

Sefton Lecture by Charlotte A.B.Yates – Woodsworth House, University of Toronto, March 27, 2008.

The Magna Framework of Fairness Agreement: Implications for Unions in Canada

I will begin my remarks about the Magna-CAW Framework of Fairness Agreement and then use that as a segue into a related discussion on union renewal. I will make two arguments in my 10 minute presentation:

Argument 1:

We know what the CAW hopes to get out of this deal, a potential 18,000 new dues paying members and potentially greater leverage over the setting of wages and employment standards in the parts sector. If successful, these are important gains. But it is by thinking about why Magna wanted this deal that we gain further insight and a sense of why this wasn't the best deal for the CAW.

To understand this, we need briefly to look at the nature of the automotive crisis. The automotive crisis is centred around the unionized North American assemblers and their supply chain. The Japanese assembly operations and their suppliers are expanding production and market share. This downturn in the North American assembly operations hurts both the CAW and Magna. The CAW has responded in part by putting pressure on assemblers such as Chrysler to source their automotive parts from unionized parts producers, or to use their leverage to help get better collective agreements at parts plants. For its part Magna is almost totally dependent upon supplying parts to the North American assemblers. They have had tremendous difficulty breaking into the supply chain of the Japanese transplants. In the face of CAW pressure on assemblers to "source union" and in the face of declining business, how could Magna get a competitive advantage? By allying itself with the CAW, a newly union friendly Magna potentially gains contracts as a result of union pressure on Big Three assemblers at the expense of non-union auto parts producers. So far so good. Except that Magna gets the CAW to agree to a no strike clause which then gives the company a further competitive advantage in securing contracts as it can promote itself as unionized, but, unlike the other unionized firms, is guaranteed strike free. This gives Magna, and in some ways the CAW, an even greater competitive advantage.

But in giving up the right to strike the CAW reveals a serious weakness in this agreement and its own strategic capacity to bargain a good deal with Magna. I.e. the CAW gave up too much and more than it needed to have given.

- First, let's look at Strike levels in Canada. We find them to be at an all time low in terms of person days lost as well as the # of strikes. Given how rarely and carefully unions use the right to strike, why is it so important to give it up? If Magna wanted this deal so badly, which I argue it did, and the CAW had so much to offer Magna, then why could the CAW not resist this particular demand? The recent Dofasco offer to the USWA to allow it to

come into the steel mill to organize the workplace but without the USWA having given up the right to strike, underscores the strategic limitations of the CAW's deal with Magna.

- Yet we also know from recent weeks how important strikes continue to be in securing agreements with employers. We just need to look at the strike in Windsor at TRW auto parts where CAW local 444 recently led a strike to forge a pattern agreement that increases wages to the level achieved at the Magna Modules plant. The President of Local 444 has made it clear that there will be other strikes if the pattern is not met by other auto parts firms in the area.
- Or we can look outside the CAW to the important UNITE-HERE strike by cleaners at Seneca college where they are resisting a company offer of a 1.25% wage increase on the below poverty wage of \$9.90/hr. Strikes remain critical to forging improved agreements. The CAW cannot use this weapon to protect the interests of workers at Magna, notwithstanding its current ability to negotiate a good agreement at Magna Modules without a strike.
- This inability to protect Magna workers' interests through threat of a strike hampers the CAW's strategic repertoire at the very time that Magna has recently negotiated a contract with the UAW at New Process Gear in NY that cuts wages by 25% and deepens the co.'s commitment to two-tier if not three-tier wage structures. Buzz Hargrove has committed the CAW to resisting two tier wages. This becomes more difficult when Magna already has two-tier wage systems in its factories and the union has limited strategic capacity to change these wage structures or resist other similar demands.

Argument 2:

My second argument looks at the Magna-CAW FFA in terms of strategies for union renewal. The CAW has framed this agreement as a response to a crisis in union density in the private sector and declining union influence over wages and employment standards. There is no disputing that unionization in the private sector in Canada is at a perilously low level and that Canadian levels of union density have dipped below 30%, indicating erosion of union influence. But we need to be a little careful here, as Canadian union membership in terms of total membership has been increasing, and declines in density have been stalled in the last couple of years. But the really troubling decline in union density is in the manufacturing sector where unionization has dropped from 32% in 1998 to 27.5% in 2007 and likely continues to decline.

The CAW has indicated that they see the Magna deal as one strategy of several to increase union membership and density – a strategy of voluntary recognition. I want to discuss why the Magna-CAW arrangement is a weak strategy for union renewal and how it undercuts some of the foundational elements of effective union responses to membership decline.

1. Unions across Canada, including the CAW, have lobbied for a return to automatic certification through card check on the basis that this would mean a significant increase in union organizing success. In Ontario, the construction unions were successful in using their long standing relationship with the Liberals to get card

check reinstated. Consequently, construction unions are organizing a far greater number of workplaces and workers and union density in this sector is on the rise.

The CAW has been unable to secure similar benefits from its close relationship to the Liberal Party. In the face of this failure, the only other places in Canada where we have seen a significant revision to labour laws in favour of unions have been in jurisdictions where unions have acted collectively to pursue a common course of political action eg. include Manitoba, or even BC resistance to labour law change. Yet Ontario labour gets further and further away from being able to devise such a common political strategy.

2. Evidence from B.C. as well as parts of Great Britain and Australia indicate that to make significant break throughs in union organizing, especially in companies or sectors where union presence is exceedingly low, this often requires cooperation between unions, including agreed upon codes of conduct between unions, and a pooling of resources. Added to this, central labour federations can play a critical role in mediating relationships between unions and sustaining cooperation.

Here the problem is not specific to the CAW at all. Ontario unions are engaged in a death fight internally, undermining one another's organizing as well as collective bargaining efforts. Ontario Unions seem to have learned the worst lessons from capitalism – they seem to believe that competition is good, and rapacious competition even better.

Unfortunately, the Magna-CAW FFA drives a further wedge in the relationship between and amongst unionists as it opens up competition between unions and within unions over the right to strike.

3. There is growing evidence in union renewal literature that unions that are most successful at organizing new workplaces, and building strong local unions with capacity to bargain effectively, are those that have a dense network of union representation within the workplace. This network of representatives is important in keeping the union in touch with membership concerns, responding effectively to workplace problems, and in establishing the structures and practices needed to mobilize a workforce.

The Magna-CAW FFA has limited the number of representatives from workplaces, and uses a system of selection that gives the central union, and potentially management, some influence over who is a representative. This weakens both the network and independence of these reps. The CAW has also agreed to build on Magna's system of employee advocates. This not only undermines the appearance of independence of union representation, but also allies the CAW with a system that is increasingly distrusted by Magna employees themselves as being too tied to Management interests at a time of restructuring and heightened insecurity. In this way, the CAW has agreed to a structure that is inimical to making gains in organizing workplaces.

Conclusion:

I agree with the CAW that innovation and change are critical for the union movement to retain its relevance and increase its membership and influence. And there is growing evidence that some companies feel forced to join with unions in trying to secure their future. In the case of the Magna –CAW deal however, the price has been too high for the CAW and the labour movement as a whole and therefore likely undermine the very goals of union revitalization sought by the CAW.

Responses to Rejoinder:

Other workers have given up right to strike:

– IBEW and;

- arbitration results (may deliver wages but distorts bargaining by increasing animosity as both parties see it as in their interest to push to arbitration in hoping of securing better contract. Real collective bargaining is structured to encourage compromise and long-term working relationship) and;

- fight of many workers covered by arbitration to gain right to strike. Eg Nova Scotia health care workers resisting government attempts to take away their right to strike (CAW involved in this fight back)

CAW has no intention of giving up right to strike at other employers. CAW's argument is that you can give up the right to strike at one corporation without jeopardizing it at other employers. Two problems with this argument: this depends on strength of union to resist employer demands for withholding right to strike – CAW was not able to get deal with Magna which included right to strike so why would it have the strength to do this with other employers. Secondly, Buzz Hargrove as well as the head of organizing at CAW have both been quoted as saying that they would offer a similar deal to other corporations – Linamar at Guelph, new assembly plants. This suggests that the CAW sees this as spreading to other companies.

There is no alternative. CAW has framed the Magna-CAW agreement as its response to a crisis in union density in the private sector and the automotive industry in particular. A crisis that is weakening union capacity to influence wage and employment standards. The Magna-CAW FFA is therefore a response to crisis. **The underlying logic here is that "There is no alternative", to quote a famous Prime Minister.**

You can't give up what you didn't have. This is a line of argument that I have confronted from Buzz in our radio discussion about the Magna-CAW deal and that Jim Stanford has made in many presentations. At first glance this makes you stop. For it is true that if we are thinking of a commodity like a candy or plasma TV I cannot give these up if I don't already have one. But this argument is specious. The right to strike is not a commodity to be traded but rather a right like other human rights. And while it is true that workers who do not belong to a union do not have the right to strike, just as non-citizens of a country do not have the right to vote. But we would reject any notion that once someone becomes a citizen they should be denied the right to vote as this would be treating them as second

class citizens. So too with workers who are brought into the union movement but without the same rights and responsibilities as other workers.

Embracing the language of competitiveness. Reading through the Magna-CAW Framework of Fairness one is struck by the embrace of a language of competitiveness. “Grievances” become “concerns”, “Workers” become “employees”. Now Buzz has responded to my criticism of this by saying that “A rose is a rose by any other name”. While I love the quote, I have to say that language is so very important as it reflects what and who we are, but also shapes the terms and conditions under which we relate to and include others in our lives. The CAW has historically appreciated this when it has resisted the language of “associates” instead of “workers”, amongst other instances. But unions as a whole have been at the forefront of struggles to resist and change language – the language of sexism or racism, the changing of union language around “him” and “her”. Just as language can be exclusive, and injurious to others, so too does it tell us about our commitments and our future. What does the language of competitiveness tell us about the CAW’s future?

Criticism and debate. Bob White and others have attacked critics of the CAW-Magna agreement. In one article White comments that “I am surprised and disappointed by the arrogant tone of many of the critics. They forget and show no respect for Magna workers. It is they, not armchair critics or academics, who will make the final decision...” This attack also reveals some of the changes in the CAW – its defensive maneuvering and uneasiness with embrace of competitiveness. And this signals a big shift in the CAW> When I first published my book on the CAW in 1988 I received some really nasty, red-baiting letters from former UAW members who were opposed to the CAW’s separation from the UAW. The CAW’s response was to say that they embraced debate about the union. That debate was part of union democracy and that the union was not afraid of internal dissension as this made the union strong. The entire history of the union was built on this openness to debate. Has this now changed?