

Canada: Conservative and Liberal governments gang up against auto workers

Carl Bronski
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Canada's federal Conservative government, acting in concert with the Ontario Liberal regime of Dalton McGuinty, is using the world economic crisis and the possible bankruptcy of one or more of the Detroit Three auto companies to restructure class relations and dramatically reduce the country's industrial wage.

In interviews given on Wednesday and Thursday, federal Industry Minister Tony Clement demanded that the Canadian Auto Workers (CAW) leadership acquiesce to demands from the Obama administration, Canadian and Ontario government officials, and the auto magnates that labour costs at Chrysler Canada's operations (not to mention those of General Motors and Ford) be slashed so that they are on par with non-union Japanese plants operating in North America. Otherwise, threatened Clement, the Canadian government will refuse further aid to Chrysler and may well choose to force the company into immediate bankruptcy by recalling the bridging loans it previously extended to the company.

"It's not pleasant," said Clement. "It's not palatable to the union. I understand that. But we cannot have a situation where the union is resisting the reality of the situation and then expecting the Canadian taxpayers and the Ontario taxpayers to contribute."

Clement, whose government in conjunction with the province of Ontario has provided Chrysler with C\$1 billion in short-term loans and stands poised to give C\$3 billion more, made it clear that should the CAW fail to meet the new demands, the government will staunch the cash spigot and reserves the right to call in previous loans.

"I don't think," declared Clement, "it is in the interest of the Canadian public to have continued funding to a company if there is no deal with their union and if there is no outside investment, no outside partner in the case of Fiat.

"With April 30 looming very closely on the horizon, the CAW," insisted the minister, "has to do its part."

Clement's pronouncements came on the heels of a vow from Canadian-educated Fiat SpA CEO Sergio Marchionne that his company will walk away from a proposed strategic alliance with Chrysler unless the CAW gives up its sense of "historic entitlement" and acquiesces to the draconian concessions demanded by the industry and the political establishment.

At the end of March, the US government set an April 30 deadline for Chrysler to impose further dramatic concessions on auto workers and conclude a deal with Fiat or face the cut-off of US federal loans, a move that would throw the 85-year-old Detroit automaker into bankruptcy and most likely liquidation. Chrysler's near bankrupt rival, General Motors, was given 60 days to provide its own business plan to drastically restructure its operations.

Canadian and Ontario government leaders immediately endorsed President Obama's rejection of GM's and Chrysler's earlier restructuring plans. They let it be known that their officials have been in almost daily contact with Obama's auto task force and fully share the Democratic administration's aim of making the automakers "viable"—that is, once again a lucrative source of profits for investors—by wringing even more concessions from auto workers.

Taking matters a step further, Clement and Ontario Economic Development Minister Michael Bryant then made their own additional demands on the CAW. They insisted that the GM-CAW agreement signed last month (which surrendered at least another C\$400 million in concessions) was inadequate and needs to be re-opened to reduce the company's labour bill, especially "legacy costs," that is, pension and health care commitments. Even after GM's new hard-line boss, Fritz Henderson, said he wasn't entirely sure that the deal with the CAW needs to be re-opened because of other more pressing concerns, Ontario Premier McGuinty and federal officials repeated their calls for auto workers to surrender more wages, benefits and conditions.

McGuinty's demands for white flag concessions from auto workers came immediately after the tabling of his own provincial budget that slashed corporate and business taxes across the board to record lows. McGuinty, a long-time favorite of the CAW leadership, has followed up his budget with dire threats against retired auto workers. Last week he warned that in the event General Motors or Chrysler declare bankruptcy, his Liberal government will not honor a provincial guarantee to make up pension shortfalls, threatening tens of thousands of retired auto workers with impoverishment.

Emboldened by the support of the Canadian and Ontario governments, Chrysler Chairman Robert Nardelli and President Tom LaSorda sent a letter to all 9,600 Chrysler Canada employees Friday that reiterates their threat to shutdown Chrysler's Canadian operations altogether if auto workers don't make concessions totaling \$19 per hour per worker.

The letter accused the CAW of ignoring the government's "clear mandate" and "guidelines" for saving Chrysler. It then went on to enumerate a long series of concession demands, over and above those the CAW ceded to GM under the "reopened" contract ratified last month. (Chrysler has derided the GM contract saying it would only reduce labor costs by \$7 an hour.) The new concessions demanded include: reductions in health care coverage, increased health care premiums, reduced shift premiums, the elimination of life insurance, and the abolition of "non-traditional benefits such as child care, legal services, tuition reimbursement, dependant scholarships and extended health care coverage."

While government officials and corporate bosses, backed by the

mainstream press, clamor for more blood from auto workers, CAW President Ken Lewenza has made numerous statements insisting that any agreement with Chrysler, and later Ford, must follow the GM “pattern.” That agreement eliminates one week’s paid vacation per year, extends a wage and cost-of-living (COLA) freeze for a further year, and slashes benefits. But when all totaled up, these concessions represent less than half of the dollar savings demanded by Chrysler, Fiat and, last but not least, Canada’s two most important governments.

Arguing for the GM “pattern” Lewenza implored Wednesday, “We’ve introduced lean manufacturing in our workplaces, we haven’t had a work stoppage in two decades. We’ve done everything that has been asked of us.”

Over the past 10 days, Lewenza has made it abundantly clear that the CAW leadership is willing to do even more.

Responding to McGuinty’s threats to refuse government support to endangered pension funds in the event of a Detroit Three bankruptcy, Lewenza announced that the union is willing to participate in tripartite discussions between the CAW, the government and the auto companies to cut “legacy costs.” At the same time, he is openly considering emulating the United Auto Workers by having the CAW assume responsibility for the automakers’ health care liabilities through a stand-alone Voluntary Employee Benefit Association (VEBA), funded (or perhaps more to the point, “under-funded”) by an initial company payment. In this scheme, union officials manage the private fund, directly benefiting from further health care cuts and increased co-payments from recipients.

Auto workers should place no faith in Lewenza’s vows that the union will remain steadfast and ensure that the “pattern” deal negotiated with GM stands. The CAW has already agreed to two rounds of concessions at the Detroit Three in the past 12 months, while meekly accepting the closure of GM facilities in Windsor and Oshawa and the axing of thousands more jobs. In negotiations with Chrysler Canada last month, CAW negotiators agreed to make “cost-savings specific to Chrysler.” These reportedly include reducing break times at the Brampton and Windsor assembly plants from 53 minutes and 56 minutes a day, respectively, to match the 40 minute-breaks at GM’s Oshawa, Ontario, plants.

More fundamentally, the union accepts as inviolable an economic system in which production and employment are subordinated to investor profit.

Its entire strategy in the current auto crisis and indeed since breaking from the UAW in 1985 has been based on ensuring that the automakers make more profit per dollar off their Canadian operations than those in the US. Toward this end, the CAW has accepted round after round of concessions, job cuts, and plant closures, while openly whipping up animosity against the “competition,” that is against US auto workers.

In announcing the CAW’s latest concessions agreement with GM, Lewenza explicitly identified US auto workers, not the rapacious demands of the employers, as the “threat.” Declared Lewenza, “Given the restructuring in the US industry, including changes in the UAW contract, we had to keep pace to preserve our Canadian investment advantage, to make sure there were no reasons to move work from our plants to the United States.”

And on Wednesday in response to Fiat boss Marchionne’s outrageous attack on auto workers’ “entitlements”—that is, the belief they should be able to have a home, educate their children, and not have their retirement consumed by money worries—Lewenza declared

, “Even though he doesn’t own Chrysler or have a role there yet, I’d love to sit down and talk to Mr. Marchionne about labour costs. I would make it clear that we will retain our competitive advantage with the Chrysler, GM and Ford plants in the U.S.”

If the CAW leadership has thus far balked at Chrysler’s demand for imposing further concessions, it is because it fears a rank-and-file rebellion. The CAW bureaucracy was rattled by the large opposition to last year’s reopening of the Ford contract. Despite press-gang methods used in the Ford ratification (the re-opening of the contract was done secretly and the tentative agreement announced barely 36 hours prior to the commencement of voting) a third of Ford workers, including a 60 percent majority at the company’s flagship Oakville Assembly plant, voted “No.” In recent weeks, the CAW has had to go into high gear to bring a swift end to worker-initiated plant occupations at the Aradco parts plant in Windsor and an SKD parts facility in Brampton. (See: Auto workers end factory occupation in Windsor, Ontario)

Fearful that it could lose “control” over the membership, the CAW is clearly weighing whether it might not be better to allow Chrysler to file for bankruptcy. Then the union could argue that it was the courts, not the CAW bargaining committee that imposed the auto bosses’ demands.

The leading role the federal Conservative and Ontario Liberal governments are playing in the automaker’s drive to gut the rights and benefits won by workers in generations of struggle underscores that auto workers face a political struggle that pits them against the entire capitalist elite that is intent on making working people pay for the crisis of the profit system.

By the same token, in resisting the attempt of big business and their political representatives to blackmail workers into accepting concessions, Chrysler workers will be striking a blow on behalf of the entire working class.

Workers must organize independently of the CAW bureaucracy so as to prepare militant action—strike and occupations—to mobilize auto workers across Canada and the United States in defence of *all* jobs and in opposition to all concessions.

This militant industrial action must be linked to the struggle for a workers’ government that would take the auto industry out of the hands of the financial speculators and corporate executives who have driven it into the ground and transform it into a public utility, democratically owned and controlled by working people themselves. Then production and employment can be organized in the interests of all, rather than the profits of a few, and the auto industry retooled to build safe, affordable transportation, in cooperation with auto workers around the world.



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