

Auto crisis debate: 'New thinking' stuck in old neo-liberal frame

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Before I even read Alice Klein's two *rabble.ca* columns on auto collective bargaining issues I was inundated with calls from friends and colleagues to respond. Most were really angry at what they considered to be criticisms of autoworkers and the CAW that were "beyond the pale," coming from progressive sources.

Upon reading Klein's first article, 'How to arrive alive,' ^[2] first in *NOW*, and then on *rabble.ca*, I was blown away by the mixture of conservatism and naiveté -- as well as the appearance of some of the old tiresome calls for "new thinking" that one hears so often among middle-class industrial relations types these days. Now, in the wake of the historic and strategic defeats of the CAW and its U.S. counterpart (the UAW) in recent collective agreements, I still find it quite disturbing.

This article appeared just before the Chrysler bankruptcy began and included a series of suggestions about the strategy that the CAW should choose in its concession bargaining with that company and GM. The column begins with a number of conflicting points about "offsetting gains," taxpayers' interests (a formulation that never bodes well for leftists) and the need for new perspectives.

There are muddled hints about the goals of government intervention (according to Klein it's supposed to be support for high wages and low unemployment, but what government has worked for those goals in the past 30 years?), as well as confusing notions about the causes of the auto crisis. At the same time, she acknowledges that labour costs barely affect the cost of vehicles.

Getting down to the nitty-gritty, she calls for the following program for the union to contribute to the solution of the auto crisis:

- The union should make pension concessions, because a) pension costs contribute to the insolvency of the companies; b) since millions of people on the continent are facing huge pension losses due to the market downturn so should autoworkers; c) taxpayers can't be expected to only help those facing losses in auto;
- A future auto sector must become smaller and more competitive. In such an environment, autoworkers need to have a more "entrepreneurial" relation with their employers. This should include things like "earning more when profits increase and less when sales are lower"; union acceptance of shares in the companies, in lieu of "financial obligations" owed by the companies. Even more, they should argue for "a place at the boardroom table."
- Job sharing, with a twist: the extra time off might stimulate autoworkers to start their own business ventures.

Arguments stay fully within neo-liberal environment

All of these arguments attack the problem from the point of view of private employers, with the aim of encouraging the creation of more competitive, private profit-oriented solutions. They are fully in keeping with the neo-liberal environment that has created the problems in the first place. And, most disappointingly, they all pose the problem as being the demands by workers for decent and secure jobs, good livelihoods and retirements, reduced dependence on the power of private employers and the need for collective power and confidence that strong unions create.

It should come as no surprise that Alice Klein is a small businessperson and these views tend to reflect the perspective of many people who run small businesses -- many of whom are extremely socially enlightened -- who are crunched between larger corporations, the demands of workers and the requirements of the competitive marketplace. They, like most people in this conservative era, have great difficulty conceiving of solutions that involve alternatives to a society dominated by the logic of private capital accumulation and market competition.

The arguments around pensions make reference to a real crisis, but reflect the kind of anger and envy that many people feel towards those they see as "privileged" workers who have things that they don't have. While the costs of defined pension programs (which guarantee a negotiated level of company-paid benefits when you retire) do affect the viability of companies like GM and Chrysler, they only do so only in a particular context.

GM and Chrysler have been around for decades and have been cutting the number of workers through productivity increases and because of the decline in their market share, thus increasing the ratio of pensioners to active workers. The

transplants (Honda and Toyota) have few retirees, since they only opened in the 1980s. The ability of companies to fully fund private pension plans is also dependent on the health of the marketplace and their ability to make profits -- all severely affected by the larger economic crisis.

Punishing workers is no solution to pension problem

The pension problem cannot be resolved by cutting the benefits to the workers who made it through 30 years of toil -- and high productivity -- on the assembly line. Nor should it penalize those active workers who are currently bearing the burden of the concessions that the auto unions in the U.S. and Canada have agreed to over the past five years.

It can only be addressed by increasingly socializing the costs of retirement -- reducing the dependence of workers on the competitive success of their employers. That means dramatically increasing the amount that government pensions pay to all retirees, as well as widening the package of benefits that are paid by the state, including pharmaceuticals, vision, dental and the like.

In the meantime, fully-bargained benefits, negotiated by unionized workers need to be protected by the state. The only thing that attacking the gains that autoworkers have made over the years -- in a context where their employers were rolling in profits and governments were not providing adequate public pensions -- accomplishes, is to make it all that more difficult for other workers to make gains. The longer term effect is to reduce the pension rights of all workers (and sharpen the current crisis).

The other issue here is the lack of adequate state protection of negotiated pensions when employers can't pay them. The U.S., ironically, has stronger protections. Canadian provincial governments must protect privately bargained pension plans and the Ontario protection fund needs to be funded properly, as per the Arthurs Commission recommendations.

In the latest GM concessions agreement, the CAW bargained some commitments by GM to better fund their pension obligations and by the Ontario government to move toward guaranteeing a greater portion of negotiated pensions.

The second point is even more disturbing: the idea of social progress for working people entails a reduction in their dependence on the immediate ups and downs of the marketplace. Asking for workers to lower their incomes when profits fall is tantamount to moving backwards over 100 years when there were almost no unions. While all wages have a longer-term relationship to the profits of employers in the private sector, unions have lessened the ability of employers to lower wages and benefits in response to changes in the marketplace through collective agreements. Why would anyone who cares about the interests of working people want to change this?

Labour, Capital and conflict of interest

Accepting shares in lieu of wages and benefits for the members or seats on boards of directors doesn't make much sense, either. In general, unions that have shares in enterprises which compete in the marketplace face huge structural constraints and limitations on what they can do. They have to be competitive, bring in respectable rates of profit and be responsive to the requirements of the financial markets.

How is this different from the capitalists who currently own these companies? In order to survive, they have to do what the current owners do (cutbacks, speedup, outsourcing, wage concessions), all of the things that workers have a union in order to limit or stop. That's why they call it a system.

The UAW already experimented with having a representative on the board of Chrysler -- former president, Doug Fraser -- and it didn't provide any particular opening to fight for the workers. Quite the opposite: it reinforced a community of interests with the employers and those who finance them.

The tendency to argue for worker participation in the process of seeking to increase company profits in this way only puts the union in a kind of conflict of interest: if worker investment requires higher profits, they are forced to cut costs, increase productivity and all of the things that come at the expense of workers. There is a fundamental conflict of interest between the interests of shareholders and their managers on the one hand, and workers and their unions on the other. It is rooted in the system and can't be avoided by pious wishes and hopes.

Klein's suggestion in her second article, "Meet the New Boss," ^[3] that, "To survive, the new owners (workers) will have to manage the company in a way that is fair to workers, shareholders, government, customers and suppliers" is an impossibility in a capitalist economic system, particular in this era of neoliberalism and hyper competition (which Klein seems to see as a positive thing).

Unfortunately for Klein and the other supporters of worker ownership schemes, the solutions being negotiated at GM and Chrysler make them impossible. Union shares in the funds that will pay for retirement benefits can only be used for that purpose and their voices on the boards of directors are limited and non-voting. Even more, the UAW had hoped to sell the company shares as soon as possible and, instead, has settled in the GM agreement for non-voting preferred shares that provide dividends to help pay for the retirement benefits.

Even if they could use their shares as a way of influencing company policy, they too would be limited by their responsibility to raise the value of the money in the funds that can only be used for retirement benefits. This again structures the familiar conflict of interest situation.

The one positive thing that Klein ends up supporting in her articles is job sharing - using EI funds to share reduced work time. Even in this solidaristic scheme, she hopes that workers use some of their time off the job to start their own businesses, "getting involved with entrepreneurial spirit."

Like my dear departed parents who never tired of trying to direct me to towards opening up a business doing things like "laundry for my activist friends who never have the time," some small business types never learn!

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