Bosses, media braying for new assault on Canadian auto workers

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A recently released report from the Montreal-based Institute for Research on Public Policy (IRPP) argues that the wages of auto workers in Canada should be reduced by $10 per hour or about a third, in order to more closely align them with the country's average manufacturing wage. The report comes in the lead-up to the opening of negotiations this summer for new contracts between the Big Three Detroit automakers and the Canadian Autoworkers union (CAW).

A purportedly "nonpartisan" think tank, the IRPP is governed by a veritable Who's Who of former federal and provincial cabinet ministers, senior civil servants and corporate executives. Penned by economists Leslie Shiell and Robin Somerville, the rather obscure report, *Bailouts and Subsidies: The Economics of Assisting the Automotive Sector in Canada*, is being promoted by automotive industry spokesmen and mainstream media commentators in order to deepen the ongoing assault on the living standards of workers not only in auto manufacturing but across the entire private and public sectors.

Shiell and Somerville studied the 2009 Ontario and federal government bailout of the Canadian operations of Chrysler and General Motors to produce a "cost-benefit" analysis of the state intervention. In the wake of the global financial crisis of 2008, the Liberal provincial government of Dalton McGuinty in Ontario and the federal Conservative government of Stephen Harper handed over $14.4 billion to the two auto giants.

The report concludes that while the state expenditure was necessary to save Canada's auto industry, the bailout should be viewed as a "one-time only" proposition. Any future government assistance in auto or any other industry must "require competitive wages as a condition of subsidy." Had auto workers' wages been commensurate with the lower national industrial average, Canadian taxpayers could have saved $6 billion of the bailout's $14 billion cost, contend Shiell and Somerville.

The IRPP report has been the occasion for a veritable flood of commentary in the newspapers and broadcast media, denouncing the "greed" of "spoiled" union members with the transparent aim of pitting workers one against the other. An article in the *Windsor Star*—a paper that services one of the centres of the Canadian auto industry—was typical. Under the title "Poor Subsidize Autoworkers," industry shill Chris Vander Doelen wrote, "In the aftermath of the bailout poorer taxpayers are now subsidizing the richer wages of autoworkers who are now enjoying wealthier lifestyles at the expense of those who are topping up their significantly fatter paycheques."

Of course, neither Vander Doelen nor the columnists of other big business newspapers like the *Globe and Mail* and the *Financial Post* felt it necessary to mention the massive concessions forced on auto workers as a condition for the government bailout. Even Jim Stanford, the CAW economist who was allowed to append a rejoinder to the IRPP report, though it politic to avoid mention of these concessions, which his union promoted alongside Harper, McGuinty and Obama as the only alternative to the workers all losing their jobs.

Vander Doelen and his fellow scribes also thought it prudent to be silent on the "wealthier lifestyles" enjoyed by top company executives at the Detroit Three since the bailout. Ford CEO Alan Mulally, for example, raked in $26.5 million in salary and an additional $100 million in stocks and stock options in 2010 alone. He was awarded another $34.5 million worth of stocks in 2011. His salary for last year has yet to be released.

Amongst all the commentary, there has been an almost pathological avoidance of discussing the true purposes of the 2009 bailout. The aim of the governments' initiative was 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 was 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 and benefits throughout industry.

The Canadian Auto Workers union—acting in concert with the bosses of Chrysler and General Motors, the Canadian and Ontario governments and the Obama administration in the United States—reopened the three-year concessions contracts the union had negotiated in Spring 2008 and forced through sweeping new cuts in benefits and paid time-off, work-rule changes, and other concessions. According to the union itself, the concessions slashed total labor costs (wages and benefits) by more than $19 per hour through September 2012. In the name of "fairness" and "competitiveness," the CAW then ceded similar concessions to Ford Canada, which had not participated in the bailout scheme.

In his rejoinder to the IRPP report, Stanford, who has regularly accompanied CAW President Ken Lewenza in presentations to the auto bosses and Wall Street investors, baldly declared, "Canadian auto wages will never be cut by $10 per hour or more in an effort to attract new investment."

But only last month the CAW enthusiastically embraced an agreement at Lear Seating's Kitchener, Ontario plant that cuts wages by almost that much. Covering 315 union members, the four-year contract reduces wages from an average of $28 per hour to $19.50. New hires will start at only $14 per hour and can ramp up to $20 per hour over the life of the contract. In exchange for surrendering one-third of their wage, some workers will receive up to $40,000 in a one-time only payment. With 193 workers in line to retire by 2015, a significant majority of plant assemblers will soon be earning only a few dollars above the provincial minimum wage.

CAW Local 27 President Tim Carrie, who oversaw the negotiations at Lear, told the press he was excited about the "out of the box" thinking that led to the Kitchener deal. "These are tough times," he said. "It's easy for us to say no and then we lose jobs. We have to be innovative. This may be where we all end up. It may be what we have to do to keep work here." The president of the Auto Parts Manufacturing Association agreed, citing the massive surrender as a "template" for the industry as a whole.

Carrie came to public prominence this past winter during the lockout and ultimate negotiation of a plant closure agreement for Local 27 members at Caterpillar's Electro-Motive Diesel plant in London, Ontario. In that dispute, the company demanded a 55 per cent cut in wages (from $34 per hour to $16.50) as well as other concessions to keep the plant operating. Weeks after the union negotiated a final closure agreement it was revealed that during earlier contract negotiations the CAW leadership had proposed surrendering $9 per hour in wages as well as the workers' pension plan, but the company preferred to close the plant and transfer production to even lower-cost facilities in the US and Mexico .

The IRPP report and the ensuing anti-worker media offensive dovetail with plans by Ford, Chrysler and General Motors management to demand further cuts when their contracts with the CAW expire in the autumn.

Already, Chrysler CEO Sergio Marchionne has stated that wages at Chrysler Canada are uncompetitive with lower-cost facilities south of the border and must be reduced further. He has called for the abolition of two-tier wages at Chrysler's US plants in favour of a single lower tier; entry-level wages in the American auto plants currently stand at $14 per hour.

It is expected that the automakers will demand, just as they did in the US last year, that their Canadian employees forego any future annual wage increases in return for paltry and unreliable profit-sharing provisions. Just as they did with the American-based UAW, the auto bosses will find willing accomplices in the CAW leadership.

In 1937, almost exactly seventy-five years ago, four thousand Oshawa auto workers went on strike, in the face of vicious opposition from Ontario Liberal Premier Mitch Hepburn, to win recognition of the newly established UAW as their union. The Premier mobilized hundreds of Royal Canadian Mounted Policemen and hundreds more goons to smash the strike. This vigilante "militia," dubbed "Sons of Mitches" by the strikers, was issued ammunition and instructed in the use of machine guns to cut down the striking workers.

But tens of thousands of workers demonstrated at the provincial capital whilst thousands of Oshawa citizens mobilized to support the strikers. After 18 days of bitter struggle, General Motors was forced to recognize a union in the plant and temper its brutal speed-ups on the shop floor. Just weeks earlier, sit-down strikes and plant occupations at GM's operations in Flint, Michigan had galvanized workers throughout the American Midwest and in southern Ontario, securing a signal victory for the development of industrial unions in the face of violent opposition from the auto bosses.

The revolutionary potential that was so powerfully expressed in the early struggles of auto workers in Canada and in the United States will once again come to the fore and compel workers to build new organizations of struggle in opposition to the existing trade unions. This time, however, the movement must be armed with a conscious socialist and internationalist strategy and take the form of a political struggle for workers' power.