Canadian Auto Workers union “partners” with Magna International

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Canadian Auto Workers President Buzz Hargrove and Frank Stronach, the notorious antiunion 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 joins hands with Magna, other Canadian-based auto parts makers and the Big Three (GM, Ford and Chrysler) and 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 struggle by labour against capital.

The deal, according to the joint statement, “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-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.

The analysts view this as most promising. Of the twenty-one analysts who cover Magna, as tracked by *Bloomberg*, eight posted “buy” or “outperform” stock ratings, twelve recommended a “hold,” and only one posted a “sell” report.

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.

Magna also employs over 18,000 workers at 72 sites in the US, of which only 8 are organized by the United Auto Workers union. Stronach has said he hopes a similar framework will soon be established with the UAW. Exploratory talks have been suspended until this fall’s bargaining round with the Big Three automakers is concluded.

Magna, which has annual revenues of $24 billion just from business with General Motors, Ford and Chrysler, also employs 43,000 workers overseas. Two months ago, Magna shareholders approved a controversial plan to sell 20 percent of managerial control over the company to a firm owned by billionaire Russian entrepreneur Oleg Deripaska for $1.54 billion. Deripaska, a pro-Putin oligarch, has extensive holdings in the Russian auto industry, energy sector and aluminium production.

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 that 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. It is expected that the votes will continue well into 2008.

Reaction to the deal amongst full-time CAW officials was predictably ecstatic. "This helps dispel the myth that unions cause difficulty," declared Tim Carrie, president of CAW Local 27 in London, Ontario and head of the union's auto parts council. "This is a very sophisticated management that realizes unions can stabilize workplaces and can work with management to improve workplaces."

The revenues 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 the union's increasing inability to attract new members and organize nonunion plants.

Meanwhile—as underlined by the historic concessions contracts negotiated by the UAW in the United States 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 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 militancy amongst Canadian union officials that fuelled the 1985 breakaway from the UAW and 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, the CAW was, both before and after the split, ready to work with the automakers to slash labour 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 narrowing of the US-Canadian labour 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 "address the key competitive issues facing the Canadian automotive industry."

Hargrove and the CAW leadership have used the anti-working class policies carried out by the social democratic New Democratic Party in various Canadian provinces to justify the CAW's termination of its decades-long affiliation with the NDP and its alliance instead 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 reelection 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. 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 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 companies' Canadian labour 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 across national borders.

The urgency of this struggle is underlined by Hargrove's announcement Thursday that he is ready to offer Toyota and Honda, which have nonunion plants in Ontario, a deal patterned after the agreement 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."