

Canada: While CAW bleats, Harper offers aid to automakers and endorses job-cutting

A dispute within Canada's big business elite

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15 September 2008

Just days before dissolving parliament and calling a federal election for October 14, Conservative Prime Minister Stephen Harper, in a turnaround from earlier hard-line statements opposing government assistance to manufacturers, announced his government is giving an \$80 million “repayable” grant to Ford Canada to re-open their Windsor-Essex auto plant. Harper said the grant—a no-interest loan to be repaid over 20 years—would encourage the production of more fuel efficient engines.

The Ford announcement was quickly followed by a promise from Ottawa to suspend a \$25 million penalty levied against General Motors by the federal and provincial governments for GM's violation of loan provisions. The violation was triggered by GM's decision to shutter its truck plant in Oshawa, Ontario last spring. After the lifting of the fine, GM agreed to continue investment in a St. Catharines transmission plant and at its remaining facilities in Oshawa.

The outgoing Harper minority government holds “at risk” parliamentary seats in all three auto-industry cities, including that of Finance Minister Jim Flaherty in Oshawa.

Yet just one week later, after Ford announced 500 job cuts at its Oakville assembly plant and John Deere said it would be closing its heavy machinery facility in Welland, Ontario, permanently laying off 800 more workers, Harper dismissed calls for government action, stating bluntly, “The government can't go in and say ‘we can guarantee your job.’ We can't guarantee your job. Some jobs are going to disappear.”

Harper went on to justify the destruction of jobs as fundamental to a properly functioning economy, arguing falsely that most of those who have been rendered jobless in recent years as a result of layoffs and plant closures in secondary manufacturing have gone on to find jobs that pay the same or better.

“I think,” said the prime minister, “the worst thing for a government is to try and pretend we could keep the economy exactly the way it is. We won't. We know we're in a competitive economy that's got to constantly change. And we know there are going to be jobs that are going to disappear.”

That some jobs will disappear may be the understatement of the campaign, at least so far. A recent report from the senior economist at Toronto-Dominion Bank (TD) shows that in the past eight years, 180,000 manufacturing jobs have been shed in Ontario and 140,000 more in Quebec. And the pace of job destruction is increasing: 88,000 blue-collar jobs were axed in the past year alone! The TD report projects that over the next five years a further quarter of a million manufacturing jobs will disappear in Ontario and 100,000 more in

Quebec.

What are we to make of Harper's cynical and short-lived “about-face” on government support for the auto industry? Certainly electoral considerations weighed heavily in his decision to dispense a modicum of largesse in the auto centres where parliamentary seats are in play. But the Conservatives were also throwing a bone to opponents within the ruling class who have criticized the federal government for not doing more to support the auto and auto-parts makers, who together constitute a pillar of the central Canadian economy.

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With its base in sections of finance capital and regionally based big business interests—particularly amongst the oil and gas conglomerates centered in the western provinces—Harper's Tories have conducted a running feud with Ontario Premier Dalton McGuinty and his Liberal government.

Central to this dispute are differences on the tempo in which the redistribution of wealth from the working class to the most privileged layers of society must take place. Whilst Harper agitates for a more unrelenting pace, those factions around McGuinty argue that too hasty public spending cuts and too frontal an attack on workers' living standards could endanger bourgeois interests by fuelling the combativity of the working class. McGuinty and company also believe that the government should not focus exclusively on tax cuts and deregulation to the detriment of funding the infrastructure or providing the emergency assistance needed to ensure the province's big corporations remain profitable.

The McGuinty Liberals, supported by then President of the Canadian Auto Workers (CAW) union Buzz Hargrove, have faithfully upheld the interests of the Big Three auto companies by funneling hundreds of millions of dollars in government subsidies into the coffers of Ford, General Motors and Chrysler Cerberus, opposing the federal Conservative government's plans to reach a free-trade pact with South Korea, and lobbying for new regulations limiting greenhouse gas emissions to be tailored for the auto industry. Opposing this strategy, Harper has proclaimed that governments “shouldn't be in the business of picking winners and losers.”

The Conservatives have been at pains to attempt to portray the collapse of central Canada's manufacturing base as the sole

responsibility of the Liberal provincial government. In the run-up to Flaherty's federal budget last February, the finance minister took the unprecedented step of discouraging big business investors from coming to Ontario. Due to its "unfair" corporate tax policy, Flaherty asserted, Ontario would be the "last place" a company would want to invest. Further, in a swipe at the McGuinty government's loans and grants to the auto companies, Flaherty said the Liberals had provided "bailouts" for "favoured firms and threatened to impose higher taxes on imports—the kind of protectionism we don't need."

The proposed reduction of provincial corporate taxes by \$5 billion advocated by Flaherty, a former Ontario finance minister, would require the Ontario government to make further massive cuts in health care and education—two sectors that have already been hard hit by decades of neglect under Conservative, Liberal and New Democratic Party (NDP) regimes in the province. Lest one suppose that the Harper government is presently the only ruling party championing tax relief for big business, it is important to note that McGuinty pushed through \$1.1 billion in corporate tax cuts in the 2007 provincial budget by eliminating capital taxes for manufacturers and reducing the rate for all other businesses. That budget also slashed by \$540 million the portion of property taxes paid by business to public education.

The politicking of the major parties in the current election does not stop with the McGuinty-Flaherty feud. The Liberal premier has withheld his endorsement of the federal Liberals under Stéphane Dion, preferring instead to counsel Ontario voters to make their decision based on their local candidate's position on federal share-outs of equalization payments, health transfers and employment insurance entitlements. McGuinty is also nervous that Dion's "Green Shift" carbon tax will adversely impact the auto industry in Ontario.

Federal NDP leader Jack Layton quickly moved to exploit this opening by pledging monies for investment in the manufacturing sector and proclaiming that his party, after all, is that most closely aligned with the pro-business McGuinty Liberals.

For their own part, both outgoing CAW leader Buzz Hargrove and his hand-picked successor, Ken Lewenza, have lined up with those sections of capital backing the Liberals over the Harper Tories. A member of the corporatist Canadian Automotive Partnership Council, the CAW has worked hand-in-glove with the big business Liberals and the auto bosses to ensure industry competitiveness at the expense of the jobs and living standards of its membership.

In the current federal election, the CAW is once again calling for "strategic voting" on polling day—which means outright support for Liberal candidates in most ridings and a smattering of CAW endorsements for New Democratic Party candidates.

In the 1999 and the 2003 Ontario elections, Hargrove and the CAW called for a "strategic vote" for the Ontario Liberals in select ridings, in the name of defeating the provincial Tory governments of Mike Harris and Ernie Eves, a position effectively endorsed by the leader of Ontario's NDP.

For more than a year in 2005, Layton's NDP, with Hargrove's full support, sustained a federal Liberal government in office headed by Paul Martin, who previously had imposed the greatest social spending and tax cuts in Canadian history. But Hargrove ran afoul of the NDP leadership when he publicly stumped for Paul Martin and Belinda Stronach, daughter of the boss and principal owner of Magna International, and had his union explicitly call for the reelection of a minority Liberal government in the January 2006 federal election campaign.

Hargrove responded to a subsequent NDP decision to expel him for

having endorsed a rival political party by successfully pressing for the CAW and its locals to disaffiliate from the NDP. This ruptured a decades-long relationship between the CAW and Canada's social democrats. The latter, it should be added, were not too upset to see the severing of the NDP-CAW tie, since they, in response to pressure from big business and the corporate media, have been anxious to refute allegations that they are organizationally and financially dependent on the unions.

Much was made this past week of the provocative "one finger salute" given by Hargrove to Harper's policies during his farewell speech to the union September 6. "This is a government," said Hargrove, "that has said time after time that 'we will not support any industry, we're not going to put any money into an auto plant, we're not going to pick winners and losers. Yet four or five days before an election call, they find over 300 million dollars (sic). Not to help the industry. Not to help the workers and families and communities ... they want to buy the votes of the auto workers."

But the fact of the matter is that Hargrove and the CAW have refused to mobilize the union's 255,000-strong membership in a genuine fight against the profit system that is responsible for the smashing up of wages, jobs and working conditions. Rather, they have collaborated in the slashing of jobs and worked might and main to ram through concession contracts and no-strike deals, so as to ensure corporate "competitiveness" and in the vain hope that thereby they will convince the auto companies to place the burden of their crisis onto the backs of autoworkers in other countries. Since the labour bureaucracies in the United States, Mexico and Asia operate under a similar nationalist orientation, this pro-company strategy places worker against worker in a pell-mell "race to the bottom."

As if to put a point on Hargrove's empty bluster for the cameras during his convention swan song, the *Globe and Mail* reported Thursday that Mike Vince, CAW Local 200 president in Windsor, Ontario and a loyal career Hargrove hand-raiser, appeared on the platform with Stephen Harper for the announcement of the \$80 million loan to reopen the Windsor-Essex engine plant. Such is the relationship between the union, the auto companies and, in the end, the government that Vince at the request of the Ford Motor Company and the prime minister's office meekly censored his speech to the assemblage to exclude any criticism of the Harper regime.



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