

Canadian Auto Workers union presses for bailout of auto bosses

Keith Jones**19 November 2008**

Fearing that a proposed \$25 billion, US government bailout of the Big Three automakers will require Ford, General Motors, and Chrysler-Cerberus to disproportionately shrink their Canadian operations in the name of "repatriating jobs," the Canadian and Ontario governments have dispatched leading cabinet ministers on a "fact-finding" mission to Washington and Detroit.

Federal Industry Minister Tony Clement and Ontario Economic Development Minister Michael Bryant are consulting this week with US government and auto industry officials and Congressional leaders. They are seeking to determine if and when the US bailout package will be approved and exploring the possibility of a joint Canada-US program to provide emergency assistance to the Big Three automakers, who are tottering on the brink of bankruptcy.

Canada's Conservative government has long resisted calls from Ontario's Liberal government, auto industry executives, and the Canadian Auto Workers (CAW) for Ottawa to provide increased financial assistance to the automakers.

But last week, Prime Minister Stephen Harper, federal Finance Minister Jim Flaherty, and Clement indicated that the door is not closed to a bailout--even if Flaherty did claim that the recent sharp drop in the value of the Canadian dollar and the tens of billions of dollars in support the federal government has provided the country's banks, with a view to "unfreezing" credit markets, have already given the automakers a major shot in the arm.

Speaking in Winnipeg last Friday, Clement said that a cross-border or "North American" bailout is under consideration: "People talk about ... the need to have an integrated solution. And from a theoretical point of view, that makes sense. But how viable is it? What exactly does that mean?"

Ontario Premier Dalton McGuinty and Bryant, meanwhile, are arguing that aid must be given to prop up the Big Three automakers, who have long underpinned the province's large manufacturing sector. "There's no magical difference between banks and the auto industry," declared McGuinty

last week. "They are both indispensable to the generation of wealth and [for the] support they provide to our quality of life."

And the Ontario Liberals are pressing for this aid, whether in the form of loans, loan guarantees, or outright cash grants, to be doled out sooner rather than later, so as to prevent US lawmakers from tying US government aid to production guarantees that disfavor the Big Three's Canadian operations.

Indeed Bryant has suggested the Canadian ruling elite could exploit a delay in the adoption of the US bailout package. "In those circumstances," says Bryant, "Canada could play a pivotal role," thereby gaining leverage over how the industry is restructured.

These questions of timing aside, Ontario's Liberal government, which enjoys strong backing from the CAW, is—no less than Clement and the Conservatives—insisting that any bailout be tied to "transformational" change, a codeword for draconian contract concessions.

"If we are going to come to the table ... with additional financial support," declared McGuinty last Friday at the conclusion of a 55-minute meeting with executives from the five car-makers with plants in Ontario, "it can't be just some short-term ... maintenance of the status quo."

In both the US and Canada, the auto industry crisis has sparked a fractious ruling class debate over how best to create a "sustainable" industry, i.e., one that once again produces massive profits for investors.

The most rapacious sections of big business and their political representatives are advocating that the Big Three be allowed to fail. They argue that if the Big Three go into bankruptcy (under the US's Chapter 11) the auto bosses will gain the greatest latitude to reorganize their operations; that is, to wipe out jobs wholesale and gut what remains of the rights and benefits won by auto workers in the decades immediately after the militant, Great Depression upsurge that created the UAW on both sides of the Canada-US border.

Bowing to such sentiments, the Bush administration

recently rejected a request by General Motors for up to \$10 billion to finance a proposed merger with Chrysler-Cerberus.

Another ruling class faction, which has the ear of the incoming Democratic administration of Barack Obama, believes that it would be less disruptive to the economy, an economy already reeling from a major recession, if the Big Three were kept afloat via a bailout. The restructuring of the North American auto industry could then be implemented, or so the argument goes, in a more orderly fashion, using the services of the union bureaucracy, to impose sweeping job, wage, and benefit cuts.

In either case—in Canada as in the US—those advocating and those opposing the bailout share the common aim of creating an internationally competitive, North American-owned auto industry at the expense of auto workers.

Moreover the cutting of jobs, imposition of speed-up, and gutting of the rights and benefits of auto workers, long a critical component of the industrial workforce, is viewed by big business on both sides of the border as the opening volley in a fresh assault on the social position of the working class as a whole.

In an editorial Monday, the *Globe and Mail*, the traditional mouthpiece of Canada's financial elite, argued that there was much to be said for both positions in the ruling class debate over the auto industry bailout. Ultimately, however, it came down in favor of a bailout for fear of the political consequences of the collapse of the Big Three. "In Ontario," said the *Globe*, "an estimated 125,000 people are directly employed by vehicle and parts makers, and about 400,000 people work in the broad manufacturing, sales and services industries. While long term change in the automotive sector is necessary, and even inevitable, the government does not want to see cities such as Oshawa and Oakville turn into virtual ghost towns in a disorderly collapse of the industry."

In the US, newspaper commentators and politicians, Republicans and liberals alike, have made unabashed calls for the gutting of auto workers' wages and benefits. (See: "Auto workers to pay for Big Three bailout".) The Canadian elite, on the whole, has been more circumspect, at least in part because they can count on their more powerful US rivals in this, as in so many other matters, to take the lead.

But speaking least week, Industry Minister Clement spelled out that the federal government expects the CAW to play a major role in restoring the automakers to profitability. "I'm posing the question," said Clement, "How can the CAW be helpful?"

The CAW has answered this question on countless occasions before, joining with the auto, auto-parts, aerospace, and airline bosses to impose job cuts and contract concessions and pitting Canadian workers against their brothers and sisters in the US in a fratricidal struggle to

convince employers that they can make bigger profits in Canada than south of the border.

Only last spring, as the auto industry was plunging into crisis, the CAW leadership went behind the backs of auto workers and negotiated unprecedented concession contracts with the Big Three, months before the expiry of the existing collective agreements. The concessions included a three-year wage freeze, the elimination of 40 hours of vacation pay per year, reduced medical benefits, and the expansion of a two-tier wage-system for new hires.

Utterly opposed to any challenge to the profit system, the CAW bureaucracy, in league with Canada's traditional big business parties, the Liberals and Conservatives, fully intends to participate in the "planned" shrinking of the industry so as to restore it to profitability.

Speaking like the corporate shill that he is, CAW economist Jim Stanford, in an appearance on CTV's "Question Period" last Sunday, declared, "The Canadian government has to be part of the picture. Not with a bailout, not by just throwing taxpayers' money, but by facilitating the investments and the restructuring, getting credit flowing again to the industry so that they can restructure and so that we can have a share of this industry as we move down the road."

In opposition to the CAW leadership, auto workers must advance a socialist program to answer the auto industry crisis—a program aimed at defending the interests of working people, not using taxpayers' money to bail out capitalist investors and to restructure the auto industry at the expense of auto workers' jobs and wages.

In conjunction with workers in the US and Mexico, autoworkers in Canada must spearhead an independent political movement aimed at bringing to power a workers' government that would nationalize the auto industry, without compensation to the big capitalist investors, and place it under the democratic control of working people so as to provide safe, affordable, and environmentally sustainable transportation for all.



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