

The Crisis in Auto

By Bruce Allen

Approximately a year ago I gave a talk on the auto industry in Canada. I presented a set of arguments built around a longstanding observation that I have made concerning what is happening in the auto industry. Namely I argued that the multinational auto corporations have been using their control over investment decisions to systematically dismantle and take away all of the gains made by autoworkers since the UAW was born in the mid-1930s. In other words these corporations have been withholding their capital in order to advance their agenda in a way not so unlike the way we used to withhold our labour or threaten to withhold our labour in order to advance our collective bargaining agenda. In effect the tables have been turned and the collective bargaining process has been stood on its head. Autoworkers no longer go to the bargaining table in order to win our demands. We go to the bargaining table in order to address the corporations' demands in the hope of securing new work. Or at least that was what was happening.

Now in 2009 the situation has gone from bad to worse. As former CAW Research Director Sam Gindin recently observed, "It used to be that corporations promised jobs for concessions; now they aggressively demand more concessions alongside fewer jobs." The brutal reality is that this is where the trajectory of concessions bargaining has taken us since it began to really unfold in the industry in Canada in 1993. That was immediately following a massive restructuring of General Motors North American operations and at a time when auto corporations in Canada began a concerted drive to extract contract concessions at the local level in order to gut local collective agreements and weaken the power of the union on the shop floor. Significantly these developments also coincided with the North American auto corporations' relentless drive to implement the Toyota Production Systems and other work reorganizations strategies in their operations.

One set of concessionary agreements at the local level followed another throughout the 1990s and this phenomenon continued into the current decade. This process has not only not let up but deepened. These agreements have crippled the power of the union on the shop floor of Canadian auto plants and beat the union into a state of increasing submission. This state of submission has been reflected in the wholesale abandonment of an adversarial relationship toward the employers. Consequently, the union's agenda, especially at the local level, evolved and became more and more indistinguishable from management's agenda.

Locally managements consciously took advantage of this weakening of the union's power on the shop floor due to both the ongoing weakening of our local agreements and to the pervasive fear of job losses by shrewdly and meticulously integrating shop floor leaderships into the process of managing operations without compromising management's agenda. Increasingly rank and file workers have found it harder to tell the difference between the message from in-plant union leaderships and what they here from the boss. As a result the corporations have increasingly prevailed in the battle for the hearts and minds of the workforce. They have increasingly achieved ideological hegemony because the union no longer has an identifiable agenda of its own. Securing and retaining work at any price has increasingly become the sole priority of auto union leadership.

This puts in context the efforts of the CAW leadership to constantly advocate handouts of government monies to the auto corporations in order to attract investment in new operations in this country. This likewise puts in context the conspicuous absence of any open criticism whatsoever of these corporations by the CAW that has coincided with and reinforced this advocacy. Simply stated a fundamental truth was forgotten in the process. Namely, that when the agenda of the union becomes essentially one and the same as the agenda of the employers the very reason for the union to exist as an independent entity is effectively called into question.

This brings me to the developments of the past 23 months. In addressing them I am compelled to focus on GM in Canada with specific reference to developments in my own local union. However they are typical of what is going on generally.

The brutal truth of the matter is that the CAW has now engaged in four sets of concessionary bargaining with GM in approximately the last two years. In doing so it has born out something Buzz Hargrove said about two years ago when he remarked to the CAW's national council that nowadays in the auto industry we are always negotiating. Indeed we are in line with the trajectory of concessions bargaining I described at the outset. Furthermore in doing so Hargrove displayed a bit of amnesia in forgetting that such a practice has been in effect for many years in the U.S. where the UAW has been negotiating what it calls Modern Operating Agreements. Modern Operating Agreements have involved the continuous negotiation of contract concessions designed to enhance the competitiveness of local operations ostensibly to improve their chances of survival.

That said the first of these four sets of concessionary negotiations with GM were conducted at the local level in Oshawa via a "shelf agreement" and then in St. Catharines via a "Competitive Operating Agreement." Both gutted and rewrote local collective agreements from start to finish giving the corporation almost everything it wanted locally in exchange for the promise of new work. In St. Catharines this meant new transmission work that has yet to arrive and is now put off until 2012 and may never arrive give the state of the industry. In Oshawa this yielded work on the new Camaro.

In March 2008 then CAW National President Buzz Hargrove opened the 2008 contract negotiations half a year early. He did so based upon a belief that bargaining would be tougher when the contracts with the Detroit 3 were due to

expire in the autumn.

This was a pivotal turning point. We went from negotiating one set of concessionary local agreements to negotiating major contract concessions at the corporation wide level. Wages and pensions were frozen. Cost of Living Allowances (COLA) increases were "temporarily" suspended. A week's vacation per year was given up. Starting wage rates were lowered from 85% of the established rate for each job classification to 70% of the established rate with the full rate being paid only after three years of service. All the while the union leadership proclaimed that it had successfully resisted a UAW style two tier wage structure. Most importantly, co-pays for benefits were substantially increased with the amounts to be paid increasing in each successive year of the collective agreements thereby setting the stage for continuous increases in these co-pays.

Then came last year's economic meltdown. Following it and the ensuing global capitalist crisis the CAW was back at it again in March 2009 giving more contract concessions. At GM the union conceded \$7.00 per hour in wage and benefit concessions. The contract was extended for another year with no wage or pension increase meaning we effectively had a 4 year contract. So much for the CAW's opposition to long term collective agreements. Our Xmas bonus was negotiated away. Additional co-pays on benefits were introduced. The door was open to a Canadian version of the Voluntary Employee Benefit Association (VEBA) which relieves the corporations of full responsibility for employee benefits and guarantees ongoing erosion of benefits via underfunding of this separate fund. Coverage for long term care was reduced. Dental benefits were frozen at 2008 levels through to 2012.

Despite all of these giveaways they were not enough in the view of Chrysler and the U.S. and Canadian governments. Chrysler wanted \$19.00 per hour worth of wage and benefit concessions. The governments supported Chrysler's position. The CAW quickly gave in to them.

With the concessionary agreement at Chrysler last month new hires will now have to work 6 years before getting the established rate of pay. New hires will now have \$1.00 per hour deducted from their wages to go to pay for their pensions when and if they retire. Their pensions will be capped at the amounts paid for 30 years of credited service. The waiting period for Sickness & Accident benefits was increased. Semi-private hospital care was eliminated. Refunds on education tuition for family members are gone. A rebate paid on new car purchases will end. The establishment of a VEBA went from being an item for discussion to a certainty. Worst of all contractual language was negotiated at the corporate wide or Master Level to allow for local arrangements where outside suppliers will be able to locate on site at plants and even inside Chrysler plants. This will produce outsourcing galore. Then in a matter of weeks these concessions were deemed to be not enough for General Motors (GM's CEO had said the concessions negotiated in March were good enough) and the federal and provincial governments.

This brings us to where we are today faced with further concessions particularly affecting pensions at GM to match and even exceed those negotiated at Chrysler. If these are not subsequently matched at Chrysler then there will no longer be a pattern agreement in auto in Canada ending a practice that was critical to all of the gains we have made in the past. If they are matched then it means the CAW is going back to the negotiating table at Chrysler. Ford meanwhile is sitting back waiting for the cascade of contract concessions to end at their competitors fully expecting to get just as much.

In short we are being assaulted at a breathtaking pace. What is more the cascade of concessions will certainly continue because the establishment of a VEBA for health care benefits means there will be an erosion of our benefits on an ongoing basis due to the certainty of inadequate funding of the VEBA. The downward spiral in effect consequently has no end in sight unless and until the union's rank and file finally says no to these corporations; corporations who will survive this crisis and eventually become profitable again.

In short we never created this crisis and are in no way responsible for it but we are paying the price for it with contract concessions on a monumental scale. This is a quintessential example of Capital taking advantage of a crisis for which it bears sole responsibility in order to deal a crushing blow to workers. The result will potentially be a historic setback for the entire working class in Canada comparable to the consequences of the defeat of the air traffic controllers in the United States in 1981 and the defeat of the British coal miners in 1985. It logically follows that all of organized labour in this country should be mobilizing to support us in the face of the onslaught we are enduring.

In view of these things the relative silence of the leadership of almost all of the rest of the labour movement is worse than reprehensible. Likewise the response from the leadership of the NDP has been grotesquely inadequate with Andrea Horvath of the Ontario NDP being virtually alone in coming to the defense of autoworkers and then only to a very limited extent with regard to the issue of protecting our pensions.

Simply stated we are isolated while being under such an intense attack. The situation could hardly be worse. Disaster is staring us in the face and essentially all we are getting from our leadership are exercises in damage control and empty rhetoric about fighting again another day and then regaining some of the things we are losing. Indeed it is impossible to take such claims seriously given the duration, extent and acceleration of the retreat taking place and the auto and labour leadership's general unwillingness to mobilize the membership and confront Capital. In auto, to the contrary, we in fact have a leadership very much in the habit of helping to scare the membership into accepting one set of concessionary collective agreements after another all the while stating that there is no alternative. They are even doing this while knowing full well that making economic aid to the auto industry contingent upon workers taking contract concessions is unique to Canada and the United States. They know that even right-wing governments in

countries like Germany and France would not dare to attach such conditions to aid for the industry and we as socialists all know why. What is more the option of public ownership is not even being openly considered let alone being seriously advocated as an alternative worth fighting for.

In conclusion we are currently witness to three crises worth noting. One is the global economic crisis of capitalism. A second is the crisis specific to the auto industry which simply would not exist were it not for last year's economic meltdown, the costly privatized American health care system and the disproportionate number of retired workers relative to active workers in the plants; a phenomenon entirely due to management decisions designed to lower the age of the workforce and avoid the training costs generated by the layoff of low seniority workers. The third crisis is a crisis of leadership in the labour movement. This is clearly demonstrated by the events unfolding before our eyes, particularly in auto, and by the wholly ineffectual response of the current labour leadership to it. In other words, the crisis of labour movement is a crisis of labour leadership.

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