

26th Sefton Lecture, 27 March 2008

Jim Stanford's Opening Statement

Frank,

Thank you very much to the Centre and to Woodsworth College for this opportunity to participate in the Sefton Lecture tonight. I'm incredibly honoured to be part of the Sefton Lecture and the legacy that Larry left us - even if he was a Steelworker. Kidding, kidding, kidding. Actually, I learned tonight from Laurel that Larry started out as a Mine Mill activist, the old red union which became part of the CAW, so Larry single handedly bridged the divide in the working class movement and if he can do that we can too. So I hope we can put that little dispute to rest some day soon. Also, my full congratulations to Warren on not just this award, but the incredible career that you led. The first non-lawyer to chair the board, no wonder you did such a damn good job and you did it with immense integrity and credibility. Congratulations, Tracey, on the Morley Gunderson prize. Congratulations, Morley, for not being dead.

I also want to pay tribute to Charlotte Yates. The one thing I feel incredibly uncomfortable about tonight is having this seen as a debate between Charlotte and I, for various reasons, not least of which my spouse works in the department of which Charlotte is the director. So, if things don't go well tonight, I'm going to feel it, I think. That's clear. But more importantly, of course, Charlotte and I are utterly on the same side. I see her very much as a comrad and a colleague and we at CAW do fabulous stuff with the group at McMaster, the CAW-McMaster program and all kinds of stuff, so what they have billed as a debate tonight, is I think very much in the spirit of constructive dialogue, the finest spirit of how we strengthen our movement and adapt to the times. So, Frank, that was just the polite shit at the beginning. Okay? That does not come out of my time. Okay? That does not come out of my time. Alright. Okay.

I want to start by just showing a few scary pictures [*see Jim Stanford's PowerPoint presentation*]. Okay. That's a scary picture, enough said. That's also a scary picture: two hundred and ninety one days left with this guy and he's still playing with live ammunition, unfortunately. The scariest part in my book is this little military jock strap thing he's got going

here. Like, what is that about George? I mean, I know you love weaponry, but he clearly really loves weaponry, judging on that. Here's a scary picture: financial melt down and everywhere that's going to take us. Who knows?

And here's a scary picture. In fact if you're a trade unionist that's the scariest picture of them all. This is private sector union density in Canada and over the last 35 years it's fallen roughly in half from something around 33, 34 percent to today 17 or 18 percent in the private sector in Canada. Now, in Canada we love to feel superior to the Americans and with good reason. On the other hand, I wouldn't be too superior, because those two trends look awfully similar. Looks to me like we're heading in the same direction as the Americans. We're just a little bit behind the times. So much for us being, you know, "America lite": healthcare, gun control and strong unions. Our unions are clearly stronger than the Americans', but clearly headed in the same direction and that is a long-run trend. That's a 30-year, well-established trend, one that poses a very serious threat to our future existence and our future influence as a labour movement in the private sector. Today private-sector unionization in Canada is where it was in 1984 in America. That is after Reagan busted the air traffic controllers and the negative trend in American unionization was clearly well established. So, this is a trend I think that the labour movement has to think about, and understand the reasons for this trend and to seriously grapple with them. Not just by passing resolutions saying now more than ever, brothers and sisters, we must organize more workers. That is obviously part of it, but I think there is a deeper rethinking and strategizing that needs to occur.

This is another scary picture; this is strike frequency in Canada's labour market measured in days lost in strikes per worker. There's a great big surge there at the beginning, at the end of World War II. That was Larry, that was Larry in the Stelco strike, right, as well as our people at Ford Windsor with the '45 strike for the Rand formula and the other surge of post-war militance that set the framework for the golden age of capitalism, the period of most vibrant prosperity and expansion for the working class in the history of capitalism. Labour militance gradually grew through the golden age over the next 30 years and reached a peak at 1975 at the moment that the golden age started to unwind as a result of the negative reaction of both real employers and financial investors to the consequences of 30 years of full employment, a growing social wage,

and labour militance. And since then it's been downhill non-stop. In fact 2006 - I haven't seen the '07 data yet - 2006 was the lowest strike frequency in Canadian history, at least the gathered statistics in Canadian history. Now some people have misinterpreted this, me putting up this graph is saying Jim Stanford says strikes aren't common so they don't matter anymore and that's why we're giving away the right to strike with Magna and that's utter nonsense. We will push people to go on strike and fight for their rights with the best of them, and when we have a strike more often than not, we win it. But at the same time to pretend that this hasn't happened, to pretend that there aren't fundamental things happening in labour relations and the power of the union movement would be absolutely stupid. So while we celebrate the right to strike and encourage people to use it as much as possible, we'd better also have a few other tools in our tool kit, otherwise we're in trouble.

Here's another scary picture; this is labour's share of GDP - it also rose through the golden age as union membership was rising, as strike frequency was rising, and then has been declining ever since. Well, duh, you don't need the Ph.D. in economics to understand why that happened. If workers are losing the organizational seat of their power to fight for a better share of the wealth that they produce then the share that they collect of the wealth they produce is going to fall over time. And indeed it has fallen steadily since the dawn of neo-liberalism (which would be the late 70s or early 80s) by about 125 billion dollars collectively since then. That's the share of the pie that the workers have lost as their power base eroded. That's about, I think, \$8,000 per year per employed worker.

In addition to that sort of broad reorientation of the balance of power between workers and capitalists in our economy, there is another thing that's happening in Canada in particular that I think is very worrisome and that I think the left and the labour movement need to pay attention to, and that is the resource-led restructuring of our whole economy. This reflects a number of things. It reflects the global run up in commodity prices and oil prices, it reflects Canada's role as a natural resource supplier that we have been ascribed under NAFTA and under globalization more generally, and it reflects the general market-oriented acceptance of that trend by our governments - especially today by the federal government who have celebrated our regression into being a hewer of wood and drawer of water. High commodity prices lead to incredible

profits for Canadian resource companies. That's led to incredible surge of takeovers of resource companies by foreign investors. The data on that is absolutely shocking and I don't think most people are aware of it yet. It's also led to the surging looney which is putting our manufacturing sector and any other tradable industries under such pressure. I do want to commend, if I could, a major statement the CAW has made on this structural reorientation of Canada's economy in the form of our submission to the federal government's inquiry on foreign investments. I brought a few copies of it along tonight and it's also available on our website if people want to pursue that particular piece of the general environment in more detail. It's called "Building a Diversified, Value-Added, Productive Economy."

What all this means for the labour movement is a shift in employment away from manufacturing and other sorts of value-added, tradable industries, partly towards mining and other resource industries. But there aren't a lot of new jobs in mining, there's only a few new jobs in mining. Mostly what's happened is a shift towards non-tradables, especially the private-services sector, which is relatively insulated from the impact of a high exchange rate on our economy. This graph shows where the jobs have been created and lost over the last 6 years in Canada. This is I think a stark picture about how our economy is being remade and again I don't think we've quite caught up with how severe this challenge is.

It's not all bad news for the labour movement. Unions are strong in the mining and resource sectors, they're high-wage jobs and we've made good gains there. Unions are also strong in construction, one of the other growing goods industry. Of course, they are not very politically correct, the unions in construction. They endorsed the Liberals and got an important change in labour law as a result of it, and they have used this arbitrated settlement of contract disputes technique very widely. So it's not politically correct but they've made significant progress for their people. Go figger. There are new jobs in public services too: obviously unions are much stronger in the public sector - about 70 percent unionization versus 17 percent unionization in the private sector, so those are the bright spots for labour. But there are negative aspects to this restructuring for labour. The manufacturing meltdown, which is occurring and is going to get worse, there's no doubt about it. This is a sector of the economy where unions have been

disproportionately important, and that's a huge challenge for us. The shift of jobs towards private services where unions are traditionally weak is another challenge for us.

Unions have always walked a tightrope: a tightrope between trying to make progress for their members and show that they can improve wages and benefits and conditions for their members, on the one hand, and on the other hand to preserve the viability of the employers that they work for and the jobs of the members who joined. That is as old as the fight to form the first unions in capitalism. That tightrope act has gotten much harder under neo-liberalism for various reasons. Because competition between companies has become more intense, there is less competitive space for individual companies or even groups of companies to pay higher wages to people and still stay in business, partly because of globalization and partly because of the sophistication of employer resistance. So it's harder and harder for unions to find a way to organize people, make gains for their members, but still ensure that the companies where their members work (again this is a private-sector story) stay in business going forward. If members start to think they will lose their job by joining the union, they will not join the union, believe me. This tends to point towards what I guess you'd call a corporatist type of strategy by unions where when they do get in, they are going to do what they can to improve the conditions of their workers, but they're also going to be looking at ways such as productivity growth, industrial policy measures, and other factors to try and keep their employers in business.

Union density and the decline in union density is a huge challenge for the future viability of our movement. At the micro level in each industry the power of unions depends on having a critical mass in particular industries. It's very hard to do it one employer at a time and we're in danger in the private sector in Canada of losing that critical mass in all kinds of industries because in case after case after case, the most innovative, leading profitable companies are non-union. The Magnas, the Toyotas, the Dofascos, the WestJets and the Wal-Marts of the world. If we cannot organize these companies and if we cannot ensure that some of the extra profits those industry-leading companies earn gets trickled down to union members, we will lose our relevance. At the macro level, the entire direction of society depends on the union movement having some critical mass and I think that point is probably clear to people. Our responses to declining union density in the labour movement: obviously try harder; put more money into organizing; and trying to be

more creative and the CAW has done that. Gary Perlmutter in the audience, one of Charlotte's old students, has done a very comprehensive - the most comprehensive review that I know of - of organizing success in Ontario and the CAW has the best record in terms of organizing people in Ontario. We have to work hard to change labour law, to shift it onto a more neutral setting instead of the anti-union setting, change economic policy to preserve manufacturing jobs and other good jobs, and try alternative approaches in organizing. And there's all kinds of alternative approaches out there ranging from voluntary recognition agreements of the sort that we've tried with Magna and other unions have tried, community campaigns, sector-wide strategies - we need some kind of strategy with the private-service sector.

The CAW's agreement with Magna, which I have not talked about and my 10 minutes are just about up (perhaps that explains why we argued over the title of this debate!) is part of a much, much bigger challenge that I don't think the labour movement has come to grips with. In the later discussion I can talk about the CAW and Magna deal but I think the bigger issue, the bigger unanswered question from the great Magna debate that went on, is the last one on this list: what is the labour movement's overall strategy to deal with falling density because that is, with no exaggeration, a threat to the survival of our movement and a threat to the fundamental nature of Canadian society. Finding creative ways to address that challenge and beat that challenge will be crucial to our future success, and my time is up so we can talk about Magna in the debate.

Thank you.