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### Article abstract

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# *The 1984 GM Agreement in Canada*

## *Significance and Consequences*

**Daniel Benedict**

*The 1984 negotiations and strike at General Motors in Canada are a turning point in the relations between US and Canadian unions. The different elements of the crisis are explained by the author who also raises possible consequences on the future of the Canadian labour movement.*

The 13 day strike of the 36 500 General Motors workers in Canada in October 1984 bids fair to mark a watershed in the history of the United Auto Workers (UAW) and to some extent of Canadian trade unionism. The origins of the strike, the tensions that surrounded it, and the consequences that were almost immediately evident, all contributed to making it very unlikely that this would be «just another» collective bargaining episode.

1985 will mark the fiftieth anniversary of the United Auto Workers in the United States. Its first local union in Canada, local 195 was established in 1936 at the small Kelsey Wheel (now Kelsey-Hayes) plant in Windsor. But the real breakthrough for UAW in Canada and for modern industrial unionism in the increasingly important mass production industries, came in what was and is the main GM plant in this country — Oshawa.

The brief UAW strike in Oshawa in 1937 occurred after workers there had failed to win recognition of their local industrial union in 1928 from either the company or the craft-dominated Trades and Labor Congress. It was a victory for the new industrial unions in Canada and one that overcame the resistance of business and government, — particularly the fanatical opposition of Ontario premier Mitchell Hepburn. It was won very largely by the Oshawa workers themselves. Help from the US headquarters was largely limited to the indefatigable cooperation of one American UAW

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representative, Hugh Thompson, who with the assistance of his wife Margaret, worked all kinds of hours in the local union office signing up new members and recording their payments. Financial support for the strikers was repeatedly promised by the silver-tongued international president, ex-preacher Homer Martin (who went on to become a Ford car dealer), but not a cent was ever delivered.

As the industry, and particularly General Motors, grew in both the US and Canada, the UAW grew with it in both countries. By 1957, there were 72 000 members in the Canadian region. By that time, the unique organizational structure of the Canadian Council of UAW was becoming important. Indeed, the Council, along with the recently formed Québec Council, have become regularly structured sounding boards for the opinions, proposals and complaints of the people chosen by each local union's membership. There is no longer any regular organizational parallel to this structure in the American UAW regions. In 1957, the Canadian Council, raising its own funds, set up what soon became, and unfortunately remained, the only full-time year-round union residential education and recreation centre in Canada, at Port Elgin on Lake Huron<sup>1</sup>.

The Canada-United States Automotive Products Trade Agreement, better known as the «Auto Pact», began in 1965 to bring some elements of discipline into the industry. Removal of tariffs was accompanied by commitments to production in Canada proportionate to sales here. The Canadian government's Riesman Commission report on the Auto Industry in 1978 shows how growth was concentrated on the assembly side, to the comparative neglect of the higher skill content, parts manufacturing jobs (see Appendix I — Production and Employment). While this led to a rather lopsided increase in jobs, it also led to high profits (higher than in the US), high levels of repatriation of profits, low input of new capital and long periods of high deficit in auto parts trade and indeed, for the 1970s, overall deficits for auto trade. The overall deficit faded into a surplus as the corporation's strategic decision to produce a higher share of medium and large cars in Canada apparently produced unexpected results when world prices of oil stopped their spectacular skyward rise and North Americans comfortably slowed their shift to more economical, smaller models made more in the US than in Canada. Then profit levels dropped sharply and briefly as the recession struck, before resuming their upward march.

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<sup>1</sup> Though efforts were made by the Steelworkers at Elliott Lake, Ontario and more recently by the CNTU in the Eastern Townships of Québec.

## CHRYSLER LEADS THE WAY

In the meanwhile, the most poorly managed of the major multinationals in the auto industry, Chrysler, was caught up in the market contractions of the late 1970s. The superficially shrewd financial and managerial manipulations that had enabled Chrysler first to buy into a series of other companies and then to take them over with rare investments of their own, spread the company thin over an empire that was cheaply acquired and often subsidized by governments fearful of job collapse. Simca in France and Brazil, Rootes in Britain, Barreiros in Spain, Lefevre in Argentina, Automex in Mexico were all taken over — and all but the Mexican subsidiary were disgorged when the crunch was on, sold off to Peugeot in Europe, Volkswagen or GM in Latin America.

A new Chrysler leadership, trimmer but more solid, looked for quick help: more subsidies, not only from governments again, but this time from their own workers. A «package deal» was worked out in two stages with the US government, including a large government loan guarantee and serious wage concessions by the workers. The Canadian Chrysler workers had been the first auto workers to win full «parity» (at least in the number of Canadian dollars as compared to US dollars — without regard for exchange rates) with their US counterparts. In addition this was the only important company which had «international» i.e., US-Canadian, collective agreement, negotiating team and company-wide council. The first stages of the agreement at the end of 1979 were accepted by the Canadian workers, if not enthusiastically. The second stages, in 1980, caused real trouble.

The local union newspaper of the president of the UAW Chrysler Council wrote of the «greedy Canadians», in an article that was quickly circulated by «angry Canadians». The rejection of the US package and its concessionary «take-aways» in Canada might have caused a wider crisis, had it not been for the cooperative relationship between International President Douglas Fraser and Director for Canada Bob White. Fraser, last of the old «Reuther team» (that had grown into leadership around the legendary Walter P. Reuther, UAW president from 1946 until his death in an aircraft crash in 1970), had made a special effort, first to convince the Canadians and then to understand them. In the latter he was helped by White, anxious to keep public differences to a minimal, «manageable» level. They were successful, but on a new basis. The joint negotiating team, joint Chrysler Council and joint collective agreements were finished (by a vote of about 3 to 1 of the Canadian Chrysler workers). So were some of the broader institutional habits.

In fact, White was not to have it all that easy in keeping the peace with Fraser. Some local leaders, particularly from GM locals in St Catherines', Ste. Thérèse and even Oshawa, were soon calling for separation, or at least a committee to study the international tie. Traditionally, the UAW holds a special Collective Bargaining Convention every three years, just before the opening of negotiations at GM and Ford. That was followed by a similar conference of the Canadian region, which usually «went along» with the goals set in the US. As one recent Canadian government report<sup>2</sup> puts it: «Prior to 1980, Canadian economic conditions were not central to the conduct of Canadian negotiations. The negotiating agenda was implicitly set down during the conduct of US negotiations». If a balanced view of the bargaining history requires recognition that the Canadian workers usually benefitted from the pattern terms, the growing differences in the economic and political pressures under which the trade unions operate in the two countries strengthened differences in attitudes. These express themselves recently in clearly differing priorities and goals in collective bargaining.

### THE «NO CONCESSIONS» CAMPAIGN

In 1981 the Canadian Council of UAW, worried by the wave of setbacks in collective bargaining in many industries in the US, and the attempt of many companies to spread the new tough bargaining in Canada, took a strong stand against concessions. Their campaign found parallel or supportive attitudes in several other unions and in the Canadian Labour Congress. (For reasons of space we are not going into examples, or exceptions, in this article.)

General Motors and Ford, who had looked on with «benevolent neutrality» when Chrysler was getting concessions because of its financial bind, soon wanted in on the game. GM president Roger Smith had spoken out against the idea that auto could be a «two-tier» wage industry, one tier for Chrysler and another for the rest. More striking still was the famous *Business Week Article*<sup>3</sup> about their survey of 400 top US company officers, a third of whom had responded saying that they had to get concessions from the workers because they felt they needed them, — while another fifth candidly admitted that they had insisted on concessions even though they didn't need them. After all, if others were getting them ...

By early 1982, Ford and GM demanded — and won — advance re-opening of their collective agreements in the US. The Canadians refused. In

<sup>2</sup> 1983 *Report on the Canadian Automotive Industry*, Federal Department of Regional Industrial Expansion, Ottawa, 1984, p. 34.

<sup>3</sup> *Business Week*, New York, June 14, 1982.

the United States new agreements were signed and approved by GM workers by a 52% vote, freezing wages and pensions, postponing cost of living adjustment (COLA), giving up the nine paid «personal holidays» (PPH) and allowing local unions to bid against each other for certain jobs before they were offered to outside sub-contractors. In return, the companies promised increased job security against plant closures due to outside contracting, increased payments to those laid off anyway and a profit sharing system to replace the lost increases.

In Canada, the old agreements ended normally in September 1982. Negotiated in a climate of resistance to the concessions given earlier in the US, the Canadian agreement retained the traditional «annual improvement factor» wage increases and COLA (reinforced by phasing out the previous US component of the consumer price index) and rejected outright the profit sharing substitute. There was no provision for competition between local unions for jobs. The one important point the union lost was the paid personal holidays. Local level leaders had insisted that their members, then still reeling from frequent lay-offs, were in no mood to strike, when all else was settled, over days off. The magazine *Solidarity* published by the Canadian UAW in October 1982, said the Canadian agreement saved the average Canadian GM worker \$2105 that would have been lost by following the US pattern.

With the GM and Ford agreements signed, the emphasis shifted to Chrysler. Both the US and Canadian workers were dissatisfied by the company offers, particularly since the company was now announcing record profits and paying off loans seven years ahead of schedule. The US workers rejected a tentative agreement reached in October. A second vote held by the union asked those workers to choose between a strike in November and waiting for new bargaining in January. They chose to wait.

Not so the Canadians. A five week strike, settled shortly before Christmas, not only won a sizable (\$1.15 Cdn.) increase for the Canadians but led the company, for obvious reasons, to offer almost as much (\$0.75 US) to the US Chrysler workers, a clear reversal of the traditional order of events. Everyone seemed to agree that Canadian acceptance of the same dollar figures as agreed in the US, regardless of exchange value or cost of living differences, was over. The 1982 agreements thus showed that the days of the dominance by the «US pattern» were numbered. Even Chrysler head Lee Iacocca, somewhat aware that change was in the air, had his executive jet fly him up to Toronto to meet Bob White and try to figure out what made the Canadians act differently (and perhaps to see if they were serious about their differences).

## THE GM NEGOTIATIONS IN 1984

The UAW collective bargaining convention in the US, in March 1984 and the similar conference in Canada in April both adopted resolutions calling for a wide range of improvements in the coming agreements. In presenting his report to the convention, the new UAW International President Owen Bieber reminded the delegates of the bargaining climate, with Reagan as president who «set the example for anti-labour corporations when he broke the PATCO (air controllers) union». Though the emphasis of the resolutions was somewhat stronger on job security in the US and on the defence of living standards and reduced worktime in Canada, the resemblances seemed greater than the differences in vocabulary. Indeed, the convention in Detroit said «We vehemently reject attempts by companies like GM to use profit-sharing as a trade-off for wage and benefit hikes our productivity entitles us to. However, profitable companies should still be made to share profits with workers and, by cutting prices, with consumers». This was to become a key irritant. The company, having won a profit-sharing plan precisely as a trade-off or substitute for the traditional 3% annual wage increase (or «Annual Improvement Factor») in the US, was to insist on carrying it over into Canada — the main factor in the strike in this country.

The US agreement was preceded by 17 authorized local strikes in selected GM plants around the country. This may have made it easier to win a majority for the agreement that followed. However, it was also referred to a few months later when the company announced that, because of those strikes, the profit-sharing bonus for this year would be only about half as high as expected, though profits themselves for both 1983 and 1984 are far higher than ever before.

General Motors management showed an interesting side of their thought process by their behaviour in this period. They (and the other big US auto companies) chose 1984, a year in which they urged their workers to make continued sacrifices, to announce unprecedented high bonuses, in the million dollar figures, for top management (GM chairman Roger Smith awarded himself a \$1.5 million (US) bonus, narrowly surpassing Ford chairman Philip Caldwell, and four other top GM officials also took over \$1 million each). Small wonder that UAW president Owen Bieber said they were «delivering the wrong type of message to a lot of people»<sup>4</sup>. The same *Wall Street Journal* articles quotes a GM middle-management executive as saying: «I about fell off my chair. If we've got to do it, at least hide it or spread it out. But this is like rubbing salt in a wound». At a UAW GM

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<sup>4</sup> *Wall Street Journal*, April 16, 1984, p. 10.

Council in Pittsburgh a month later, Bieber used tougher language, speaking of «almost unbelievable stupidity, outrageous, irresponsible, obscene, arrogance, greed»<sup>5</sup>.

That was an even saltier event because it came after the leaked «Warren memo». GM vice-president for industrial relations Alfred S. Warren Jr., had sent out a 19 page internal memorandum to top company officials, dated «9/10/83» copies of which soon reached union rebels, union leaders, union journals, the press and even, in French of course, the occasionally rebellious activists in GM at Ste. Thérèse, Québec.

Warren laid out company objectives for the 1984 negotiations, including more worker concessions to reduce labour costs and to link higher productivity, in two possible scenarios, to employment reductions ranging from a sharp drop of 60 000 hourly paid workers by 1986 to a far sharper cut of about 110 000. Since GM hourly employment in the US had already been cut from the 1978 level of about 500 000 to about 360 000 when the memo was written, the further cuts envisaged may have induced fear; they certainly induced anger. In addition to planning the «elimination of the cost of living adjustment and the annual improvement factor» and «expanding profit sharing» the memo carries what well could be a skeleton course outline for a management course in industrial relations, which Warren entitled «Influencing UAW leadership». (see Appendix II)

Warren's memo highlighted the gradual development of a revised GM management approach worked out over the last few years, hardnosed in countering new union demands and cutting back on old gains, innovative in devising programs and strategies to get every level of the union, from the membership to the top leadership, «on side». This is a design for handling industrial relations in the coming robotized but still union organized, auto industry, aimed at preparing those who have stayed on (see Appendix I) to accept and adapt to change. They've come quite a way from the old, less sophisticated, «good guy — bad guy» bargaining table approach of Warren's predecessor, George Morris, and those before him. Leonard Woodcock, a former UAW president, described it as follows<sup>6</sup>: «When Lou (Seaton) retired, Earl (Bramblett) became the nice guy and George (Morris) was then the Number Two. George played the bad guy even better».

When the storm was over, a new US agreement was signed (and ratified by a 58% vote). COLA payments of about 24 cents an hour were given up. A new «job opportunity bank» in the next six years could spend a maximum of one billion dollars. It has been estimated that this sum might eventually

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<sup>5</sup> UAW press release, May 30, 1984.

<sup>6</sup> *Automotive News*, Detroit, Sept. 16, 1983.

be used to take care of perhaps 20 000 workers in that length of time, through assignments to training, to replace other workers in training, to «non-traditional» assignments in or outside the bargaining unit, to another UAW plant or to other assignments «consistent with the purposes of the program» as approved by a joint committee. This modification of a «Guaranteed Income Stream» approach, first raised in 1982, would cover workers faced with certain types of job loss, principally from technological change, negotiated productivity increases, or out-sourcing. A wage increase of 9 to 41 cents<sup>7</sup> the first year (paid for by the COLA loss) was to be replaced by lump sum payments equal to about 2.25% of their earnings in the second and third year of the contract, which do not go into the base rate. The traditional «annual improvement factor» or yearly increase of 3% was definitely replaced by a profit sharing plan that was widely estimated to produce about \$1 000 before the agreement was signed (including in the UAW-GM Report of September) and then<sup>8</sup> estimated at about half that amount, after it was signed, by GM chairman Smith. Other goodies included a \$180 flat «contract signing bonus», health care improvements, etc. An «innovative paid education leave» program is envisaged although not entirely spelled out. Unlike the long-standing Canadian model, the company is supposed to share in the selection of students and courses and the approval of expenses, in conformity with US laws.

Back home in Canada, the company which had indicated first that it understood the need for a Canadian approach now shifted to insisting on acceptance of the US package. UAW's Bob White, strengthened by membership preparedness and support — and by an improved situation in the auto industry, insisted that the US package simply «does not fit» in Canada.

A 13 day strike in October led to a new three year agreement. It also triggered major events within the UAW. Looking first at the agreement itself, the Canadians won two major victories and a few smaller ones, and lost one important battle.

Both major victories related to the Canadian auto workers rejecting the US «pattern» in the light of their own priorities. One was holding on to COLA. The other was holding to some annual increases (estimated at about a 2.25% per year average) in hourly payments, re-baptized «Special Canadian Adjustments». The total value of the Canadian agreement has been estimated at \$13 000 or 19% over the three years. Thus the average hourly pay (including COLA) will go up from \$13.07 to \$15.59 by the end of the agreement. As Bob White put it<sup>9</sup> «Most important was our rejection

<sup>7</sup> 9 cents (1%) for Janitors, 12 cents (1.3%) for certain assemblers, 20 cents (2%) for major assemblers, 23 cents (2.1%) for job setters and 41 cents (3.5%) for tool and die makers.

<sup>8</sup> *Windsor Star*, December 8, 1984.

<sup>9</sup> Interview with this writer, Toronto, December 29, 1984.

of lump sum payments instead of improvements in the hourly wage. If it had caught on in auto, it would have spread throughout Canada. This will show its importance clearly in our bargaining in 1987.» According to White, even if the GM workers in the US were to get bonuses large enough to make up for the take-aways, the fact that those bonuses are not included in the wage rates means that the Canadian workers will be able to start negotiating in 1987 from a position \$1.14 ahead, which would not otherwise have been the case.

The move toward income security in Canada was different from that in the US. Rather than a «job opportunity bank» limited to protecting workers' income in certain types of job loss, the Canadian UAW insisted on broader coverage, which they won, though with some restrictions based on seniority. Workers with twenty years or more service have income assurance for 3 years, with full medical and life insurance coverage<sup>10</sup>. Those with 10 to 20 years have similar coverage for 2 years (if there is sufficient money in the supplementary unemployment benefit fund) and in any case a guaranteed 18 months. Workers on indefinite layoff with ten years' seniority or more have the option of severing employment and taking a cash payout of \$19 000 to \$34 000. Those with 5 to 10 years' seniority won new coverage in case of partial or complete plant closures, with cash payments of between \$7 000 and \$9 800, again depending on seniority.

Some innovative features of the new agreements were won in both countries, such as health and safety improvements and particularly pre-paid legal services for workers, retirees, spouses, surviving spouses and dependents (including no-cost wills, divorces, landlord and tenant cases, motor vehicle offences, real estate cases, consumer complaints and many more) after one year of service and during 18 months of layoff. Pensions in both countries will reach a maximum of \$1 205 per month during the agreements.

Other innovations include the new 50 cent penalty to be paid in both countries by the company on any overtime beyond 5% of regular («straight-time») hours worked, as some discouragement to massive overtime. While the US agreement transfers such monies to a training fund, the Canadians preferred to use them to increase the supplemental unemployment benefits fund, on the theory that overtime users should help pay for those that get laid off, often because of high overtime. The Canadian agreements further added two other innovative clauses. One provides for a pilot fitness project (close to the heart of Bob White, something of a «fitness bug») in the Windsor trim plant. The other sets up a pilot child care project in the Scar-

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<sup>10</sup> Most of this description can be found in greater detail in the «UAW-GM Report» distributed at all local contract ratification meetings in Canada in October, 1984.

borough van plant in the Toronto area. In addition, the agreement includes an affirmative action program to be ensured by a joint committee.

Paid education leave (PEL) was renewed in Canada for another 5 years, but at the same fund level as before.

The major set-back for the Canadians was the failure to win any sizable reduction in working time, particularly by regaining the 9 «paid personal holidays» lost in both countries in 1982. An increase of 2 1/2 days in the annual paid absence allowance has the weak point of optional replacement by a money payment. If taken as time off however, it will raise the annual paid vacation for people with one year of service to 2 1/2 weeks, with ten years to 4 weeks and with 20 years to 5 1/2 weeks, a step, but a small one, toward at least maintaining employment levels if annual auto production drops or technology continues to facilitate higher productivity. Instead, the US agreement includes a new paid holiday for each year of the agreement.

The ratification vote, in the thirteen Canadian plants of GM, was 87% in favour.

#### «HOW DID WE DO IT?»

For the Canadian UAW, the 1984 GM and Ford agreements represented an over-all victory. To Bob White, who in 1982 said «Who needs a union to walk us backwards», the 1982 negotiations were a key to making 1984 possible. 1982, he said<sup>11</sup> «was the first time GM both privately and publicly recognized that there are real differences between Canada and the US. Everybody said our position against concessions would lead to a long strike, but we showed we could establish our own, fundamentally distinct position and that we could do it with intelligent collective bargaining, without shutting down the industry for the sake of striking.»

«I was encouraged», White continued, «by early statements in 1984 by GM people here (on a «Canadian approach»), but I learned from experience that some of that was for public consumption. Then, either they underestimated our determination or someone changed their minds. Then came the US agreement and their first offer in Canada did not in any way match their earlier stance».

After detailing the importance of various parts of the collective agreement, White returned to the question of how the agreement — and particularly its Canadian basis — was won. «We had committees in all the GM locals and then some fairly large 2 or 3 day meetings in Toronto with key

<sup>11</sup> Interview, December 29, 1984, *ibid.*

staff and local leaders, all discussing and preparing our bargaining demands to be worked out in more detail at our Collective Bargaining Conference in April. Then came those almost scandalous corporate executive bonuses; the workers looked at them and knew they should get a better economic (monetary) package — and felt they should get it easily. But the company was not the least bit more inclined to share it out.»

It was clear, said White, that our membership wanted an agreement based on their own priorities. Then he reminded the interviewer of the key role of the Canadian Council, particularly in launching the «No Concessions» campaign and in making sure that in and outside GM, both local leadership and Canadian staff stood and worked together. «The Council», he said, «is a unique institution; it makes UAW in Canada different and its leadership accountable. It has proved its worth ten times over in the past few years. The developments in Québec for example, show that our membership feels more confident, feels better about itself with its own structure. Whatever changes in UAW structure are worked out in the near future, the Councils have an important role to play, as part of the decision making process and in keeping our leadership and staff in tune with the members' thinking, both on work and bargaining related matters and on affairs affecting us in our community.»

«One of the greatest dangers in the labour movement is insulating or isolating the staff and top leadership in office routine, handling mail, etc. The vast majority at Council are in touch with the members and do a real good job of keeping us plugged in together. When you have to write a detailed report as I do every three or four months, it keeps you on your toes. If you are not doing anything, or doing wrong things, the membership will know. And you have to report not only on what you have done, but what you recommend needs to be done over the next period.»

White's thirty, forty or fifty page reports accompanied by staff reports covering all union activities, not only take up UAW affairs but comment on everything from provincial and federal politics to world peace and what's going on in the West German metalworkers' fight for a shorter work week, the South African fight against apartheid or the report of UAW members of delegations to Japan or Nicaragua.

The reports are followed by resolutions and the discussions and votes are recorded in detail and mailed out to all local participants soon after.

One of the things Bob White insists upon in discussing the Council is its importance in ensuring that the union is not isolated from the people it represents and from the world. Will the events following the GM negotiations make isolation more of a danger than ever?

## Separation

This study was started in November 1984, shortly after the GM settlement was ratified. Since then, events moved (and at this writing are still moving) at a new rhythm. It is early on for a detailed analysis of the subsequent decisions, such as for example, the proportions on which the almost \$600 million strike fund will be split, but both White and Bieber have publicly called for a civilized separation.

The tensions that built up during the GM negotiations and strike, between the Canadian negotiators and the International Union leadership in Detroit (including some less than calm or friendly telephone conversations that went on in negotiation headquarters within earshot of inquisitive journalists) quickly became public knowledge. Just as quickly, they were followed by historic organizational decisions, particularly the one to dissolve the international structure of the UAW.

Would they have occurred in any case? «Not quite so quickly» said White<sup>12</sup> «But structural change is an evolution that takes place over time. If the 1984 collective bargaining had taken place without difficulties with the International Union, it would still have come, but not right then. The 1984 events are the result of a long evolution, which picked up speed since 1980, starting with the Chrysler events, the idea that Canadian had to go along with US government decisions on loan guarantee conditions, the cracks about the 'greedy Canadians' and the continuing 1982 negotiations. In 1987, when we bargain with the big auto companies as a separate Canadian union, we'll show that we know how to be responsible for our own decisions».

In fact, Bob White's report to the Canadian Council of December 1st and 2nd, 1984, and the same text in Québec with area leader Claude Ducharme's report to the Québec Council a week later, made it clear that the choice was between Detroit's recognition of a much higher degree of autonomy than in the past and a split.

Asked by the press what that autonomy alternative consisted of White replied with the following summary of four conditions:

- «1. The collective bargaining program adopted by the Canadian union at its collective bargaining and legislative conference will be independently pursued by the Canadians without interference from the US;

2. In any negotiations conducted in Canada with a company headquartered in the US, no interference or intervention will be permitted by any officer or international representative of the international union in the US, unless at the express request of the director for Canada;

<sup>12</sup> Interview, *op. cit.*

3. All union staff in Canada should report to and work completely under the direction of the director for Canada;

4. The UAW in Canada will have the right to pursue mergers with other unions, including Canadian sections of international unions, whether or not parallel mergers are achievable in the US».<sup>13</sup>

White went on in his written Council report to say that: «if after this matter has been discussed at the International Executive Board Meeting, it is decided that what we think is necessary to clearly recognize our autonomy is not acceptable, then the separate restructuring of our union into an American UAW and a Canadian UAW can and must be done with intelligent discussion as trade unionists ...». In fact, White had sent UAW International president Bieber an advance copy of his report and asked for a preliminary discussion of the proposals at the Board meeting of December 10th, with a further, in-depth discussion in March 1985. Bieber replied that both would be combined into one discussion at once, on December 10th.

At that Board meeting, White as the only Canadian, stood alone on the four proposals for increased autonomy, defeated 24 to 1. A follow-up motion, to proceed to the separation, with Owen Bieber to name a committee to prepare the division of assets, etc., was passed by a large majority, but the vote was not made public.

On December 15th, White reported back to a combined meeting of the Canadian and Québec Councils, which approved the alternative of separation, with three of the approximately 400 present voting against the motion. The councils «endorse(d) (White's) action taken at the ... meeting ... and further ... support(ed) the actions necessary to commence the restructuring of the Canadian UAW into a completely autonomous union ....».

«Will the UAW separation lead to changes in the investment and Collective Bargaining policies of GM and the other auto companies?» White was asked<sup>14</sup>. «There ought not to be any changes for that reason. I went to Detroit as the only Canadian on the executive board. I didn't come home to set up a workers' revolutionary party or to send tanks to circle (the GM works in) Oshawa. I'm the same guy that co-chaired the (federal) Task Force on the Auto Industry and I'm co-chairing the Ontario Task Force on Technological Change. I understand the need for sensible bargaining and investments. Why should the companies change? Canada has been a good place to invest, they made a lot of money here. Labour costs are very competitive, some \$7.50 an hour less than in the States. This still is the seventh

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<sup>13</sup> UAW press release, Toronto, December 1, 1984.

<sup>14</sup> Interview, *op. cit.*

largest auto market in the world. The quality, productivity, taxes, availability of steel and plastics, the labour relations climate — all in all, Canada is still a good place to build autos. To affirm that they would leave because of that structural charge makes no sense and fails to take account of all the other countries where these companies produce — and bargain collectively with all kinds of unions.» (See also Appendix I)

«Can the UAW get along in Canada on its own?» White was asked in the same interview. «It not only can, but it must», he replied. «If a union of 125 000 in Canada<sup>15</sup> can't have its house in financial order and do a good job for its members, then I don't know how a lot of other unions are surviving. We're not doing this to build up a big bureaucracy, but we know we can operate on a sound basis... Our biggest expense is servicing our membership, which we have to do in a framework of reasonable amounts that members can pay. If that means that the staff has to work harder — that's it and it is a privilege to work for the workers.»

White made it clear that the Canadian UAW would continue, and where possible increase its support of workers in this continent and elsewhere in the world, and its long-standing membership in the International Metal Workers' Federation. «This does not mean we are opposed to international solidarity», White went on, «as Victor Reuther, a long-time figure in building the UAW back to the 1937 sit-in strikes in the US, put it in an interview<sup>16</sup>: 'It does not have to be organic unity in order to have solidarity across international lines ... This move is a continuing expression of a strong nationalistic sentiment, and I say this in the best sense ... I do not look upon this action as anti-UAW States-side...'.»

### «Canadianization» in the Labour movement

While the Canadian auto workers' move toward a separate union was triggered by a series of practical reasons related to their specific problems and situation, they haven't lived in a vacuum. The Canadian labour movement and specifically the affiliates of the 2 050 000 member Canadian Labour Congress have been moving in the same direction for some time. If in 1962, 72% of the entire union membership in Canada belonged to «International Unions», with headquarters in the US, by the beginning of 1984 that percentage was down to 40, before the UAW changed.

Of course a large part of the general shift was due to two causes, the more rapid increase in: a) the number and the proportion of members of

<sup>15</sup> Only 5 unions in Canada are larger; 3 of them are national and 2 are international.

<sup>16</sup> *Windsor Star*, December 12, 1984.

public sector unions at all levels of government and b) the organization of independent, local or regional unions or associations. A third reason however has been the separation (some amicably and some less so), in some cases followed by Canadian mergers, of a number of Canadian sections of International Unions, such as the Communications Workers, Paper Workers, Chemical Workers, Oil Workers, Brewery Workers, Railway Signalmen, Telegraph Workers and Electrical Workers (IUE). With the UAW separation, this third group takes a considerable jump ahead.

Is it just «nationalism»? To some extent, it is. But it is also important to note that this particular nationalism arises in an industry entirely dominated by multinational companies. Canada is the only major auto-producing country in the world with no locally-owned auto company. It is even possible that continued emphasis on Canadian content may eventually modify and broaden the local production scene to an extent where an «all-Canadian car» becomes a practical, mass-production possibility.

The Canadian Labour Congress (CLC) itself took the initiative, at its Vancouver convention in 1974, of laying down some guide-lines of autonomy for the Canadian sections of International Unions. Some had already followed those guide-lines or soon adapted to them (Wood, Auto, Steel), some rejected them and, for this and other reasons, split away from CLC (a large part of the Building trades), some keep on trying — unsuccessfully so far — to get the right to elect their own Canadian leadership themselves, even if they have considerable autonomy in other fields.

While space limitations make it difficult to go into extensive details, we cannot fail to mention an occasionally parallel and related phenomenon: the development within the increasingly autonomous Canadian sections or the separate unions in Canada, of a growing recognition of the aspiration of Québec trade unionists for more adequate forms of expression. In a number of cases, Québec councils (Commerce, Auto) or districts (Steel) have been developing a vigorous life of their own. Not many unions would today dare to impose a non-Quebecker, or particularly a non-French speaker, as head of their Québec organization. Certainly, the CLC has come a long way from the days when the Québec Federation of Labour was considered or treated as «just another» provincial federation.

There have been difficult moments for the «main stream» of the Canadian labour movement, the Trades and Labor Congress and to a much lesser degree the Canadian Congress of Labour and the merged Canadian Labour Congress, due to the conflicts between national and international unions, and between craft and industrial unions. The CLC has had the least of those conflicts, with the major exception of the secession of large parts of the Building trades.

Those difficult moments have left some traces on all sides. Some officials of international unions may view current trends with suspicion or concern; they may have some understandable difficulty adjusting to a change.

The same of course is true of all private sector unions in adjusting to the relative strength of the public sector unions. Some trade unionists found it difficult a year ago to empathize with Bob White's proposal of inter-union cooperation, through «umbrella organizations» on the Canadian or All-Canadian level, open to both national and international unions, such as a Canadian Metalworkers Federation. That is an idea that has apparently been moved to a back burner for now.

The GM workers who lost in 1928 and won in 1937, together with the rest of the UAW in Canada in 1985 are part of the historical process of evolution of the Canadian labour movement. Only a part, but an important part. They all still have a long way to go in facing up to the economic crisis and to the challenge to their role in Canadian society.

## APPENDIX I

### *Auto Production and Employment Past: Present and Future*

Production of vehicles in Canada passed the million mark in 1968, with 9.8% of the North American total of almost 12 million. In 1969, it reached 11.7% and has stayed above the 11% level ever since. The highest Canadian percentage before 1980 (when it hit 14.6%) was the 13.9% in 1975. In 1982, it hit 15%, only to drop to 13.9% in 1983 and to rise again to 14.3% in 1984. In other words, the percentage of North American — or world — production varies rather widely from year to year in accordance with world company strategies. For the number of vehicles produced, the top year in Canada had been 1978, when 1 818 000 were assembled, until 1984 when the assembly plants hit a record 1 830 000.

In the US, the top year was also 1978, but it still is the top. Production then hit 12 895 000 vehicles, but the drop in the early 1980s was so much greater than in Canada and the rise since then so much slower, that the 1984 total of 10 931 000 is still 15% below that of 1978.

The planned shift toward more efficient management of parts production and inventory handling, along the lines of the Japanese «Kan-ban» or «Just in time» delivery, will favour the increased use of Canadian parts in Canadian-assembled vehicles. At the same time, it is logical to expect that introduction of the same methods in US plants will favour production as close as possible to assembly points there as well.

The 1980 to 1983 vehicle model years of the four major manufacturers showed the following value added in Canada (C.V.A.)<sup>1</sup>:

	(\$ millions Cdn.)	
1. non-parts C.V.A. (e.g. assembly cost)	5 727	
2. parts C.V.A. in Canadian assembly	5 039	
3. total C.V.A. in Canadian assembled vehicles	10 766	
4. C.V.A. in original parts exported	8 771	
5. total C.V.A., vehicles and parts	19 537 <sup>2</sup>	
6. parts in Cdn. vehicles as % of total (2 as % of 3)		46.8%
7. total parts as % of total C.V.A. (2 plus 4, as % of 5)		70.7%

The possibility of an increase in lines 2 and 6 must be weighed against that of a decrease in lines 4 and 7. Both however will have to be considered in the framework that includes the increased pressure by both parts manufacturers and UAW for Canadian content in all, including non-North American, vehicles sold in Canada and the announcement of significant investments by some off-shore companies. The framework also includes two other important factors: the «multiple sourcing» of identical parts and assembly in several countries as part of the «world car» approach, and the approximately \$7.50 an hour labour cost difference (due mainly to the exchange rate and the far cheaper supply of universal medical care in Canada than the super-expensive medical «free-market» in the US). All three factors contribute to production and employment in Canada. They are partial answers to the question raised by some commentators pursuing various goals: «Will the companies react to the Canadian union separation by transferring out investments, production and jobs and if so what will the union (or the government) do»? Bob White's opinion was quoted earlier.

The Report of the automotive Task Force that White co-chaired, and which included the presidents of Canadian GM and Ford, said that «Productivity, quality of production, labour costs and absenteeism in Canadian plants compare favourably with conditions in plants in the US, Europe, Australia and any Third World country where vehicles are produced»<sup>3</sup>. Auto employment for hourly-paid workers in Canada rose from 82 800<sup>4</sup> at the start of the Auto Pact in 1965 to a peak of 124 900 in 1978. It fell to 98 700 at the low point of the recession, rebounding to a new peak of 125 800 by August 1984 (latest figure available from Statistics Canada). In the US however, the latest official figures available show 772 700 workers in 1983, only a slight increase over the low record of 704 800 in 1982 and far below the 1979 peak of 994 600. At General Motors<sup>5</sup>, the employment trends were similar to those of the industry, with the end of 1984 seeing about 370 000 workers in the US and almost 37 000 in Canada.

1 1983, *Report on the Canadian Automobile Industry*, DRIE, Ottawa, 1984.

2 Company declarations for all manufacturers to DRIE show slightly higher C.V.A. totalling \$21 633 million for line 5, *op. cit.*, p. 78.

3 *Automobile Task Force Report*, Ottawa, 1983, p. 122.

4 *Ibid.*, pp. 83-84.

5 UAW sources; all figures are hourly employees only.

The production and employment figures show that the Canadian industry is somewhat closer to the «15 cars per worker» productivity level than the US industry. There are however three caveats to mention. Firstly, the less local content there is, the less workers there are, and so the higher number of cars «produced» per worker. (Although US plants are also increasingly assembling with foreign-made parts.) Secondly, the high proportion of assembly, as compared to parts production, means less skill development. And thirdly, overall figures too often hide the victims, the workers and their families, in a city like Windsor, where the companies have shifted so many production plants that over 2 000 auto workers were forced out of the industry. Their consolation at increased hiring in other areas of Canada is understandably slight. The same is true — only more dramatically so — for the Detroit area.

## *APPENDIX II*

### *Influencing UAW LEADERSHIP*

From «Actions to Influence the Outcome of Bargaining» by A.S. Warren Jr., GM Vice-President of Industrial Relations. Page C-4 — Introductory summary to the Section on: «Influencing UAW Leadership»:

**ACTION:** — provide opportunities for Union-Management dialogue and joint problem solving

**NEED:** — for union to understand the competitive challenge  
 — for management to understand concerns of union and hourly rank-and-file  
 — to share successful joint problem-solving experiences

**LEADERSHIP TIERS:** — Bieber<sup>1</sup>  
 — Ephlin<sup>2</sup>  
 — GM Department  
 — UAW technical staff  
 — National Bargaining Committee  
 — regional directors  
 — local presidents and shop chairmen

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<sup>1</sup> «Owen Bieber, the president of the union, said, 'This document supports many of our worst suspicions about the motives and intentions of the General Motors Corporation where the UAW is concerned', *New York Times*, February 19, 1984, p. 28.

<sup>2</sup> «The statement (issued by the UAW on the Warren document) quoted Don Ephlin (Vice-president and director of the union's GM department) as saying that parts of the document 'seem to imply that the company thinks it has convinced me of the correctness of many of its positions', adding that 'we remain diametrically opposed to many of the corporation's objectives outlined in this document'». *Wall Street Journal*, February 21, 1984, p. 2.

- SPECIFIC IDEAS:
- Ephlin
    - continue one-on-one briefings
    - dialogue with key executives
    - plant visits with McDonald and Warren
    - educate union leadership on profit sharing
  - UAW National Bargaining Committee
    - joint information workshops
    - joint-off-site on auto industry in the 80's
    - joint Task Force on Bargaining
  - Key thought leaders
    - joint comparison of US and Japanese facilities.

.....

*Warren also raised the desirability of a «two-tiered» wage system (nothing in common with the prior use of the same expression by his chairman in referring to lower wage scales in Chrysler than in GM). Many US employers have succeeded in neutralizing worker opposition to wage cuts by letting present workers keep their present wages, while all future hires get \$2., \$4. or \$6. an hour less for the same jobs. This, Warren did not win, although the extension to 18 months of the time before new hires get the full rate for the job, might be considered a consolation prize.*

### ***Les négociations chez General Motors en 1984***

***Pour une convention collective convenant à la réalité canadienne***

La grève de 13 jours des 36 500 travailleurs de General Motors au Canada en 1984 marquait le partage des eaux dans l'histoire du syndicat des Travailleurs unis de l'automobile (TUA) au Canada et dans une certaine mesure dans l'histoire du syndicalisme canadien.

La croissance des TUA en un syndicat de 125 000 membres a accompagné celle de l'importance d'un élément unique de sa structure, le Conseil canadien, qui réunit tous les trois ou quatre mois les représentants élus de toutes les sections locales pour discuter du travail et de l'orientation du syndicat et de ses dirigeants et permanents.

Le directeur des TUA pour le Canada, Robert White, dans une interview avec cet auteur, cite le cas du Conseil québécois du syndicat plus récemment mis sur pied, pour dire que «cela a contribué à ce que nos membres au Québec se sentent plus sûrs d'eux-mêmes, mieux dans leur peau, avec leur propre structure».

Les événements chez Chrysler à la fin des années soixante-dix ont déclenché des réactions différentes aux États-Unis et au Canada. Ces différences, quant aux sacrifices que les travailleurs devaient ou non accepter, ont créé des tensions chez les membres des TUA entre les deux pays. Parler des «Canadiens rapaces» dans un journal syndical américain ne pouvait que contribuer à la dissolution de la principale convention collective bi-nationale qui existait aux TUA. Avec elle disparaissait le Conseil conjoint des travailleurs Chrysler. Seuls les efforts des deux dirigeants principaux Robert White au Canada et Douglas Fraser, président du syndicat «international» à Détroit, ont évité qu'il n'y ait des conséquences plus graves à l'époque, malgré les appels à la désaffiliation lancés à Ste-Thérèse et ailleurs.

Les négociations collectives de 1982 ont creusé une tranchée plus profonde. Aux États-Unis les TUA acceptent de rouvrir les conventions collectives chez GM et Ford en cours de route, ce que les Canadiens refusent. Ce refus a généré une série de gains pour les Canadiens fin 1982, dont le maintien des augmentations annuelles ainsi que celles liées au coût de la vie et le rejet des options de partage des bénéfices. Par contre, les compagnies réussissent à répandre au Canada une des concessions faites aux États-Unis, le retrait des neuf jours de «congé personnel payé».

La grève chez Chrysler Canada en fin 1982 consacre la différence entre les États-Unis et le Canada. Les gains canadiens pour une fois font donner des augmentations aux Américains.

En préparant le côté patronal pour les négociations de 1984, le vice-président de GM pour les relations industrielles, A.S. Warren, Jr., distribue à ses cadres principaux un «mémoire» qui trouve son chemin jusque dans les sections syndicales et finalement dans la grande presse: c'est le schéma d'un cours de relations industrielles pour une industrie largement robotisée avec d'une part, des objectifs généraux telle l'élimination des augmentations dans les taux horaires et, d'autre part, une analyse des divers niveaux du syndicat, de haut en bas, et l'élaboration d'une série d'objectifs et moyens spécifiques pour conquérir et utiliser chaque niveau.

Les compagnies prêchaient les sacrifices pendant que les hauts cadres se votaient des primes d'un million de dollars et plus à chacun. En 1984, lors des conférences TUA sur les négociations collectives aux États-Unis et au Canada, on note des différences de priorité mais aussi des similitudes de vocabulaire, notamment en ce qui concerne le rejet des concessions. Aux États-Unis, suite à de courtes grèves autorisées dans 17 usines, on ouvre la voie à l'accord éventuellement approuvé à 58%. L'accord américain remplace les augmentations des taux horaires par des partages de bénéfices et des sommes forfaitaires annuelles. Ils instituent également une nouvelle «banque des jobs» pouvant aller jusqu'à un milliard de dollars pour protéger les revenus des travailleurs dont les postes disparaîtraient pour certaines raisons. Les Canadiens rejettent l'offre d'un accord semblable, jugée comme «ne convenant pas à la réalité canadienne».

General Motors insiste sur le modèle américain et c'est la grève au Canada. Après 13 jours, on trouve un modèle canadien. Les augmentations annuelles sont réduites un peu, mais sauvées. Les ajustements au coût de la vie sont maintenus. La participation aux bénéfices et les paiements forfaitaires qui ne rentrent pas dans les salaires et qui seraient donc à renégocier en 1987, sont rejetés. Les protections des revenus sont plus générales, mais limitées par l'ancienneté. D'autres améliorations, telle que la pension de retraite allant jusqu'à \$1 205. par mois, sont égales dans les deux pays. Le point important perdu au Canada, et perdu aussi aux États-Unis, est le rétablissement des congés personnels payés, qui n'est que très partiellement compensé.

Les irritations entre les dirigeants américains et canadiens exaspèrent les différences d'approches et de priorités entre les syndicalistes des deux pays. White transmet au Bureau exécutif international la demande d'autonomie accrue, et pour ainsi dire totale, votée aux réunions des Conseils canadien et québécois en décembre. Le Bureau la rejette à 24 contre 1 (White lui-même). White se conformant à la résolution des Conseils, propose la séparation et demande la constitution d'un comité conjoint pour partager les avoirs du syndicat international, ce qui est voté à une bonne majorité. C'est ainsi que les travailleurs unis de l'automobile du Canada s'apprêtent à rejoindre la majorité croissante de syndicalistes au Canada dont le siège social est au Canada, une majorité (60% avant la séparation des TUA) qui encore en 1962 n'était qu'une minorité de 28%.

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