Threat of plant closures dominates Canadian auto talks

David Adelaide
17 September 2002

Since July, the Canadian Auto Workers union (CAW) has been engaged in contract talks with the Big Three automakers—General Motors, Ford and DaimlerChrysler—which collectively employ almost 45,000 CAW members. The union has set a strike deadline of midnight tonight for 19,000 GM workers, but CAW President Buzz Hargrove has strongly hinted that a strike will be averted.

Last Friday, GM tabled a contract offer Hargrove termed the worst he had ever seen. It included a rollback in cost-of-living payments that meant an effective wage increase of just 1 percent this year and called for lump-sum payments in lieu of pay increases for 2003 and 2004. GM also demanded the right to hire new employees on a term or contract basis, with the proviso that such temporary workers could ultimately constitute as much as 10 percent of its total workforce.

However, on Sunday GM withdrew most of its concession demands, although it continues to insist workers should co-pay for some health benefits. The rapidity with which GM switched gears strongly suggests its aggressive takeaway demands were meant to provide the CAW leadership with an opportunity to grandstand before coming to terms with management and accepting a further series of job cuts.

Casting a long shadow over the contract talks is a major overcapacity in North American vehicle production and the marked slowing of the North American economy since the last round of negotiations in 1999. Auto industry employment in Canada has fallen by 15,000, or almost 10 percent, since 2000 and each of the Big Three has closed or is in the process of closing an assembly plant.

Last month GM permanently closed its Ste. Therese car assembly plant, the only Big Three plant in Quebec. There are also large numbers of CAW members on layoff in St. Catherine’s, where GM has cut its workforce by 5,500 since the early 1990s. Ford has said it will close its truck assembly plant in Oakville, Ontario, at the end of 2003 or beginning of 2004, so as to concentrate production at a Michigan facility. DaimlerChrysler, which in 2001 eliminated a shift at its Brampton car plant and Windsor commercial van plant, has indicated it will permanently close the van plant when the current model is taken out of production in 2003.

In the 1999 negotiations, GM agreed to invest $1 billion in upgrades at its Oshawa and St. Catharine’s, Ontario, plants. Ford promised to build a new paint shop alongside its existing assembly plant in St. Thomas, Ontario. DaimlerChrysler said it would build a paint shop alongside its large van plant in Windsor, Ontario. None of these promises has been fulfilled.

The response of the CAW bureaucracy to the threat to its members’ jobs has been to deepen its longstanding corporatist relationship with the auto bosses. In the name of a “national auto strategy,” the CAW is lobbying the federal and Ontario governments to make tax concessions and outright grants to the Big Three to assist them in competing against Toyota, Honda and other foreign-based automakers. Moreover, it is working to pit North American workers against each other in a fratricidal struggle over jobs, actively campaigning for the Big Three to close US and Mexican facilities in preference to those in Canada.

For years, the CAW bureaucracy has sought to impress upon the auto bosses the importance of the so-called “Canadian advantage”—i.e., the fact that their labor costs are significantly lower at their Canadian than at their US operations, due to the differential in the value of the Canadian and US dollars and Canada’s state-funded public health insurance scheme, Medicare.

But under pressure to take action to prevent major losses and fearing the erosion of their dues bases, the CAW bureaucrats are becoming ever more blatant in their appeals to the Big Three to recognize that they are the provisioners of cheap labor.

Last week as the GM negotiations were reaching their climax, Hargrove lobbied the Wall Street and Bay Street financial houses to pressure the automakers to concentrate their job cuts in the US. Hargrove and union economist Jim Stanford met with investors and auto industry analysts at a luncheon September 10 organized on the CAW's behalf by the Canadian Imperial Bank of Commerce's World Markets investment division. After the luncheon, the CAW president participated in a conference call set up by the Wall Street brokerage house J.P. Morgan Chase & Co.

During the J.P. Morgan Chase & Co. conference call, Hargrove opined: "The real challenge for all of us if we want to make money is to try to demand that the companies pay more attention to those countries or those communities where the obvious quality, productivity, cost and profitability numbers are there." The CAW President emphasized that the union was anxious to reach a contract without a strike: "A settlement is in our best interest, as it is in the companies' best interest.... We're not going to do anything to hurt the Big Three.... It would be pretty dumb of us to do that."

Hargrove boasted in his conference call that the union's choice of GM as its first strike target was dictated by its concern not to rile investors. Had the union wanted to punish the industry, said the CAW president, it would have picked Ford because it is the most vulnerable to a strike at its Canadian operations. This is because Ford's Windsor engine plant is the principal or exclusive supplier to a large number of Ford assembly operations in the US, Canada, Mexico and Europe.

A document prepared by Sandford and distributed to investors at the Toronto meeting argued that not only are hourly labor costs at the Big Three's Canadian operations $18-20 (US) lower than in the US, but that the CAW has agreed to changes such as three shifts per day or round-the-clock operations at assembly plants that further boost productivity and profits. Stressing the common interests of the union bureaucracy and auto industry investors, the document declared: "If Ford's desire is genuinely to cut costs and improve its financial bottom line, then the decision to close the Ontario [truck assembly] plant is very much open to question—from financial analysts and shareholders, not just employees."

Auto workers should beware. The nationalist-corporatist policy of the CAW bureaucracy threatens them and the working class as a whole with disaster. Under conditions where Wall Street and Bay Street are demanding an intensification of the assault on autoworkers' jobs and wages so as to improve investor rates of return, the union bureaucracy is desperate to prove its readiness to serve as their agents.

In campaigning for the closure of US and Mexican plants, the CAW functions brazenly to boost company profits, promotes the corporatist lie that workers' interests are those of their employers, and splits the working class on national lines, thus enabling the automakers to browbeat workers into a never-ending labor-bidding war to the bottom.

The CAW leadership and that of the unions as a whole constitute a privileged bureaucracy whose interests are not only different, but irreconcilably opposed to those of the workers they purport to represent.

To defend their jobs and wages, auto workers will have to mount a rebellion against this bureaucratic caste. But above all they need an entirely new strategy based on a refusal to subordinate the interests of workers to the profit needs of big business, and the need to unite autoworkers in Canada, US, Mexico in an international struggle against the automakers and the capitalist system as whole.