

Defend pensions, jobs, and wages! No concessions!

Auto workers need a socialist strategy

Statement of the Socialist Equality Party (Canada)
23 April 2009

Thousands of auto workers—retired, laid-off, and working—will rally with working people from all sections of the economy at the Ontario Legislature today to protest the provincial Liberal government’s reneging on a three decade-old guarantee to partially protect the pensions of retired workers should their former employer go bankrupt.

While Premier Dalton McGuinty claims that his government has no money to honour the Pension Guarantee Fund’s obligations, his Liberals slashed corporate taxes to record lows in last month’s provincial budget.

McGuinty’s pension announcement is part of an intensifying drive on the part of the big business elite that rules North America to make the working class pay for the crisis of world capitalism. Workers and pensioners at Nortel, Stelco, AbitibiBowater and countless smaller companies now face an uncertain future.

But McGuinty’s announcement was first and foremost directed against General Motors and Chrysler workers. That is, it was aimed at reinforcing the corporate-government campaign on both sides of the Canada-US border to use the crisis in the auto industry and the threat of bankruptcy looming over the Detroit Three to gut auto workers’ rights and living standards.

Late last month the Obama administration, which has turned over hundreds of billions of dollars to the Wall Street bankers without strings attached, rejected the restructuring plans that GM and Chrysler had submitted, because it deemed inadequate the concessions imposed on workers, in the form of job, benefit and wage cuts.

Canada’s federal Conservative and Ontario Liberal governments immediately applauded Washington’s stand. They made it known that they had helped Obama’s auto task force formulate its hard-line strategy, then demanded that the CAW make even bigger givebacks to the Detroit Three than those contained in the reopened, concessions contract the CAW thrust on GM workers in early March.

In recent days, the federal and Ontario governments have ratcheted up the campaign of blackmail and extortion. They have threatened to force Chrysler into bankruptcy, as early as next week, if its unionized workers do not agree to concessions totaling \$19 per hour, per worker—a 25 percent pay cut even according to Chrysler’s inflated labor-cost figures.

The aim of the government’s auto industry “bailout” is to make the Detroit Three “viable,” that is, once again a lucrative source of profits for the wealthiest sections of society, by gutting auto workers’ jobs, rights, and living standards. A second aim is to deliver a historic defeat to auto workers, whom big business has long resented because of their militant

traditions and association with contract gains that helped raise wages throughout industry.

In the face of this combined corporate-government assault, the CAW and United Auto Workers have not simply proven impotent, they are acting as accomplices of the auto bosses. Echoing the corporate elite, the unions are telling workers that their only alternatives are accepting more job cuts and surrendering further concessions in “negotiations” or having them imposed by the bankruptcy courts. Similarly, in response to McGuinty’s pension announcement the CAW has said it is ready to enter into tripartite talks with the auto companies and the Ontario Liberal government to cut “legacy costs.”

The unions are acting as servile instruments of big business because they accept as inviolable an economic system in which production and employment are subordinated to investor profit.

The CAW’s 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 this March, CAW President Ken 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.”

Lewenza, who already twice negotiated sweeping concessions, with the auto bosses in the past 12 months, claimed repeatedly in recent weeks that the CAW will never agree to give greater givebacks to Chrysler or Ford than those already surrendered to GM. But predictably the CAW leadership is now signaling its readiness to break the GM “pattern” so as to ensure the automakers continue to enjoy their “Canadian investment advantage.”

CAW Local 444 President Ron Laporte, the ostensible representative of Chrysler workers in Windsor, told the *Windsor Star*, “Obviously, we have to do something better [i.e., give Chrysler more] than the [GM] pattern.” Lewenza, meanwhile, has proclaimed that the CAW will not allow itself to be outbid by the UAW in the downward concessions spiral. Having observed that “things are shifting enormously, especially with our UAW colleagues in the US,” Lewenza affirmed, “The (GM) pattern is on the table **unless we lose our competitive advantage for investment in Canada.**” (Emphasis added.) He later conceded that the GM contract will also be reopened: “If our members at General Motors are being put at a disadvantage then we’ll obviously have to look at it too.”

The CAW, like the UAW leaders, will now argue concessions are the only way to preserve jobs. But three decades of givebacks have demonstrated that concessions only lead to further concessions. Tens of thousands of auto jobs have been eliminated in Canada and hundred of thousands in the US.

Workers must reject the entire framework of the so-called “bailout” proposed by the big business parties in the US and Canada and by the unions. They cannot let economic decisions affecting the lives of millions remain in the hands of the corporations and the political establishment. The only way to avert a disaster is for workers to take matters into their own hands and assert their own class interests.

To defend their jobs, wages and pensions, auto workers in Canada, no less than in the US, need a radically new strategy that involves a change in the activity, politics and philosophy of the labor movement. The Socialist Equality Party proposes:

1. Militant industrial action based upon the independent interests of the working class.

Chrysler workers should reject the concessions contract that Chrysler, the big business federal and Ontario governments, and the CAW bureaucracy are conspiring to impose on them and revive the militant traditions, such as those of the sit-down strikes of the 1930s that have been suppressed by the trade union bureaucracy.

They should occupy the plants, so as to counter Chrysler’s threat to pull out of Canada, and urge all workers at GM and Ford in Canada and the US, as well as workers in the auto-parts industry and non-union transplants, to join them in a North America-wide strike.

A decisive end must be put to the attempts of the Detroit Three and the unions to pit worker against worker by waging a struggle in defense of *all* workers’ jobs and in opposition to all concessions.

While the politicians and media have sought to isolate auto workers by portraying them as “fat cats,” strong, independent action would win mass public support. Fiat boss Sergio Marchionne and Conservative Industry Minister Tony Clement insist the current capitalist economic system cannot provide workers with even such modest “entitlements” as a decent wage, the ability to educate their children, and a retirement free from economic insecurity. Then working people, those whose collective labor produces society’s wealth, should advance their own plan to organize production and employment based on human need, not private profit and shareholder value.

Such a strategy requires a political and organizational break with the CAW and the entire trade union bureaucracy and the creation of new, genuinely democratic forms of working class organization—independent rank-and-file factory, workplace and neighborhood committees.

2. A break with the politics of class collaboration. Industrial action must be linked to a new political strategy: the building of a mass party of the working class to fight for the independent interests of working people.

For decades, the unions have promoted the myth that the interests of workers can be advanced through the New Democratic Party—or even the Liberals! These parties, no less than the Conservatives, uphold the interests of the corporations and the banks.

In lock-step with its transformation into an auxiliary arm of management inside the rank-and-file, the CAW has aligned itself more and more openly with the Liberal Party of Dalton McGuinty, Michael Ignatieff, and Frank and Belinda Stronach. (Indeed, former CAW President Buzz Hargrove first campaigned for the re-election of the then Liberal cabinet Belinda Stronach, then signed a sweetheart deal with her father, Frank under which the CAW abandoned the most elementary union principles, including the right to strike and an independent grievance procedure, and agreed to function as a “company union.”)

It was the Ontario NDP government of Bob Rae, the same NDP government that imposed the wage- and job-cutting “social contract,”

onerous tax hikes and steep social spending cuts, that in 1992 made changes to the rules governing pensions so as to allow GM to systematically under-fund its pension plan. Now Dalton McGuinty, another long-time favourite of the CAW leadership, is reneging on the pension guarantee and working hand-in-glove with the Harper Conservatives in attacking workers’ rights and living conditions.

3. Rejection of the capitalist market and revival of an international socialist movement of the working class. Workers within Canada and throughout the world are facing the consequences of an economic system whose central principle is the pursuit of private profit—regardless of its consequences for society as a whole. In response to the unfolding crisis of world capitalism, the SEP fights for the socialist reorganization of the economy. This includes the nationalization of the auto companies and the major banks, placing them under public ownership and the democratic control of the working population, and their operation on the basis of social need, not private profit.

A revived political movement of the working class must have as its aim the fight for a workers’ government—a government of, by and for the working class. The population of the world is being taught an object lesson in the class nature of the state under capitalism. Trillions of dollars have been handed out with no conditions to the giant banks and financial institutions. However, any loans to the auto industry are conditioned on massive concessions from the workers. In both instances, the state is directly functioning as an instrument of the most powerful sections of the financial elite.

In every country workers face a similar future: rising unemployment, declining wages, economic depression. Workers should reject all forms of nationalism promoted by the trade unions. The crisis of capitalism is a global crisis and the response of the working class to this crisis must be a global response.

Seventy years ago auto workers in Canada and the US joined forces to found the UAW because they recognized that to fight the giant auto companies they needed to unify their struggles across the Canada-US border. Today in the area of integrated global production—where the transnational corporations systematically seek to pit workers against each other, placing production wherever the greatest profits can be wrung from the working people—auto workers cannot take a step forward unless they consciously organize themselves as an international force, organizing industrial and political action across national boundaries and continents.

The Socialist Equality Party urges workers who agree with this perspective to join the SEP and take up the fight for socialism.

To workers living in southern Ontario, especially the Windsor area, we issue a special invitation to come to a Socialist Equality Party and World Socialist Web Site conference in south-eastern Michigan: “The World Economic Crisis, the Failure of Capitalism, and the Case for Socialism”

The meeting, which is being held in Ann Arbor this Saturday, will have as a central theme how auto workers in North America and internationally can conduct a common struggle. The meeting details are as follows:

Ann Arbor, Michigan

Saturday, April 25

10 a.m. - 5 p.m.

Anderson Room of the Michigan Union 530 S. State Street

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Socialist Equality Party visit:



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