coincidence that it was finalized in the wake of the UAW-GM settlement in which the union agreed to impose massive concessions and take direct responsibility for cutting GM workers’ and retirees’ health benefits in exchange for control of a massive investment fund.

Like the UAW, the CAW bureaucracy is seeking to find the means to cling to its privileges by playing a more active and open role in the assault on the working class.

While Wall Street and Bay Street auto industry analysts are gloating over the concessions that the UAW granted GM and predicting they will give the Big Three a powerful weapon with which to press workers in Canada to accept unprecedented job and wage cuts, Hargrove and his close associate Jim Stanford have remained all but mum about the UAW-GM settlement, except to proclaim that the company’s Canadian labor costs are still lower!

CAW members must be forewarned: The Magna partnership will be followed by a similar surrender to the Big Three unless the rank and file rebel against the CAW and adopt a new perspective based on the industrial and political mobilization of the working class and the struggle to unite auto workers and the working class as a whole across national borders. Economic life must be organized not to serve corporate profit and private wealth, but rather the needs of working people and society as a whole.

The urgency of the struggle has been underlined by Hargrove’s announcement that he is ready to offer Toyota and Honda, which have non-union plants in Ontario, a deal patterned after that the CAW has struck with Magna. According to the *London Free Press*, Hargrove declared that Toyota and Honda would be “better off” having “the union working with them on quality and productivity than ... to be fighting us.”

We urge all auto workers who recognise that a new strategy, radically opposed to that of the CAW, is needed to defend jobs, wages, and workers’ rights to contact the Socialist Equality Party and the *World Socialist Web Site* to discuss the building of a new leadership of the working class.