The Canadian auto “bailout”: CAW to impose sweeping concessions

Carl Bronski
6 December 2008

The Canadian units of Detroit's Big Three auto companies presented their restructuring plans to the Ontario and federal governments yesterday amidst growing concern that the proroguing of the national parliament by Conservative Prime Minister Stephen Harper will further delay a bailout package from the two levels of government.

But if the specifics of the auto companies' proposals have yet to be made public, there can be no doubt that the plans involve the destruction of the jobs and living standards of tens of thousands of auto workers and an accelerated pace of factory closures that will devastate communities across central Canada.

Ontario Liberal Premier Dalton McGuinty has been prodding the Harper government for several months to address the auto bosses' pleas for a massive cash infusion to stem their losses and help restore the companies to profitability in return for commitments to significantly downsize their operations. Ontario is the center not only of the auto industry in Canada, but of the manufacturing sector as a whole.

Already, over the past five years, 400,000 jobs have been lost in manufacturing across Canada, the majority of which were shed in Ontario—including more than 30,000 jobs in the auto industry. In a report released by the Toronto Dominion Bank on Thursday, it was predicted that at least another 400,000 factory jobs will disappear nationally as a result of the global recession.

Harper, with his political and financial backers based among western Canadian resource interests and sections of big finance capital, has been reluctant to move aggressively to bail out the automakers. Instead, he has funneled billions of dollars to the Canadian banks whilst waiting for the incoming Obama administration in Washington to unveil its own auto bailout package.

Finance Minister Jim Flaherty has openly speculated that any monies dispensed to the auto industry could be a mistake. Indeed, there is no shortage of sentiment within the Conservative Party that views favorably the option of outright bankruptcy for one or more of the auto companies as the best way to close unprofitable plants, rip up contracts and impose brutal conditions on those autoworkers that survive the debacle.

When Members of Parliament from the Liberals, the New Democrats and the Bloc Quebecois—the three parties sitting in opposition to Harper—formed a coalition in an attempt to unseat the minority Conservative government, Ken Lewenza, the leader of the Canadian Auto Workers union (CAW), was quick to join with other trade union leaders to support their failed gambit to form a new government. The union officialdom argues that any incoming Liberal-NDP government (with voting support from the Bloc) would be more forthcoming with aid to the auto industry and, by implication, more supportive of autoworkers in their current plight.

In fact, the shape of any auto bailout package would be predicated on increased attacks on workers' living standards. Last week, ministers from the Ontario and Federal governments appointed Jim Arnett as a special advisor to oversee the auto companies' restructuring plans. Arnett, a pillar of the Canadian establishment, has held numerous corporate directorships, is a former CEO of Molson's, and most notoriously worked on the restructuring of Stelco Steel in Hamilton that saw the bankruptcy, break-up and sell-off of that company in 2007.

Federal Industry Minister Tony Clement last week made it perfectly clear that any bailout package would be predicated on further concessions from the CAW. "If government is to come to the table and if the auto execs and their management are to come to the table, then most Canadians would agree that the unions have to be part of the solution as well," said Clement. "I'm gratified to hear," he continued, "that the UAW has recognized that fact. I notice some comments from the CAW president that they have to be constructive and positive on this. So I would encourage him to continue to talk with his membership and work with us and work with the government."

Ontario Premier McGuinty, a close ally of the CAW leadership, has also made it clear that any "bailout" would be dependent on the union imposing further contract concessions on their members.

To ensure that there would be no confusion on this matter, General Motors executives have made it clear to Lewenza that "we must share in this pain together." The "pain," according to union sources, is the demand by the company for cuts in hourly wages, speed-up, additional layoffs and the further surrender of paid time off.

Already in the United States, Ron Gettelfinger, president of

© World Socialist Web Site

the United Auto Workers (UAW), announced that the union will reopen its contracts with the Big Three and accept the elimination of the Jobs Bank—which provided income protection for laid-off workers—and allow the auto companies to delay or reduce billions of dollars in payments to provide healthcare for more than 1 million retirees and their dependents.

Gettelfinger was shameless in making clear that the union leadership is willing to hand back the gains won by previous generations of autoworkers in return for government loans to the companies. "We're in a race to the bottom," Gettelfinger told reporters. "I used to cringe at the word ‘concessions.' Now I say, why hide from it? That's what we did in '03, '05 and '07."

Lewenza is clearly using this most recent capitulation by Gettlefinger to provide himself with the political cover to impose more concessions onto the backs of his own membership. The CAW bureaucracy, as they have done for two decades, will now argue that the give-backs by the UAW oblige the CAW to make all manner of new concessions to remain competitive. After all, in a globalized industry, Gettelfinger's "race to the bottom" knows no national boundaries. Such is the bitter fruit of the nationalist orientation of the union bureaucracies on both sides of the 49th parallel.

Lewenza has already prepared the way for further climbdowns. After an obligatory statement meant only for the ears of his membership that rejected outright the granting of any new concessions by the union, Lewenza reacted to Clement's demands for more union flexibility by stating, "I don't want to say ‘never, never, never' when it comes to these kinds of discussions because whenever there have been problems in the industry, we have responded."

Indeed, for many years now, the CAW bureaucracy has acted as the arm of the auto companies. It has made common cause with big business Liberal governments, agreed to form a no-strike company union at auto parts giant Magna International, dismantled plant occupations and other militant worker struggles, and repeatedly rammed through concession contracts.

To be sure, Lewenza is quite proud of these "accomplishments." In a letter to the *Globe and Mail* last month, the CAW president, in an attempt to buttress his credentials with the newspaper's pro-business readership, boasted that "just two months ago our new three-year contract came into effect: freezing wages, suspending cost of living protection, and introducing savings totaling $300 million per year (or over $10,000 per worker per year) for Canadian automakers once fully implemented."

The more sophisticated representatives of the ruling elite are quite aware of the class collaborative role of the union bureaucracy in Canada. And they are also aware that the union leaders must from time to time make tub-thumping statements to throw sand into the eyes of their memberships. Thus, Sandra Pupatello, the Ontario government's minister of international trade and investment, remarked on Lewenza's initial "no concessions" bluster: "I think we recognize that a lot of us have different constituents, and sometimes where we begin in our discussion may not be necessarily where we end."

The crisis in the auto industry is an expression of the collapse of the entire profit system. It is not possible to reverse this catastrophe—and the devastating social consequences it entails—outside of a fundamental restructuring of the Canadian and world economy on socialist principles of social ownership and democratic control of the major levers of economic life, including basic industry and the banks.

The working class is not responsible for this crisis. Autoworkers have absolutely no say in the financial, investment and production decisions of the firms for which they work. On the contrary, the root cause of the crisis is private ownership of the auto industry and the means of production as a whole, the subordination of social needs to private profit, and the economic dictatorship exercised by the corporate and financial elite. Their incompetence, greed and single-minded drive to increase the "shareholder value" of the big investors and banks have played a major role in driving the auto industry and the entire economy into the ground. Now they turn on the workers, blame them for the crisis and demand that they pay the cost through the destruction of their jobs, wages, pensions and health benefits.

The precondition for solving the crisis in auto on a progressive basis and defending the interests of autoworkers is a fight for the nationalization of the industry under workers' control and its transformation into a publicly owned utility. Auto manufacturing in North America should then be incorporated into a global auto industry based on a socialist program of rational planning and democratic control.

Nor can the jobs and conditions of autoworkers be defended outside of the nationalization under public ownership and democratic control by the working class of the banking system. The big financial institutions must serve the needs of society, not the drive of the financial aristocracy to enhance their personal fortunes. All decisions concerning the allocation of financial resources must be made democratically, based on a plan to meet human need, not private profit.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site