

Layoffs and plant closures ravage Canada's auto industry

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The German-based Daimler AG medium- and heavy-duty truck maker announced last month the impending closure of its Sterling Truck assembly plant in St. Thomas, Ontario, just south of London. The shutdown will take effect next March, throwing 1,300 workers onto the province's growing unemployment lines.

Daimler said the move to shutter the Ontario plant, and another in Portland, Oregon, reflected the company's "decisive" response to the deepening slump in the continental auto and truck sector.

Touting the decision in the best double-speak tradition of corporate public affairs departments around the world, a Daimler spokesperson explained, "It is a principle of our 'global excellence' strategy to strive for benchmark profitability and to address structural changes in a timely and consequent way."

Autoworkers in the small southwestern Ontario town are already reeling from similar "global excellence" strategies. Only two years ago, the Sterling plant employed more than 2,000 workers. And this past summer, Formet Industries, a subsidiary of Magna International, cut 400 jobs from its local auto parts facility, whilst Ford axed hundreds more jobs in a series of layoffs at its local assembly plant. Last week, in nearby Chatham, Ontario, the International Truck and Engine Corporation announced the layoff of 470 workers at its Navistar facility.

The devastating news out of St. Thomas and Chatham is just the regional reflection of a staggering downturn in Canada's auto industry, which is heavily concentrated in Ontario and, to a lesser extent, Quebec. From January through August of this year alone, 10,000 auto assembly and parts jobs have been permanently shed. Since 2001, when the Canadian auto industry was at its peak, more than 35,000 jobs have been lost.

Next year will see the closing of the giant GM Truck plant in Oshawa, eliminating 2,600 jobs. In 2010, GM will close its Windsor transmission factory. Even the profitable Ford Oakville assembly facility and the Chrysler Cerberus minivan plant in Windsor have seen shift cutbacks. The joint GM-Suzuki CAMI assembly plant near London, Ontario, will soon end production of the Suzuki sport utility vehicle, leading to the loss of 500 jobs. As sales of automobiles south of the border

continue to plummet—a huge 39.2 percent drop in October's year-over-year figures—industry analysts have predicted a continued decimation of the industry.

Ken Lewenza, the newly installed president of the Canadian Auto Workers (CAW), after dutifully shedding crocodile tears over the latest job-cut announcements, meekly followed along with the auto companies' insistence that little can be done to prevent the current industry shakeout. Lewenza, unquestioningly accepting the dictates of the capitalist market, has already signalled his readiness to negotiate a severance agreement at Sterling Trucks' St. Thomas facility, insisting only that the company pronounce it a "plant idling" rather than a "plant closure."

Following firmly in the nationalist footsteps of his CAW predecessors Buzz Hargrove and Bob White, Lewenza stated, Daimler "will still sell trucks into the Canadian market but they will not be building any in Canada and that's an issue that should be of concern to every Canadian." Lewenza's assistant, Jerry Dias, was more blunt: "What [Daimler] is saying is just a load of crap about ending the Sterling brand. They're basically moving the plant and production from here to Mexico."

From the moment of its founding in a split from the United Auto Workers (UAW) in 1985, the CAW officialdom has sought to pit workers in Canada against their class sisters and brothers in other countries in a fratricidal struggle for the favour of this or that auto company. The dead-end of their nationalist nostrums are now clear for all to see, as the auto companies ruthlessly streamline their productive capacity based on a global division of labour.

While serving up this nationalist poison to the working class, the CAW bureaucracy has tied itself more closely to the manufacturing moguls in general and the auto company magnates in particular. In an October 23 statement, the CAW called on "the Canadian and US governments to work with the North American producers to provide emergency liquidity assistance reflecting the dramatic deterioration in financial conditions which they face. This assistance would consist of...loan guarantees, trading liquid for illiquid assets, the temporary relaxation of accounting requirements, and even (if needed) investments in equity. As a first step, the Canadian government must proportionately match the \$25 billion in

federal loan guarantees that have already been approved in the US to support automotive retooling.”

The CAW statement came the same week that Gerry Fedchun, president of the Canadian Auto Parts Manufacturers Association (APMA), sent a letter to federal Conservative Industry Minister Jim Prentice warning that “a very large number” of auto parts firms will go bankrupt unless the Harper government in Ottawa provides C\$1 billion in emergency loan guarantees to combat the credit crunch.

The APMA, along with the CAW and the big business Ontario Liberal government of Premier Dalton McGuinty, has charged that the Conservatives, beholden to financial capital and the energy sector, have given manufacturing capital short shrift by concentrating bailout efforts on the banking system. “Real industries,” posits the CAW statement, “including the auto industry are far more important to our long run prosperity than investment banks and hedge funds.”

As it happened, Industry Minister Prentice declined the APMA’s request for relief, stating such loan guarantees are not necessary because the Conservative government has recently increased the lending capacity of the Crown-owned Export Development Corporation. “It’s important to separate the fundamentals of the [auto] industry from the liquidity question,” said Prentice. He added that the recent steep depreciation of the Canadian dollar in relation to the US dollar is already providing relief for the automakers.

Prentice’s statement immediately drew fire from Ontario Finance Minister Dwight Duncan, who has been sparring with the federal Conservatives for some time over the Harper government’s failure to earmark any significant funding for the auto industry. Complained Duncan, “The last time [Ottawa] announced help, it was at the last minute, during a federal election. They can’t have that kind of cavalier attitude.”

The provincial Liberals, along with the CAW—its electoral ally—are demanding that the Harper government in Ottawa should join with Duncan and Premier McGuinty to directly approach the Canadian offices of Ford, General Motors, and Chrysler-Cerberus to offer bailout cash. Lewenza, Duncan and the auto companies also favour the resurrection of the corporatist Canadian Automotive Partnership Council, the joint business-government-union body that has met only twice since 2005.

The federal Conservatives have insisted that any discussions of an automotive bailout would be premature until the US government makes clear its own plans for the Big Three in Detroit. Only last week, the US Treasury Department rejected a request by General Motors for up to US\$10 billion to finance a proposed merger with Chrysler-Cerberus.

The animosity between the provincial Liberals, the manufacturing sector and the CAW, on the one hand, and the federal Conservative government, on the other, is a reflection of historic divisions within the ruling class in Canada between the banking and resource sectors and the major industrialists. The

banks, and the Alberta-based energy corporations, view much of central Canada’s manufacturing sector as a competitor for government largesse in the field of tax and trade policy and now, bailout dollars.

For its part, the CAW bureaucracy has always acquiesced to the profit imperatives of the automakers. Its entire strategy since breaking with the UAW has been based on the labor-cost differential the Big Three have enjoyed in Canada over their US operations, due to the lower value of the Canadian dollar and lower healthcare costs under Canada’s public health insurance scheme. Time and again, the CAW leadership has agreed to work-rule changes, job cuts, and other concessions to woo investments. Earlier this year, the CAW leadership negotiated sweeping concession contracts with the Big Three in “early contract negotiations.”

CAW officials base their “emergency strategy” not on a defence of the jobs and living standards of its membership, but rather on a bailout package that would allow for a more organized rationalization of the auto industry. In a recent interview with the *Globe and Mail* newspaper, Lewenza accepted that the Canadian auto industry would be “much smaller” in five years’ time. Speaking like a junior executive, Lewenza called, not for the defence of jobs and living standards, but for better cash flow models and improved Big Three marketing strategies. But if auto jobs could not be defended, then the union would have to continue its own diversification. With ever the bureaucrat’s eye on the union’s threatened dues base, Lewenza called for its own “growth” strategy in the largely unorganized retail sector. In the pursuit of new dues income, the CAW last year agreed to enter into a “new partnership” with Magna International under which the auto parts giant will invite the CAW to “organize” its plants. In return, the CAW has agreed to a no-strike pledge, the bidding arbitration of contract disputes, and the abandonment of the traditional union grievance procedure.

The union’s nationalist perspective serves to pit car workers in Canada against their brothers and sisters internationally, and results in a never-ending downward spiral of wages and conditions. To fight the global offensive of the auto makers, workers need to break from their pro-company unions, unite with their fellow workers around the world, and build new organs of struggle, based on an international program to reorganize economic and political life in the interests of working people, instead of the profits of the tiny corporate elite.



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