With Big Three contracts set to expire

Canadian Auto Workers leaders court financiers

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The president of the Canadian Auto Workers union, Buzz Hargrove, and his chief economist Jim Stanford visited the boardrooms of the big banks and investment houses on Bay Street and Wall Street this past week to remind the assembled financiers that the union's negotiating team is prepared to offer further concessions to the Detroit automakers in upcoming contract negotiations. The CAW's contracts with Ford, General Motors and Chrysler-Cerberus expire September 16.

In the wake of the massive concession contracts signed last September by the CAW's US counterpart, the United Auto Workers union, and under conditions where the crisis in the auto industry continues to deepen, Hargrove was at pains to assure the gatherings of investment analysts and institutional shareholders that the CAW will work with the automakers to find cost savings by increasing productivity, through speed-up and more flexible work rules, and by examining means to slash benefit costs.

It is expected that the Big Three will demand wage cuts in the coming contract negotiations. Last September, the automakers and the UAW, carved out an agreement that imposes a full-scale two-tier wage system on American autoworkers and shifts responsibility for managing and cutting "legacy cost" benefit programs from the company to the union.

In their public pronouncements, Hargrove and Stanford have vowed that the CAW will not go down the two-tier wage road. "We're very concerned that investors would place their bets on the assumption that Canadian contracts will follow the UAW deal," said Stanford.

Workers should place absolutely no faith in such claims. Since the CAW broke away from the UAW in 1985, its leaders, first Bob White and now Hargrove, have fashioned careers out of denying that the CAW bureaucracy is in the business of negotiating concession contracts despite a mountain of evidence to the contrary.

Autoworkers at the giant GM complex in Oshawa, to take just one of the latest examples, are fully aware that in the guise of a 2006 "Shelf Agreement" (a deal made contingent upon new investment promises from the company), Hargrove and Local 222 President Chris Buckley accepted via the backdoor the principle of a two-tier wage system in the plant when they allowed GM to hire nonunion workers for jobs formerly governed by the CAW contract. Indeed, even after the implementation of that agreement, GM has still refused to specify new product plans for the plant in order to maintain bargaining leverage in the upcoming negotiations.

If the concessions granted by the CAW to date have not been as dramatically onerous as those negotiated south of the border, that has been because the Canadian operations of the Big Three have enjoyed a "competitive advantage" as a result of the historically weaker Canadian dollar and the existence of a national health scheme in Canada that has reduced the automakers' benefit obligations. However, the recent rise of the Canadian dollar to par with the US greenback, combined with the massive cuts in wages and the offloading of benefit costs agreed to by the UAW in the United States, has eliminated the "cost advantage" that gave the CAW bureaucracy somewhat greater room to maneuver.

At their meetings with the financiers, Hargrove and Stanford were anxious for the investment analysts to know that productivity rates at the Big Three's Canadian plants are higher than those in the US due to the combination of more modern facilities and the CAW's readiness to enforce speed-up through flexible work rule agreements. The CAW leaders, ever willing to pit Canadian workers against their American counterparts, further emphasized that Canadian operations recorded higher profits than the American plants in four of the six years between 2001 and 2006.

The CAW bureaucracy is well aware that the ongoing crisis of profitability at GM, Ford and Chrysler-Cerberus in North America requires them to develop even closer relationships with the automakers, assuming ever more direct responsibility for imposing job and wage cuts. The no-strike, no grievance procedure corporatist agreement that the CAW recently struck with parts manufacturer Magna International is but the most recent example of this willingness by the union leadership to surrender even the most elementary trade union principles.

The forces of capitalist globalization have transformed the unions into businesses, controlled by a bureaucracy that at every point sets out to advance its own financial interests by collaborating with the auto companies at the direct expense of the workers who are compelled to pay dues into its coffers. Its major function is to stomp out dissent within the ranks and soften up workers to accept management’s demands. Hargrove never misses a chance to point this out when in the oak paneled enclaves of the banks and investment houses. Unions, he tirelessly asserts, can be used to prevent strikes and guarantee labour peace, whilst the auto companies orchestrate their attacks on the historic gains of the working class.

In this regard, workers should take note of last month’s meeting between Hargrove and Canada’s Conservative Prime Minister Stephen Harper. As auto job losses have mounted in Ontario (recent announced shutdowns in Brampton, Windsor, Oshawa and Kitchener alone amount to 5,000 redundancies), Hargrove has acted as the front man for the auto bosses in petitioning the big business politicians to inject further funds into the coffers of the Detroit Big Three. He has combined this plea for increased corporate welfare with a demand that the Canadian government take trade war measures against Asian automakers if “fair trade” auto pacts cannot be negotiated. If continental trade restrictions on imported vehicles are not instituted, declared Hargrove, “within a decade, General Motors and Ford would both declare bankruptcy in North America.”

In a meeting described as “cordial” by Harper’s spokesperson, Hargrove told the right-wing prime minister that he would “be the happiest guy to praise him” if he takes measures to bail out the auto companies, but that he would actively campaign against him if he “does nothing.”

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 the social-democrats 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 reelection of Liberal MP Belinda Stronach, the daughter of Magna boss Frank Stronach and herself a former top Magna executive. Today speculation is rife that Hargrove, upon his imminent retirement after the conclusion of this autumn’s contract negotiations, will consider standing as a candidate for the Liberal Party.

The fight against wage-cutting, the loss of jobs and the destruction of all the gains won by previous generations of workers cannot be conducted through the existing pro-capitalist labor organizations, such as the Canadian Auto Workers union. They categorically defend the profit system through their collaboration with the corporations and their political alliance with the parties of big business, which they falsely portray as friends of autoworkers in order to block the building of an independent party of the working class.