

In midst of early contract talks

GM Canada announces closure of last Windsor plant

By Carl Bronski
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General Motors of Canada announced Monday that it will permanently close its Windsor, Ontario, transmission plant in the second quarter of 2010. The automaker made the announcement in the midst of unprecedented early contract talks with the Canadian Auto Workers union (CAW).

The closure will cost 1,400 workers their jobs in a city that is already reeling from an 8.3 unemployment rate—the fourth highest in the country. Windsor’s jobless rate almost reached 10 percent last year. If it has since fallen, it is in large part because so many unemployed have left the city to seek work in the Toronto region or Western Canada.

In the past two years alone, 2,600 other autoworker jobs have been wiped out in Windsor, including more than 1,000 each at the city’s Ford and Chrysler plants. With the 2010 closure of the transmission plant, GM will have no functioning plants in Canada’s “Motor City” for the first time since 1963.

The CAW leadership has already made clear it intends to do nothing to oppose the closure.

Only last week, CAW President Buzz Hargrove vowed that his union wouldn’t sign a new contract with GM unless it included new product and investment guarantees for plants in Windsor, Oshawa, and St. Catherine’s. In fact, he said the union was prepared to strike to win such guarantees. But on Monday, Hargrove admitted that this had been nothing more than bombast.

“You strike after something you think is achievable,” he told a hastily called news conference. “If we thought there was a product out there that we could strike and fight and win, then you bet your boots we would be striking over it. They informed us they have no product today and they’ll have no product if we strike in September. You can’t pull product out of thin air.”

Hargrove said all that now can be done is for the union to negotiate a “close-out agreement.”

GM is currently in the process of a massive restructuring of its North American operations aimed at slashing costs,

especially labor costs, so as to dramatically boost profitability. The Windsor plant produces four-speed transmissions, which are being phased out in favor of more-fuel-efficient six-speed transmissions.

Coming in the midst of what is supposed to be the climatic week of early contract negotiations, the closure agreement was clearly timed to browbeat GM workers into accepting massive contract concessions.

Last month, Hargrove secretly approached all three of the Detroit-based automakers—GM, Ford, and Chrysler—to propose negotiated settlements for new three-year contracts months before the mid-September contract deadlines and months before the traditional opening of the bargaining season. Indeed, the CAW leadership entered into secret talks with Ford, months before the CAW even convened its delegated collective bargaining conference, which is ostensibly where the union hammers out its bargaining priorities.

By the end of April, the CAW leadership had worked out a sweetheart deal with Ford that stunned the membership with a package of massive concessions that rivals the historic betrayals rammed through by the United Auto Workers union (UAW) south of the border last fall.

Hargrove’s strategy was to stampede the membership into a quick ratification by playing on the fears of autoworkers for their future employment and by providing only a few days for workers to consider the offer before the vote. Despite these press-gang methods, only 67 percent of the Ford Canada workers voted to accept the deal, the lowest margin in the history of the union for a Big Three master or national contract. At the company’s flagship assembly operations in Oakville, Ontario, almost 60 percent of production workers voted to turn down the deal—the first time a CAW local at a Big Three plant has ever rejected an agreement endorsed by the union leadership.

The new contract freezes current Ford workers’ wages for the life of the three-year deal, cuts 40 hours of vacation pay

per year, tightens caps for long-term medical care, increases employee co-pays on prescription drugs, reduces pension entitlements, and freezes cost-of-living (COLA) adjustments for the remainder of the current contract and the first year of the new deal. It also lays the basis for the further development of a two-tier wage system by forcing new hires to begin work at 70 percent of the wages earned by other autoworkers and with reduced benefits. Only after three years of employment will new hires earn the wages and benefits of current Ford workers.

The Ford contract sets the stage for further layoffs with “improved restructuring benefits” clauses and ominously promises a “commitment to explore and establish a pre-funded, off-balance-sheet Retiree Health Benefit Fund.” This is a euphemism for shifting responsibility for managing (and slashing) pension benefits from the company to the union. Workers will be asked to permanently sell the gains won in decades of struggle for two one-time “bonus” payments totalling C\$5,700.

After concluding the deal with Ford, Hargrove moved to pull Chrysler and GM into agreements patterned on the initial settlement. But both companies have voiced reservations about the deal, arguing that they may require even deeper cuts in wages, benefits and working conditions than were surrendered to Ford by the union leadership.

The CAW has said it will carry out intensive negotiations with GM until Wednesday evening. If no agreement is reached, the union plans to concentrate on reaching a settlement with Chrysler, with which it began negotiations on Monday morning.

The Windsor closure announcement follows closely on the heels of other GM Canada job-cuts. Soon after the Ford-CAW agreement was struck, GM announced that it will eliminate the second shift at its giant Oshawa truck plant and lay off more than 900 workers by September. And in January, the company announced 1,000 other layoffs in Oshawa. In all these cases, union officials have abandoned any pretence of a fight to defend jobs and quickly moved to discuss buyout- and retirement-packages.

The CAW—as the unprecedented concessions made to Ford and the CAW’s rapid acceptance of the transmission plant closure underscore—agrees with the auto bosses that workers’ wages, jobs, and working conditions must be entirely subordinated to corporate competitiveness and profitability and to shareholders’ rates of return.

And the union echoes the arguments made by made by auto magnates like Frank Stronach of Magna International that the Canadian government should increase tariffs and take other protectionist measures to block the import of automobiles from Asia and Europe. For the pro-capitalist bureaucrats in the CAW and UAW leaderships, off-loading

job losses onto the backs of workers in other countries is the only way to “save” Canadian or American workers’ jobs. As autoworkers have painfully discovered, this strategy only divides workers against each other, sucking them into a fratricidal competition for jobs and investment that plays into the hands of the auto transnationals and goes hand-in-glove with the unions’ transformation into auxiliaries of management.

Similarly, appeals by the CAW to the federal Conservative government of Stephen Harper and especially to the Liberal government of Ontario Premier Dalton McGuinty, with which the CAW is closely aligned, for support for the auto industry begin and end with an acceptance of corporate profitability as the industry’s singular goal. Thus, Hargrove has campaigned to increase the handouts being supplied by the provincial government to the Big Three, while sitting on the tripartite (government, employer, union) Canadian Automotive Partnership Council, whose express mandate is “to address the key competitive issues facing the Canadian automotive industry.”

Hargrove and the CAW leadership have enthusiastically supported McGuinty’s scheme to attract C\$7 billion in auto industry investments by doling out half a billion dollars of government money to the automakers in the form of grants and other concessions. Indeed, the CAW has “played its part” by making major concessions on work rules and the contracting out of jobs in local agreements.

But the transfer of wealth from the population at large into the hands of auto’s big stockholders and concession contract after concession contract has not prevented the further destruction of jobs in the industry. GM, for example, promised to maintain an average employment of 16,000 autoworkers over nine years in Ontario in exchange for accepting C\$435 million in federal and provincial grants. However, even before Monday’s announcement of the Windsor closure, the company could claim to employ only 14,850 workers.

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