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Dimitry Anastakis

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Résumé de l'article

Dans la periode mouvementée années 60 les Canadiens avaient débattu du contrôle étranger de l'économie canadienne et des relations du Canada avec les États-Unis. La section canadienne du Syndicat des travailleurs unis de l'automobile s'était aussi heurtée à ces difficultés en faisant face à de nombreuses politiques gouvernementales conçues pour soutenir l'industrie automobile et résoudre les problèmes relatifs à la balance des paiements, aboutissant à l'Accord canado-américain conclu en 1965 sur les produits automobiles (pacte de l'automobile). Ce pacte de l'automobile avait rationalisé la production des trois grands fabricants automobiles canadiens (General Motors, Ford et Chrysler) dans leurs corporations mères et en 1970, l'industrie canadienne était entièrement intégrée dans un système continental de fabrication automobile en Amérique du Nord. Le syndicat canadien des travailleurs unis de l'automobile avait joué un rôle inefficace dans la réalisation de cette transformation, laquelle avait rallumé et exacerbé le conflit parmi les membres et entre les sections locales militantes et les dirigeants du syndicat. Toutefois, à la fin de la décennie, le syndicat était devenu le porte-parole clé du nouveau régime automobile continental, une reflet de l'augmentation de l'emploi et de la production par suite des changements. L'article explique les enjeux auxquels faisait face le syndicat dans cette période et certains des effets à long terme que la continentalisation de l'industrie automobile avait produit sur le syndicat.

Between Nationalism and Continentalism: State Auto Industry Policy and the Canadian UAW, 1960-1970

Dimitry Anastakis

THE 1960S WERE A TURBULENT PERIOD in Canada, as the country was convulsed by worries over foreign control of the Canadian economy and debates over Canada's relations with the United States. For the Canadian section of the United Auto Workers (UAW), which also struggled with these questions as the union faced a number of government policies designed to bolster the auto industry and solve balance of payments difficulties, this was also a decade of change, culminating in the 1965 Canada-United States Automotive Products Trade Agreement (auto pact). The auto pact rationalized the Canadian Big Three (General Motors, Ford, and Chrysler) production into their parent corporations and by 1970 the Canadian industry was fully integrated into a continental system of North American automobile manufacturing. The Canadian UAW played an ineffectual role in shaping this transformation, one which rekindled and exacerbated conflict within the membership and between militant locals and the union's leadership. Nonetheless, by the end of the decade, the union had become a strong advocate of the new continental auto regime, a reflection of the increased employment and production resulting from the changes.

Under the leadership of Regional Director George Burt, the Canadian UAW was unable to influence changes in policy towards the auto industry. While the Canadian UAW was instrumental in the creation of a 1961 Royal Commission on the Automotive Industry, the union played little role in the creation of government programs designed to improve the industry, especially the auto pact. Nor did the UAW exercise much of an impact on the government's adjustment assistance plans to mitigate the dislocating effect of the auto pact upon workers. Instead, the union's chief successes in the decade, such as the achievement of wage parity with its

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American counterpart, resulted from the normal bargaining process and further illustrated the UAW's failure to influence effectively government policy towards the auto sector.

The Canadian UAW's inability to influence government policy and changes in the industry greatly exacerbated divisions within the union over the future of the Canadian industry and its workers. While the union leadership was in favour of the continentalizing auto pact, many locals were determined to nationalize the industry, a consequence of the increased economic nationalism in Canada in the period. Nationalist locals challenged both the Canadian leadership and the union's international, led by Walter Reuther, over the future of the Canadian industry and the Canadian union's relationship with the International. Although nationalist locals in Canada failed to prevent the continentalization of the North American industry, nationalism remained a strong current within the Canadian UAW after 1970, and had a significant impact on the longer term evolution of the union. Ironically, the continental integration of the North American industry significantly strengthened the Canadian union after its nationalist break from the UAW in 1984.

Within the existing literature of the Canadian UAW's role in the changing Canadian auto industry, two studies are of significance: Chalotte Yates' *From Plant to Politics: The Autoworkers Union in Postwar Canada*, and Sam Gindin's *The Canadian CAW: The Birth and Transformation of a Union.*[1] Yates' otherwise excellent analysis of the union's evolution overstates the impact of the Canadian UAW upon government policy in the period, and she also downplays the divisions caused by this ineffectiveness. Gindin's work, while generally a thorough acount of the union's past, does not address the factionalism within the Canadian UAW during the period. In reconsidering the conflict between continentalism and nationalism over the fate of the Canadian auto industry in the 1960s, this important aspect of the Ca-

[1]On unions in Canada and the Canadian UAW, see Irving Abella, *Nationalism, Communism, and Canadian Labour: The C.I.O., The Communist Party, and the Canadian Congress of Labour, 1935-1956* (Toronto 1973); Abella, "The Role of the Unions," in Norman Hillmer, ed., *Partners Nevertheless: Canadian-American Relations in the Twentieth Century* (Toronto 1989); John Crispo, *International Unionism: A Study in Canadian-American Relations* (Toronto 1967); Pamela Sugiman, *Labour's Dilemma: The Gender Politics of Auto Workers in Canada, 1937-1979* (Toronto 1994); Don Wells, "The Impact of the Postwar Compromise on Canadian Unionism: The Formation of an Auto Worker Local in the 1950s," *Labour/Le Travail*, 36 (Fall 1995), 147-173; Colin J. Dawes, *The Relative Decline of International Unionism in Canada Since 1970* (Kingston 1987); John Holmes, *The Break-Up of an International Labour Union: Uneven Development in the North American Auto Industry and the Schism in the UAW* (Kingston 1990); Charlotte Yates, "Public Policy and Canadian and American Autoworkers: Divergent Fortunes," in Maureen Appel Molot, ed., *Driving Continentally: National Policies and the North American Auto Policy* (Ottawa 1993).

nadian UAW's evolution can be more thoughtfully situated as an important aspect of the union's history.[2]

This essay is divided into four sections: Part one examines the political economy of the Canadian auto industry in the 1960s, conceptualizes the relationship between the Canadian state and the auto industry, and explains the emergence of the economic nationalism of the period which had such a profound impact upon the Canadian UAW. Part two explains the situation facing the Canadian auto industry in the early 1960s, the changing automotive strategies pursued by the federal government between 1960 and 1965, and the interaction of the Canadian state and the auto industry in that period. Part three focuses upon the internal conflict within the Canadian UAW generated by these changes and its impact upon the union both within the Canadian region, and between the Canadian region and the US-based International. The final part of the essay shows that by the late 1960s and early 1970s, the Canadian UAW had come to embrace the new continental regime. Although the union had largely overcome the conflict created by the auto pact, the issue of nationalism within the union had not ebbed. Indeed, as the conclusion shows, the auto pact's continental nature made the breakaway Canadian element of the UAW even more powerful within the North American auto industry after 1984. Finally, the conclusion points to some explanations for the government position towards the union, and reasons why the Canadian UAW, though central to the auto industry in Canada, was largely left out of decisions that would have such a far reaching impact upon its workers.

I: *The State, the Auto Industry, and Economic Nationalism in 1960s Canada*

The state's role in the auto industry in Canada in the 1960s has been a focus of historians and political scientists who have largely examined the issue as a question of intergovernmental relations. These studies have typically emphasized the role of "rational planners" within the bureaucracies to achieve certain outcomes considered beneficial to the state and its citizens.[3] In those studies, the state actors moved towards the seemingly inevitable solution offered by the continental integration

[2]Charlotte Yates, *From Plant to Politics: The Autoworkers Union in Postwar Canada* (Philadelphia 1993) and Sam Gindin, *The Canadian Auto Workers: The Birth and Transformation of a Union* (Toronto 1995).

[3]Greg Donaghy, "A Continental Philosophy: Canada, the United States and the Negotiation of the Auto Pact, 1963-1965," *International Journal*, 52 (Summer 1998), 441-464; John Kirton, "The Politics of Bilateral Management: The Case of the Automotive Trade," *International Journal*, 36 (Winter 1980-81), 39-69; James F. Keeley, "Cast in Concrete for All Time?: The Negotiation of the Auto Pact," *Canadian Journal of Political Science*, 16 (July 1983), 281-298; Keeley, "Constraints on Canadian International Economic Policy," Ph.D. Thesis, Stanford University, 1980; Marc Van Ameringen, "The Restructuring of the Canadian Automobile Industry," in Duncan Cameron and Francois Houle, eds., *Canada and the New International Division of Labour* (Ottawa 1985).

found in the auto pact, and have largely ignored the issue of state-industry relations or even questions of conflict within the automotive industry itself. The focus is on the negotiations between the representatives of Canada and the United States as they sought to achieve their goals. Each country had their favoured outcomes, and each looked to achieve those outcomes. Clearly, the state plays a key role in the creation of auto policy, but has also had an impact on actors within industrial relations, such as labour and business.

The role of the state in other countries in this period has also been examined, and is helpful for understanding the Canadian environment. As in Canada, during the 1960s governments in Australia, Brazil, Mexico, and other Latin American countries also took a much more active role in their auto industries. All of these countries shared common traits with Canada's auto industry: widespread penetration by American multinational auto companies, little or weak domestic manufacture and parts production, and balance of payments difficulties. In response, the range of intervention by these host countries included increased local content rules, wholesale nationalization of industry (or the threat thereof), and innovative approaches to import-substitution. These efforts met with varying levels of success, and provide comparative approaches to state intervention in national auto industries.[4]

Studies of the auto industry in other locales provide insights into the Canadian situation. Helen Shapiro's *Engines of Growth: The State and Transnational Auto Companies in Brazil* argues that neither the neo-classical market-oriented nor the state-centric, institutional approaches are adequate to explain the success of the Brazilian state in intervening in the auto industry in the 1960s. The neo-classical market-oriented approach views free trade and domestic laissez-faire as the only way to effectively build a viable auto industry, and argues that import-substitution and government intervention in the marketplace distort economic performance and lead to inefficiency. The state-centric approach, while not denying the importance of the marketplace, argues that a government's active role in supporting and seeking outcomes for an industry, including disciplining private industry, are key to the improvement of an auto sector. Indeed, Brazil utilized infant-industry and import substitution methods to improve production, but encouraged foreign capital to build its domestic industry. In the case of Brazil, then, state-directed goals for the domestic auto industry were limited to some degree by vagaries of market-driven transnational corporations. Nonetheless, Brazilian industry, which was virtually

[4]Studies on intervention into the auto industry in the period include: Peter Stubbs, *The Australian Motor Industry: A Study in Protection and Growth* (Melbourne 1972); Rich Kronish and Kenneth S. Mericle, *The Political Economy of the Latin American Motor Vehicle Industry* (Boston 1984); John P. Truman and John T. Morris, *Transforming the Latin American Auto Industry: Unions, Workers and the Politics of Restructuring* (Armonk 1998); Rhys Jenkins, *Transnational Corporations and the Latin American Automobile Industry* (Pittsburgh 1987).

non-existent in the 1950s, flourished in the 1960s with very high local content requirements.[5]

In their analysis of the Mexican auto industry, *Transnational Corporations Versus the State: The Political Economy of the Mexican Auto Industry*, Douglas Bennett and Kenneth Sharpe outline three different approaches to understanding the role of the state. In the Marxist approach, the state is predisposed to capitalism. A strain of this view, the instrumentalist approach, sees the state as a tool of the ruling class. A second view of the state is the pluralist/behavioural model. This approach views the state as a neutral arena, wherein the state has no agency of its own, all others being actors within the state, though the state is not an actor itself. A third view is the historical-structural, in which the state has power and exercises it within a structured environment which is conditioned by past circumstance. Bennett and Sharpe's definition of the historical-structural model bears repeating: understanding how the state acquires its interest and power means understanding the state as an actor involved in national and international structures — a world capitalist system, a system of nation states, a national economic and class system, and a particular culture. This approach is necessarily historical, because the state's experiences with other actors and structures will determine whether the state is coherent or fragmented in its actions and what specific interests, what power or weaknesses, it has. At the same time, the approach is inherently structural; it denies the voluntarism that sees the state as an actor that chooses and acts wholly freely, viewing the state instead as an actor whose interest and power are shaped by structures. It can transform structures, but only within limits that are themselves historically structured.[6]

The Mexican government — after threatening to nationalize the industry outright — forced the multinationals in its 1962 and 1969 automotive decrees to increase their local content and to focus on export production. In doing so, government intervention was only partially successful in improving the sector, as internal and external factors, namely the resistance of the multinationals, the realities of productivity and efficiency levels in Mexico, and international competitive restraints, constrained the effectiveness of Mexican policy.[7]

These important cases help to inform and shape any understanding of the Canadian state's role in the auto industry in the period, and its interaction with players such as the Canadian UAW. The Shapiro model for the Brazilian intervention shows that neither unrestrained market forces nor direct state intervention were the only choices state planners faced in developing policies towards the auto industry. Similarly, the Bennett-Sharp historical-structural approach for the Mexican state's interaction with the industry has strong echoes of the Canadian experience. In

[5]Helen Shapiro, *Engines of Growth: The State and Transnational Auto Companies in Brazil* (Cambridge 1994), 4-24.

[6]Douglas C. Bennett and Kenneth E. Sharpe, *Transnational Corporations Versus the State: The Political Economy of the Mexican Auto Industry* (Princeton 1985), 41-2.

[7]Bennett and Sharpe, *Transnational Corporations versus the State*, 245-71.

shaping its auto policy, the Canadian state was not a mere functionary of capital, nor was it without any agency of its own. The Canadian state did make choices, but these were tempered by the international, national, and historical experiences that the Canadian state and its representatives understood along with the other actors within their environment.[8]

Canada's case in the 1960s was fundamentally different from these examples for one significant reason. Canadian policy-makers sought a solution to their auto industry concerns which moved in the opposite direction of national actors in other countries: where other countries sought greater *national* control over their industries, Canadian policy-makers sought to tie their industry's fate to that of another nation on a *continental* basis. In Brazil and Mexico, the onus was on import-substitution, local content, nationalization, or the threat of nationalization in the name of greater domestic control. In the Canadian case, state actors did seek to improve Canadian production though content requirements and increased investment, but within the context of a continentally-integrated industry, one which reflected the economic and political realities which Canadian policy-makers faced. For Canadian state planners working on the auto industry, "economic nationalism" ultimately took the form of continentalism.[9]

This continental approach provoked a storm of controversy within Canadian politics, one which was fuelled by concerns over continued US domination of Canada's industrial economy. These concerns were emphasized by a new breed of economic nationalists in the 1960s who argued that Canada had become dependent on the US, and that Canadian sovereignty was curtailed at every turn by the domination of US policy concerns, which forced Canadians to follow the American line. George Grant's *Lament for a Nation* epitomized the belief that Canada was no longer a sovereign nation, and other writers such as Kari Levitt published popular works which

[8]For views on the Canadian state and economic development, see also H.G. Aitken, "Defensive Expansion: The State and Economic Growth in Canada," in W.T. Easterbrook and M.H. Watkins, eds., *Approaches to Canadian Economic History* (Toronto 1967); Philip Mathias, *Forced Growth: Five Studies of Government Involvement in the Development of Canada* (Toronto 1971); Keith Banting, ed., *The State and Economic Interests* (Ottawa 1986).

[9]The Canadian auto pact negotiators nonetheless effectively used the state intervention models espoused by economic nationalists and practised by countries such as Mexico to contrast their own position to American officials and Big Three representatives as they searched for a way to resolve their own auto sector difficulties. In the words of one American negotiator, the Canadians kept "the sombrero under the table," and continually reminded the US that if the negotiations failed to achieve their preferred outcomes, they might have recourse to measures such as the harsh Mexican decrees imposed on the US multinationals. Joseph S. Nye, "Transnational Relations and Interstate Conflicts: An Empirical Analysis," *International Organization*, 28 (Autumn, 1974), 987.

condemned Canada's economic subservience to the US.[10] The "dependency school" that emerged in the 1960s argued that Canada was a mere appendage of the American colossus. Advocates of this view pointed to Canadian compliance in the US military-industrial complex during the Vietnam war, the massive ownership of Canadian resource and other industries in the 1950s and 1960s, and a general inability of Canadian policy-makers to pursue an independent course of action for Canada in the international arena, and at times even in domestic affairs — the question of nuclear arms in Canada, for example.

These ideas seeped from academic and popular works into the political world, and were given expression by nationalist Liberals and New Democrats. Liberal Walter Gordon, who would become Pearson's finance minister after 1963, garnered attention as a royal commissioner who decried US influence in the Canadian economy, and wrote a series of books in the 1960s espousing economic nationalism. Herb Gray, the Liberal MP for auto-dependent Windsor, gained notoriety as the author of the *Gray Report*, which called for an independent direction for the Canadian economy. In the New Democratic Party, close allies of unions including the Canadian UAW, the "Waffle" and its adherents, such as Mel Watkins, wrote scathing critiques of the domination of Canada and the Canadian economy by the US and its multinational corporations.[11]

In turn, these ideas were easily applied to Canadian state initiatives in the auto sector. It seemed obvious for nationalist auto locals to argue that the continentalizing auto pact was imposed on Canada by Americans for American aims, or at the very least to benefit American capital. A widely distributed 1972 Canadian UAW leaflet, *New Canada,* illustrated how easily the rhetoric of dependency could be employed by disgruntled auto workers. "Canadians Against the Auto Pact" (a union group based in Oshawa) argued that the agreement not only signaled the economic slavery of Canada to the US, but the subservience of the Canadian UAW to the US-based international: "The UAW has always worked hand-in-glove with US foreign policy — imperialism — in Canada." The remedy was a made-in-Canada industry, and a made-in-Canada union.[12]

Notwithstanding this rhetoric, the auto pact did not fall readily into the dependency mould. Instead of being imposed by Americans for explicitly American gain, the auto pact was created following unilateral Canadian attempts to manipulate tar-

[10]There are many examples of this type of view, including Ian Lumsden, ed., *Close the 49th Parallel Etc.: The Americanization of Canada* (Toronto 1970), Stephen Clarkson, ed., *An Independent Foreign Policy for Canada?* (Toronto 1968), and Robert Laxer, ed., *(Canada)Ltd.: The Political Economy of Dependency* (Toronto 1973).

[11]See, Stephen Azzi, *Walter Gordon and the Rise of Canadian Nationalism* (Montreal 1999); Dave Godfrey and Mel Watkins, eds., *Gordon to Watkins to You, a Documentary: The Battle for Control of Our Economy* (Toronto 1970).

[12]National Archives of Canada (hereafter NAC), Alfred Dales Papers, Vol. 4, "New Canada Special Supplement: The Auto Pact is Destroying Canada's Auto Industry, May 1972," 3.

iff rates in order to boost productivity in the Canadian auto industry and restore the imbalance in US-Canadian trade. In economist Carl Beigie's words, the agreement evolved "as a response to a series of policy moves in which Canada has played the role of initiator and the United States the role of reactor."[13] It is also clear that US policy makers wished to create a classic free-trade arrangement with the Canadians in the North American auto industry, a plan that was scuttled by Canadian stubbornness. Instead, the auto pact which emerged managed to achieve all the Canadian goals which had been hoped for under the earlier plans, and more. Nor did the agreement solely reflect the wishes of the companies. As one US official dryly noted concerning the Canadian government-industry side agreements, they expected the multinationals to push a harder bargain with Canada.[14] The Canadian government demonstrated considerable agency in initiating the process and negotiating the auto agreement.

Nonetheless, the issue of Canadian dependency and the American auto industry, and the dependency of Canadian auto workers on the American auto union, struck a powerful chord in the 1960s. These passionate debates about the nature and future of Canadian economic policy, over the nature of Canada's relationship with the United States, and the nature of the Canadian union's relationship with its American-based International, found their way into discourse employed by elements of the Canadian UAW, and had a significant impact on the union's position on the question of state intervention in the changing Canadian auto industry.

II. *The Canadian UAW and Government Automotive Policy: The Bladen Commission, Remission Programs, and the Auto Pact, 1960-65*

Before 1965, the Canadian and American auto industries were identical and interdependent, but distinctive. Created largely as branch operations at the beginning of the century, the US-owned Canadian manufacturers had replicated their production along American lines. In order to offer the same multitude of models as their American parent companies, Canadian manufacturers built cars in very short production runs, with costly downtimes as plants retooled. As a result, although they shared the same international union and built many of the same models, Canadian UAW members were paid less to build fewer and more costly cars. However, because of the postwar boom, by the 1950s the Canadian Region was the UAW's fastest growing section. In Canada, it was among the country's largest unions, and its concentration

[13]Carl Beigie, "The Automotive Agreement of 1965: A Case Study in Canadian-American Economic Affairs," in Richard A. Preston, ed., *The Influence of the United States on Canadian Development: Eleven Case Studies* (Durham 1972), 113-23.

[14]The American official complained "We knew about the Canadian plan to blackjack the companies, but we expected the companies to be harder bargainers. They didn't have to give away so much. It must have been profitable for them." Quoted from Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (New York 1989), 207.

and vast numbers in the automotive-producing belt of southern and south-western Ontario placed it at the forefront of Canadian labour.

A slowdown in the Canadian economy by the late 1950s had devastating effects on the auto industry. Smaller, less costly European and Japanese imports flooded the market and by 1960 nearly a third of cars sold in Canada were imports. At the same time, Canadian automotive exports which had helped fuel the industry after the war, declined significantly as foreign countries recovered after 1945. The impact on the industry and the UAW was profound, and between 1955 and 1960 the union lost nearly a fifth of its membership, or 6,000 workers.[15] (See Table 1)

Table 1: The Canadian Auto Industry, 1955-1960

Year	Total Vehicles	Employees	Total Vehicle Exports	Total Vehicle Imports	Differential
1955	453,597	33,428	18,431	57,949	-39,581
1960	396,943	27,683	20,620	180,029	-159,409

Source: Motor Vehicle Manufacturer's Association 1971.

The Canadian auto industry was also hurting the country's finances. An archaic tariff structure resulted in a no-win situation: The Canadian Big Three of GM, Ford, and Chrysler could import any parts not made in Canada duty-free, leaving inefficient Canadian manufacturers to produce only a number of protected parts. If demand for cars was high, American parts imports would increase, leading to a massive deficit with the US. If demand for cars was low, Canadian parts makers suffered. The result was that Canada's current account deficit increased dramatically as Canadian demand returned in the early 1960s, creating an automotive trade deficit with the US of over $400 million. Clearly, something had to be done to help a sick industry.[16] (See Table 2)

The Canadian UAW was the first to raise the alarm and demand changes. In July 1960, George Burt led a delegation to Ottawa to press John Diefenbaker's Conser-

[15]Yates, 94.

[16] The 1936 Tariff Act which still governed the auto trade in 1960 dictated that in order to gain duty-free access for a selection of imported parts, a company was required to achieve 40 per cent Commonwealth content for companies producing 10,000 units, 50 per cent for companies producing between 10,000 and 20,000 units and 60 per cent for companies producing over 20,000 vehicles. The tariff schedule had the effect of facilitating some Canadian production, though the parts made in Canada were usually much more expensive than their US equivalents. At the same time, the duty-free status granted to any parts of a "class or kind" not made in Canada allowed the manufacturers to import substantial amounts of expensive parts, particularly main body stampings and complex transmissions. This hurt Canada's trade balance considerably in the 1960s.

vative government to address the union's concerns, resulting in a meeting with the prime minister and cabinet. The UAW's presentation, "How Canadians Can Get a Made-In-Canada Car they Want and Can Afford" called for a nationalistic approach to the industry, and blamed the manufacturers for the current state of the industry. The union declared that the Canadian government must "protect the Canadian people": it could do so by encouraging small car builders to set up plants in Canada, and by boosting required Canadian content from 60 to 75 per cent for those companies producing more than 20,000 units.[17]

Table 2: Canada-US Trade in automotive Products, 1955-1963, $C millions

Year	Canada Imports from US	Canada Exports to US	Total Can.-US Auto Trade	Canadian Surplus/ Deficit	Canadian Auto Trade Balance as % of Total
1958	324	9	333	-315	-94.6
1959	369	17	386	-352	-91.2
1960	400	11	411	-389	-94.7
1961	371	8	379	-363	-95.8
1962	469	9	478	-460	-96.2
1963	529	29	558	-500	-89.6

Source: Statistics Canada Catalogues, 65-202, 65-203.

Paradoxically, at the same time the UAW argued that the "feasibility of closer integration with the US industry" should be explored. More specifically, the union suggested that no tariffs be imposed on products used by companies "which allocated an appropriate proportion, relative to sales in Canada, of its total production in Canadian plants."[18] While the UAW's idea of a "restricted free trade area" was not

[17]"UAW Proposes Probe of Jobless Causes," *Globe and Mail*, 4 April 1960; NAC, RG, 33/45, Royal Commission on the Automobile Industry, Vol. 4, File 33, UAW, "How Canadians Can Get a Made-in-Canada Car they Want and Can Afford," 5 July 1960, 2, 4, 7, 8; NAC, RG, 33/45, Royal Commission on the Automobile Industry, No. 18, File 33a, Confidential Correspondence, UAW Burt to Bladen, 1 November 1960.

[18]Burt claimed on many occasions thereafter that the union's submission was the genesis of the auto pact. Paul Martin agreed, saying that "it was a proposal that had first been made by George Burt of the UAW. True, Burt later, for reasons best known to himself, criticized the pact, but the basic idea of a reciprocal arrangement between the two countries, lowering the tariff barriers to permit parts and automobiles to be made, came from the UAW." Peter Stursburg, *Lester Pearson and the American Dilemma* (Toronto 1980), 227. The reality is that the idea for a sectoral trade agreement had existed for some time. See for instance, the plan put forth by the Universities of Manitoba and Minnesota in *The Mid-Continent and the*

contradictory with boosting content or eliminating excise taxes, it seemed to clash with the nationalistic demands for greater Canadian content.[19] The contradictory concepts of greater nationalism and further integration of the Canadian auto industry foreshadowed the conflict the union would face as the fate of the industry would be determined. For now, the union suggested that integration and the UAW's other ideas could be examined more closely if a Royal Commission to investigate the entire industry was created.[20]

When University of Toronto professor Vincent Bladen was chosen in 1960 to lead such an investigation, Burt was gratified.[21] An English-born economist, Bladen was considered fair-minded by both industry and government representatives.[22] During his investigation, Bladen received numerous suggestions from the industry, and three submissions from the union as well. Bladen's final report suggested a novel concept, the "extended content" plan: Bladen recognized that the only way for the Canadian industry to become more productive and efficient was to increase its exports dramatically, and recommended that the government allow companies to import autos and parts duty-free as long as a certain percentage of Canadian content was achieved. Canadian-made original equipment parts would qualify as content whether used in Canada or exported to another country. Instead of focusing on certain parts, the percentage of duty-free could be used anywhere in the product, thus giving the manufacturer a certain flexibility. The plan would also have the benefit, Bladen argued, of keeping prices within "politically acceptable limits."[23]

Peace: The Interests of Western Canada and Central Northwest United States in the Peace Settlements (Minneapolis 1943). The final agreement was the end-result of a long and complex process, and Burt exaggerated the union's role in the agreement's creation.

[19]NAC, RG, 33/45, Royal Commission on the Automobile Industry, Vol. 4, File 33, UAW, "How Canadians Can Get a Made-in-Canada Car they Want and Can Afford," 5 July 1960.

[20]The Canadian Big Three had also sought industry intervention by the Diefenbaker government in the late 1950s, and were pleased with the Bladen Commission when it was announced.

[21]"P.M. Offers Royal Probe of Automobile Industry," *Globe and Mail*, 6 July 1960; Harold Greer, "Bladen One-Man Prober of Auto Industry," *Globe and Mail*, 3 August 1960.

[22]In 1953, Bladen had been asked by Walter Reuther to study the feasibility of the Guaranteed Annual Wage which the UAW was prepared to demand in the US. Bladen was the only Canadian amongst a group of more than twenty American academics. Both Paul Martin and Donald Fleming had been students of Bladen's at the University of Toronto. In 1960, when Fleming was considering candidates for the commission, Martin claims to have suggested their old professor to the then Finance Minister. University of Toronto Archives, Bladen Papers, Box 1, Personal and Correspondence. 1953, untitled; Stursburg, *Lester Pearson and the American Dilemma*, 227; Vincent W. Bladen, *Bladen on Bladen* (Toronto 1978).

[23]Bladen, *Report of the Royal Commission Inquiry into the Automotive Industry* (Ottawa 1961), 57-73. While the union felt that the *Report* followed "along the lines of the UAW brief," they complained to Finance Minister Donald Fleming that the extended content plan

In response, in October 1962 the Diefenbaker government implemented a program only loosely based on the Bladen concept, creating a special "remission plan" for automatic transmissions, an item which had been largely imported until that time. Manufacturers would now pay the 25 per cent duty on automatic transmissions (a tariff previously not enforced), but would receive a 100 per cent rebate for every dollar they increased the amount of Canadian goods they exported over and above a twelve-month base period. Initially, the plan worked well, and by the time that Lester Pearson's Liberals came to power in 1963, the rebate scheme was having a positive impact on the industry.[24]

The minority Liberal government dramatically expanded the program. In October 1963, C.M. "Bud" Drury,[25] the minister of the newly created department of industry, introduced a plan intended to both alleviate the balance of payments burden and boost automotive production further. After 1963, for every dollar of exported goods over and above the base year, manufacturers would be allowed to remit an equal amount on dutiable exports. The plan was expected to run for three years and could, according to Drury, lead to an increase of $150 to $200 million dollars in exports to the US, a substantial chunk of the projected 1963 $500 million deficit.[26] Drury and senior civil servants such as Simon Reisman had not consulted

"fail[ed] to take into account the possibility that retaliation from the US might wipe out any gains to Canada; the mechanics of the proposal favour the interests of the automobile manufacturers over the interests of the workers, the independent parts producers and their communities; and the proposal provides no protection against the dislocations which would very possibly occur in the industry." These words would prove prophetic as government programs dealing with the industry evolved throughout the 1960s. Walter Reuther Library of Labor and Urban Affairs (hereafter WRL), UAW Region 7, Box 9, File 15. W.L. Ginsburg to Burt, 10 August 1961; WRL, UAW Region 7, Box 9, File 14. UAW to Donald Fleming, 10 January 1962.

[24]Although imports from the US had jumped from $478 million to $558 million in 1963, exports to the US had increased even more dramatically (on a percentage basis), from $9 million to $29 million. Statistics from John Holmes, "From Three Industries to One: Towards and Integrated North American Automobile Industry," in Molot, ed., *Driving Continentally: National Policies and the North American Auto Industry*, 27.

[25]Drury was Finance Minister Walter Gordon's brother-in-law.

[26]While Drury claimed that the objectives of the plan were to increase employment, improve Canada's balance of payments problems, and to allow manufacturers longer production runs and greater specialization, it is clear that the Liberals' main concern was to improve the current account deficit. But they were also convinced that the improvements to employment and industry were attractive side benefits to the program. NAC, RG 19 (Department of Finance), Vol. 3946, File 8705-1-1. Simon S. Reisman to Walter Gordon, "Proposals to Reduce Trade Deficit in Automobile Industry," 28 August 1963; Canada, *Debates of the House of Commons*, 25 October 1963, 3999-4000.

with the union in devising the plan, but had held extensive meetings with auto company representatives.[27]

While the Conservative transmission plan had raised few American eyebrows, the Liberal scheme provoked an immediate response. Dismayed at the Canadian unilateral action, US representatives chided the Canadian government that "any measures adopted to deal with Canada's balance of payments problems should not artificially distort the pattern of trade or interfere with the normal exercise of business judgement." While the state department hoped that the issue could be resolved through negotiation, it warned that US trade laws left open the possibility that a private interest might take exception to the plan, which could force the American government to take retaliatory measures.[28]

By April 1964, the American predictions were realized. The Modine Manufacturing Company of Racine, Wisconsin, initiated a complaint with the US Treasury Department that the Canadian program constituted an unfair trade advantage. Rarely used, Section 303 of the United States Tariff Act required prohibitive countervailing duties on imports if it was determined that a foreign country was providing an unfair "bounty" or "grant" for exports to the US. With the Modine corporation forcing the US government's hand because of a unilateral action by the Canadians (while the Canadian government steadfastly defended the program), relations between the two governments became strained. Both governments quickly realized that unless they resolved the issue, a trade war in the important automotive sector was unavoidable.[29]

Burt and the Canadian union's leadership had been vocal in their support of the remission program, and promised to submit their own petition to the Commissioner of Customs demanding it be left in place. Such a declaration would add to an already volatile situation. In July 1964 Windsor MP and minister of external affairs Paul Martin asked Burt to refrain from further inflaming the issue. After consulting with UAW head Walter Reuther on the matter, Burt notified Martin that the union would hold off on its submission to the Commissioner.[30] The Canadian director's understanding was that both he and Reuther would remain quiet until the Modine issue was resolved. Little did Burt know that negotiations were progressing swiftly

[27]NAC, MG32 B12, Paul Martin Papers, Vol. 241, File 28-3-1. Burt to Martin, 10 October 1963; NAC, RG19, Vol. 5624, File 8705-04-02. Reisman to the Minister (Gordon), 31 July 1963.

[28]NAC, RG19, Vol. 3946, File 8705-1-1. "United States Aide Memoire: Confidential," 24 October 1963.

[29]"Time Bomb May Lie Under Exports; Opposition Intensifies," *Globe and Mail*, 31 July 1964; "US-Canada Trade War Feared in Wake of Auto Export Row," *Globe and Mail*, 4 August 1964; Yates, *From Plant to Politics*, 118.

[30]Department of Foreign Affairs and International Trade (hereafter DFAIT), File 37-7-1-USA-2, Vol. 2. Burt to Martin, 20 July 1964; DFAIT, Vol. 3. Burt to Martin, 8 October 1964.

toward a continental auto deal. Feeling that he would be kept abreast of developments owing to his pledge to keep quiet on the remission plan, Burt was surprised to discover, in early October 1964, that the two governments had come to a larger agreement on the issue. Burt complained to Martin that since the union had given assurances that it would make no public announcements on the matter, he should have been notified about such an important development before he read about it in the Toronto *Star*. Burt was especially incensed to discover that the plan being considered was similar to the union leadership's recommendation to the Bladen Commission, a proposal which the union had not even been consulted upon.[31]

By December 1964 the agreement was essentially completed, and the union was still being ignored by the government. When press reports indicated that there was no provision for any worker protection plans, Burt was determined to ensure that workers would not be left solely to "the tender mercies of free enterprise." Drury agreed to meet Burt early in 1965, but when union representatives heard rumours that the agreement was to go into effect 1 January, Burt complained to Drury that the UAW was being left like a "pig in a poke." Although the union leadership had supported the idea of integration since the Bladen Commission, it could not agree to a treaty that did not provide worker protection. "At this moment," Burt complained, "we do not know what the plan is, but we have been given a clear impression that it contains none of the protections for workers who will be displaced." Based on this, Burt urged the minister to stop the agreement's implementation.[32]

At an 8 January Ottawa meeting, UAW officials were finally told by senior civil servants how the plan would work. The new regime would significantly benefit the Big Three, as the companies would be able to rationalize their production on a continent-wide basis in return for meeting certain production and content requirements. Government officials held that the plan would boost production, which would necessarily increase employment, and that union representatives had nothing to worry about. The government would not, however, provide safeguards against the expected initial dislocation of workers as the two industries were integrated, claiming that only a very small percentage of workers in the industry would be affected.[33]

Leading UAW figures felt that this was simply not good enough. The only acceptable worker protection program, insisted union representatives, would cover six specific issues: an earnings related adjustment benefit payable during the transitional period; transfer allowances for those workers required to relocate; preferen-

[31]DFAIT, Vol. 3. Burt to Martin, 8 October 1964; NAC, RG 20, Vol. 2053, File 1021-11, part 4. Burt to Drury, 8 October 1964.

[32]NAC, RG20, Department of Industry, Vol. 2053, File 1021-11, part 4. Burt to Drury; DFAIT, part 4. Burt to Drury, 30 December 1964; Martin to Burt, 30 December 1964.

[33]WRL, UAW Region 7, Box 8, File 7. J.B. Kenny and W.J. Marshall, "Canada-USA Auto and Auto Parts Plan: Report to the Canadian UAW Council," London, Ontario, 16 and 17 January 1965, 1-5

tial hiring taking into consideration seniority and wage levels; federal government action to prevent age discrimination so that older workers would not be refused employment upon relocation; advance notice of any large-scale dislocation by the auto companies; and a boost in supplementary pension benefits for those workers who lost credit during the period they spent unemployed. Finally, the union insisted that the government create a tripartite labour-government-management board to oversee the agreement.[34]

In response, Drury pressed the union representatives to support the agreement, citing the UAW's own pro-integration submission to the Bladen Commission. Though union officials were "much more optimistic" of the success of the program following the meeting, it was impossible for them to support the plan if it did not contain any worker protection provisions. Union leaders left Ottawa with a sinking feeling and reported that "it was made apparent that, with or without our support," the agreement was to be implemented in the very near future.[35]

The agreement was indeed announced without further union input. The auto pact consisted of two parts: an agreement between Canada and the United States; and a number of side agreements, or "letters of undertaking" between the government of Canada and the Canadian Big Three. In return for granting the major manufacturers duty free trade across the border, the new regime would ensure that a certain amount of Canadian content and production was maintained through a number of mechanisms that penalized companies if they did not continue to build as many vehicles as they sold in Canada, as well as maintaining a certain amount of Canadian content in those vehicles. The companies were also to invest an additional $260 million in their Canadian operations by 1968, the approximate amount that Canadian officials expected to have been achieved under the duty remission program.[36]

[34]WRL, UAW Region 7, Box 8, file 7. J.B. Kenny and W.J. Marshall, "Canada-USA Auto and Auto Parts Plan: Report to the Canadian UAW Council," London, Ontario, 16 and 17 January 1965, 1-5.

[35]WRL, UAW Region 7, Box 8, file 7. J.B. Kenny and W.J. Marshall, "Canada-USA Auto and Auto Parts Plan: Report to the Canadian UAW Council," London, Ontario, 16 and 17 January 1965, 5-6.

[36]For the agreement and letters of undertaking, see *International Legal Materials*, 4 (July 1965), 302. For more on the agreement itself, see Carl Beigie, *The Canada-US Automotive Agreement: An Evaluation* (Montreal 1970). The bilateral agreement set out the conditions for duty-free entry on either side of the border: Only specified Canadian manufacturers, which maintained a) a ratio of production equal to sales not lower than what they had produced in the base year (1 August 1963 to 31 July 1964), and b) a percentage of Canadian Value Added (CVA) no less than that of the base year, would be allowed to import tariff free. American companies could import vehicles duty free as long as 60 per cent (50 per cent after 1 January 1968) was North American content. The specifications indicated that while Canadians wanted to ensure that the Americans did not eventually end all production in Canada, Americans wanted to be sure that European or Japanese competitors did not use

The UAW's official response to the agreement came from Solidarity House in Detroit. Publicly, Reuther reiterated Burt's position: the union was in agreement with the principles of the deal, but support would depend on whether adequate worker protection legislation was to be implemented — on both sides of the border.[37] Privately, senior American UAW officials were somewhat wary of the agreement. Reuther, however, was determined to wait to see what legislation the government would table, and how the agreement would affect the industry over the short term.[38]

Canada as a launch pad for their exports. The agreement was to be reviewed after three years, and while it was of "unlimited duration," it could be terminated by either party as long as twelve-months notice was given.

The side agreements with the Canadian manufacturers indicated the government's desire to ensure production in Canada. The companies promised to increase their CVA by 60 per cent of the value of any expansion of consumption by cars, and 50 per cent of any increase of consumption of its commercial vehicles. Additionally, the companies would each contribute a dollar amount of increased CVA over the next three years, $260 million in total. Finally, the companies would be required to consult with government representatives at regular intervals in order to monitor their progress under the letters of undertaking. The manufacturers, who had been consulted on every aspect and detail of the negotiations, had done well. Given the projected growth in the Canadian market, the requirements were not onerous, while the benefits of the new arrangement were potentially tremendous.

Nonetheless, during the negotiations there had been significant differences of opinion among the auto makers on the agreement. General Motors was less partial to the plan as their mid-1960s production in Canada was already achieving some significant economies of scale, but came to embrace it. Chrysler, in contrast, was keen towards the agreement immediately, and rationalized their production most quickly after 1965. In the end all agreed to the new regime, recognizing the potential benefits for the industry, and by the late 1960s all the Big Three auto makers defended the arrangement, and were determined to see its continuation. See Dimitry Anastakis, "Auto Pact: Business and Diplomacy in the Creation of a Borderless North American Auto Industry, 1945-1971," Ph.D. Thesis, York University, 2001.

[37]WRL, UAW Region 7, Box 8, File 6. Press release, "UAW Hails US-Canada Move to end Auto Tariffs but insists on Protection for Workers Adversely Affected," 16 January 1965; WRL, Walter Reuther Papers, Box 49, File 3. Reuther to Lyndon B. Johnson, 15 January 1965.

[38]WRL, Walter Reuther Papers, Box 49, File 3. Weinberg to Reuther, "US-Canadian Auto Free Trade Agreement," 18 January 1965; Weinberg to Reuther, "Adjustment Assistance Provisions of Draft Bill to Implement US-Canada Auto Trade Agreement," 6 February 1965. An AFL-CIO memo argued that "the Canadian auto tariff agreement amounts to a blackmail arrangement that could, at best in the short run, work out to the best interest of some of the Canadian workers. In the long run, it could hurt all workers by leading to overcapacity in the two nations." Weinberg to Irv Bluestone, "Canadian Auto Trade Agreement," 20 February 1965.

Following the agreement's signing, government officials were in no hurry to hear Burt out, and when he finally met with Minister of Labour Allan MacEachen in March 1965, little had been done to assuage the director's concerns. Since no worker protection plan had been formulated by the government, Burt reminded MacEachen of the six provisions the union had insisted upon as the price of their support for the agreement. Burt also stressed the tripartite board, an idea which, he reminded MacEachen, had been given "strong encouragement" by Deputy Minister of Labour George Haythorne in January.[39]

When the union was informed later that month that 1,600 Ford workers at Windsor would be laid off indefinitely — still without any additional protection from the government — Burt was incensed. He complained to MacEachen that though the union had been promised something to alleviate dislocation, there was nothing in place to protect these workers. Nor had there been any movement on the tripartite board which he felt he had been promised. Burt could not hide his sense of betrayal. He felt he had been misled that a tripartite meeting would be called after MacEachen had met with management, and made this clear to the minister: "Apparently we did not get through to you on this angle although I was of the opinion that you had agreed with us." MacEachen could offer nothing but assurances that something was being done.[40]

Finally, in June 1965 the government announced its program for auto industry workers, the Transitional Assistance Benefit (TAB). The program provided weekly benefits of 62 per cent of the laid-off worker's weekly earnings, a dependence allowance of 2.5 per cent of weekly earnings per dependent, and a total weekly benefit that could not exceed 65 per cent of the average weekly wages and salaries in the automotive and parts industries. In other words, the most a worker thrown off the job because of the auto pact could receive was $75 a week. Minister of Labour MacEachen lauded the program, and claimed that since the agreement was a great benefit to the Canadian economy, it was only reasonable that other Canadians and their employers would help displaced auto workers. MacEachen failed to mention, however, that the Canadian government felt pressure to enact some worker assistance only after it became clear that US legislation creating worker protection would be enacted as part of the auto pact's passage.[41]

[39]In his quarterly report to the Canadian Council, Burt maintained that Haythorne had "pledged full government cooperation" in establishing the tripartite board. WRL, UAW Region 7, Box 42, File 2. Burt, UAW Council of Canada to MacEachen, 18 March 1965; "UAW Worried over Tariff Pact," *Globe and Mail*, 19 March 1965; Walter Reuther Papers, Box 49, File 4. Burt to Canadian Council, 27, 28 March 1965.

[40]WRL, UAW Region 7, Box 8, File 9. Burt to MacEachen, 22 April 1965; Burt to MacEachen, 23 April 1965; "Ottawa to Aid Men Laid Off by Ford: UAW," *Globe and Mail*, 30 April 1965.

[41]Canada, *Debates of the House of Commons*, 28 June 1965, 2907-2912; DFAIT, Vol. 9. "Press Release, Transitional Assistance Benefits," 28 June 1965.

Notwithstanding MacEachen's platitudes, the TAB fell far short of the union's expectations. It did not fulfill any of the six requirements that the union had demanded. Union members viewed it as nothing but a clever slight of hand: the TAB merely took the place of union negotiated supplemental unemployment benefits (SUB), and could not exceed those levels. By some union estimates, the program cut a worker's earnings almost in half. In fact, because most of the companies never signed on to the TAB, only at those companies where no SUB existed did the TAB funds come into use.[42] Dislocated auto workers, especially those at the Big Three, would get the employee-employer funded SUB instead of the TAB. When compared with US transitional assistance legislation, the government's bill offered less compensation than did the American proposal, a fact that was quickly exploited by union representatives and opposition members alike, though to little effect.[43]

For Burt, the TAB left him no choice but to condemn the program and call for "a campaign of attack" against the agreement. After ignoring the repeated pleas of the union, the government had taken six months to act and now, Burt argued, "it was a case of too little too late." In a special "Administrative Letter" to the Canadian region (the first of its kind), Burt called upon the union to create a Committee on the Auto Program to "do its utmost to influence the Canadian public against the automotive trade agreement." Burt was particularly displeased to read that MacEachen was giving the UAW credit for helping him to create the assistance plan, which the Canadian director denied.[44]

By the end of 1965, however, it was evident that Burt's outburst had produced more light than heat. When the government proved immovable on the TAB issue, Burt realized that it was senseless for the union to launch a full-scale attack on the agreement. He was convinced that "the plusses [of the agreement] far outweigh the minuses," and that the union, now faced with a "massive and complicated accomplished fact," should simply make the best of it. Moreover, it was becoming clear that the agreement was actually benefiting the union: at the September 1965 Canadian council meeting Burt restated the union's support of the principle behind the

[42]Ford, which had laid off 1,600 workers, was the first to indicate that it would not sign on to the program. Union leaders were perplexed at why the company would not sign on to the TAB, which would cost the company only slightly more than the SUB. "Ottawa Fund Plan for Car Workers Protested by Ford," *Globe and Mail*, 30 June 1965; NAC, MG32 B12, Paul Martin Papers, Vol. 260, File 1. Henry Renaud, Local 200, Press Release, "Ford and the TAB," 27 July 1965; Reneaud to Martin, 21 September 1965.

[43]In the US, benefits for US auto workers were about 85 per cent of their SUB. WRL, Walter Ruether Papers, Box 49, File 5. Weinberg to Reuther, 23 June 1965; WRL, UAW Region 7, Box 42, File 2. Burt, "UAW Canadian Region, Administrative Letter, Vol. 1, No. 1," 28 June 1965; WRL, UAW Region 7, Box 8, File 6. Burt, "UAW Press Release: Transitional Assistance Benefits," 28 June 1965.

[44]Burt, "UAW Press Release: Transitional Assistance Benefits," 28 June 1965. DFAIT, Vol. 9. Burt to MacEachen, 12 July 1965; WRL, Walter Reuther Papers, Box 49, File 5. Weinberg to Ruether, 9 August 1965; Weinberg to Reuther, 11 August 1965.

agreement, and argued that employment had risen dramatically in the industry.[45] In a final effort to convince the council to support the agreement, Burt made an impassioned plea for wage parity with American auto workers, which was, of course, impossible without the agreement:

> I have been in the UAW in Canada since its start, and at the head of it nearly all those years. I have led more charges than most, and not much cared for the odds. But I think that I have learned to recognize an accomplished fact [the agreement] when I see one. And I know that it is better, when faced with one, to see what can be done about it than go banging your head against the wall.
>
> I see a tremendous advantage in the present situation for our Canadian UAW members. We have in our hands for the first time in our history, and with the courtesy of the governments of the US and Canada, if you please, the key to perhaps the oldest and greatest collective bargaining objective of our union: the right to equal pay for equal work with our American brothers.[46]

Although the union had little impact in shaping the government's automotive policies, by the end of 1965 Burt was convinced that the union's future lay with the auto pact.[47] However, the new integrated auto industry would greatly test the Canadian UAW as its nationalist and internationalist factions struggled to come to terms with the new continental reality.

III: *Integration and Conflict: Nationalism vs. Continentalism Within the Canadian UAW*

The government's auto policies in the 1960s re-awakened the factionalism which had long been a feature of the Canadian UAW. Factionalism essentially hinged on two questions which emerged from the continentalist direction of automotive pol-

[45]Burt argued that at Local 444, Local 199, and Local 222 employment had increased from 4,568 to 9,059, from 6,300 to 7,997, and from 15,100 to 17,300, respectively. WRL, UAW Region 7, Box 8, File 7. Burt to Canadian Council, "Canada-US Auto Trade Agreement," 25, 26 September 1965.

[46]Burt to Canadian Council, "Canada-US Auto Trade Agreement," 25, 26 September 1965.

[47]In October, Burt wrote to Bluestone that "with the exception of the left-wing element in the Union, the opposition to the Pact is ... dying down ... among the parts plants there is no doubt that proof of the success of the Pact as far as Canada is concerned is in evidence." The Canadian director also solicited support for the union's position supporting the agreement in a mailing sent out to members of the region. By December, he could confidently proclaim that "the UAW makes no bones about the fact that it supports the idea of integration on a continental basis. In fact, a UAW brief (worked out on both sides of the border) to the Canadian government proposed such a plan." WRL, Walter Reuther Papers, Box 218, File 8. Burt to Bluestone, 18 October 1965; WRL, UAW Region 7, Box 8, File 7. Burt to Hugh Peacock, 20 October 1965; Martin to Burt, 26 November 1965; WRL, UAW Region 7, Box 51, File 2. Burt to Canadian Region, 17 December 1965.

icy: who would control the Canadian economy, and who would control the Canadian union. The 1960-61 Bladen Commission which broached the issue rekindled conflict between the Canadian leadership, with its continentalist leanings, and some of the nationalistic locals. The 1962-63 duty remission plans added fuel to the fire, creating divisions between the Canadian region and the US-based International and US locals which complained to their own leadership that the program was unfairly harming the US industry. Finally, the auto pact itself (and the question of worker protection) generated conflict between the Canadian and international leadership, which supported the agreement in principle, and Canadian nationalist locals which condemned the agreement as a sell-out to American imperialism. Underlying all of these conflicts was the demand by many Canadian locals that the Canadian region should separate from the international and form its own union.

Canadian UAW factionalism had existed long before the continentalist question sparked tensions in the 1960s. As leader of the UAW since 1939, Burt "walked a fine political line" in keeping nationalist, Communist, and left-wing groups amongst his allies in an effort to avoid the destructive factionalism that was tearing at the UAW in the US during the union's early years.[48] This partially explains the continuing influence of Communists in the union in Canada long after they had been defeated in the United States, though it does not explain Burt's eventual hard turn against Communism. For that answer one must look to the ascendance of Walter Reuther.[49] In 1946, Reuther, a moderate socialist, had defeated George Addes, the Communist supported candidate, in his bid to win the union presidency. A year later, Reuther candidates swept most of the positions within the International Executive Board (IEB). Burt, along with two directors from Ohio and one from California, were the only Addes supporters to survive the election on the 22 member Board. Seeing that there was little chance of survival (he had won by only eight votes), Burt quickly fell into line with the Reuther administration, and was unopposed for election in 1949.[50] His rightward shift would eventually result in clashes with segments of the Canadian union, especially when he believed that challenges to his leadership dur-

[48]Yates, *From Plant to Politics*, 30; Gindin, *The Canadian Auto Workers*, 97, notes that Burt, "was often criticized for drifting in the wind; he supported the left when it was the dominant faction in the union during the war and shifted towards the Reuther supporters when they became ascendant ... Burt avoided factional infighting, and without preventing ongoing disagreements and debates about direction, he concentrated the union's efforts on fighting common enemies, building the membership, and strengthening the organization."

[49]There is a large body of work on Walter Reuther and the UAW. See, for example, Victor Reuther, *The Brothers Reuther and the Story of the UAW* (Boston 1976); Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York 1995); Kevin Boyle, *The UAW and the Heyday of American Liberalism, 1945-1968* (Ithica 1995). None of these studies include any material on the Canadian UAW, George Burt, or the auto pact.

[50]Jack Steiber writes that Burt was "a strong Addes adherent." See Steiber's, *Governing the UAW* (New York 1962), 11-5; Yates, *From Plant to Politics*, 50-1.

ing the process that led to the auto pact were being led by Communist-influenced auto workers.

American domination was also an issue of particular significance to the Canadian UAW during this period. During the 1960s the union felt tension between the International leadership, which looked to forge an international and continental approach to the union's problems, and the nationalistic locals, which, whatever their political affiliation, remained at odds with policies which subsumed Canadian sensitivities. When the idea of integration on a continental basis was first presented to the membership in 1960 during the Bladen Commission, the latent tensions which had existed within the union since the 1940s were revived. This factionalism was further fuelled by the renewed economic nationalism which was becoming popular in Canada in the early 1960s, epitomised by the writings and political success of Walter Gordon and others.[51]

To his surprise, Bladen would receive three separate submissions from the Canadian UAW. The first brief, tabled by Burt, spelled out the Canadian region's (and the International's) official position, and echoed the union's July 1960 cabinet presentation. The Canadian UAW leadership argued that the sector's difficulties could be solved by integrating its production with the US. In the long run, such continentalism would be beneficial if the plan guaranteed proportional parallel growth of employment and production in Canada with the growth of sales. Careful and cautious integration, then, was the solution the UAW hierarchy offered as its panacea to the problems of the Canadian auto industry.[52]

Nationalistic locals such as Local 444 (Chrysler-Windsor), in contrast, condemned such continental integration outright. Not only would it threaten Canadian independence, but integration would give "to the big monopoly Corporations who control US industry the right to choke off Canadian jobs." Local 444 saw any form of integration as a plot to undermine Canadian national development and bring about the country's deliberate subordination to a foreign country. Instead, the local proposed that increased Canadian content, and, eventually, an "All-Canadian-Car" should be the focus of the government's labours. The means by which to achieve this goal would be the crown corporation, a "logical step" which would improve efficiency, lower costs, and enable Canadian manufacturers to compete with imports. Local 444 was not content to simply pass judgement on its own industry, however, and recommended that the Canadian government embark on a "fundamental reappraisal" of *all* basic policies with the US in order to free Canada from American eco-

[51]For a good view of economic nationalism in the period, see Stephen Azzi, *Walter Gordon and the Rise of Canadian Nationalism* (Montréal and Kingston 1999).

[52]NAC, RG, 33/45, Royal Commission on the Automobile Industry, No. 33, UAW, "Brief of the UAW (UAW-CLC) to The Royal Commission on Canada's Automotive Industry, 1960," 24 October 1960.

nomic and political domination.[53] The GM Intra-Corporation Council took an equally nationalistic approach in its submission. Any idea which relinquished more control to US interest would be tantamount to "subverting [the] national interest and tolerating unemployment as a policy."[54]

The Bladen Commission thus fanned the factionalism between the union's self-proclaimed Left Caucus and Burt's Reuther-leaning directorship. During its June 1960 meeting, the district council voted unanimously in favour of the union's July "official" brief to the government. According to Burt, conditions began to deteriorate when the *Canadian Tribune*, the organ of the Communist Party in Canada, shifted its view on integration. In an August article, the *Tribune* condemned integration, and called for an all-Canadian Car. After the *Tribune* article was published, Local 444 leader Charles Brooks and Local 199 (GM-St. Catharines) vice-president Gordon Lambert challenged the integration idea in the council, and threatened to submit briefs to the commission. Burt, who considered Brooks and Lambert Communist sympathizers, privately condemned them as "trouble-makers" whose position damaged the union significantly. In any event, they were strong supporters of the nationalist cause within the UAW and found willing supporters amongst the union's anti-continentalist and militant members.[55]

At a September 1960 meeting, Brooks and Lambert resigned from the Canadian council and the sub-committee responsible for the Bladen submission. In an effort to address the nationalist concerns, Burt suggested that the union submit two briefs, one supporting integration, the other in favour of an all-Canadian Car. The motion, however, was defeated, and Brooks and Lambert returned to their respective locals to gather support for separate briefs. At Windsor, Brooks' Local 444 voted to produce a separate brief to the commission. Lambert had somewhat of a more difficult time convincing his supporters to accept the anti-integration position. As vice-president of Local 199, his motion to submit a separate brief was defeated by his own membership. But in the GM Intra-Corporation Council (Lambert

[53]NAC, RG, 33/45, Royal Commission on the Automobile Industry, No. 29, Local #444. "Submission of Local 444 UAW-AFL-CIO to the Royal Commission on The Automotive and Parts Industries," October 1960.

[54]NAC, RG, 33/45, Royal Commission on the Automobile Industry, No. 59, GM UAW Council. "Brief to the Royal Commission on the Automotive Industry," 11 October 1960. A fourth brief, from the Windsor Council of the Unemployed, was very close in spirit to the Local 444 submission. Indeed, many on the Windsor Council were linked to Local 444 or Local 200. Yates, *From Plant to Politics*, 116; Gindin, *The Canadian Auto Workers*, 156.

[55]Before the other briefs had been submitted, Burt wrote to a union ally: "You can see what would have happened had Brooks and Lambert, along with their Commie friends ... gone with separate briefs to the commissioner in opposition to the official UAW brief. These people are prepared to sacrifice the union and the interests of the membership and the jobs of Canadian auto workers, in order to embarrass the leadership of the Region and the International Union." WRL, UAW Region 7, Box 9, Bladen Commission. Burt to Jerry Hartford, 23 September 1960.

was plant chairman at McKinnon Industries, a subsidiary of GM), the motion passed by a slim majority, and the GM Council presented a brief to Bladen. At the Canadian council's next meeting in January 1961, the district council condemned the "minority briefs" and singled out both Brooks and Lambert for criticism.[56]

When Bladen presented his report to the government in April 1961, there was little mention of the acrimony which underlay the union's submissions. Bladen did remark in his *Report* that other groups within the union had presented briefs, "each taking a strong nationalistic line." But he toned down the divisions between the factions by stating that these briefs "supported the general plea of the official brief ... that the costs of progress [in the industry] be borne by society rather than by the individuals directly affected."[57] Although Bladen's recommendations were not enacted, the Commission had generated serious division within the union over the direction of the industry, and had set the stage for further infighting as the decade wore on.

The 1962-63 government remission plans which emerged following the Bladen Commission caused further conflict within the UAW. This time, however, the fault lines surfaced along the border. In Canada, the nationalist locals were in favour of the remission plan, which they viewed as beneficial to Canadian workers, constituting a genuine effort to support Canadian manufacturing.[58] Instead of challenging Burt, who was also committed to the plan, they took aim at Reuther and the IEB. Press reports which indicated that Reuther had met privately with President Johnson in an effort to push the Canadian government to end the plan fuelled their fears that Reuther was "sneaking in the back door of the White House to cut the throats of Canadian workers."[59] One leaflet distributed to Chrysler workers claimed that Reuther could never adequately represent Canadian workers, since the

[56]WRL, UAW Region 7, Box 9, Bladen Commission. Burt to Jerry Hartford, 23 September 1960; NAC, RG, 33/45, Royal Commission on the Automotive Industry, No. 18, File 33a, Confidential Correspondence, UAW Burt to Bladen, 1 November 1960; "Auto Union Disowns Brief by Left Wing To Bladen Commission," *Globe and Mail*, 16 January 1961; Yates, *From Plant to Politics*, 115-116.

[57]WRL, UAW Region 7, Box 9, File 14. Burt to Bladen, "Proposed Methods of Integrating Production of Canadian and Foreign Automobile Manuracturers," 30 November 1960; Bladen, *Report*, 42-4, 50-1.

[58]See, for instance, a letter from Henry Renaud, the President of Local 200 to Paul Martin, lauding the government on the plan. NAC, MG32 B12, Paul Martin Papers, Vol. 241, File 28-3-1. Renaud to Martin, 16 October 1963; Trevelyn Brown to Martin, 20 October 1963. In the House of Commons in September 1964, Reid Scott, New Democratic Party MP from the Beaches in Toronto, held aloft a telegram "sent on behalf of thousands of auto workers in Canada" in support of the program. Canada, *Debates of the House of Commons*, 24 September 1964, 8383.

[59]Knowlton Nash, "Claim Canada provides 'grant': One work could kill our auto export plan," and Clive Baxter, "And it May blast Canada-US Labor Apart," *Financial Post*, 13 June 1964.

UAW was, after all, an American union: "When the chips are down Reuther and the International speak for AMERICAN interests FIRST and FOREMOST. Make no mistake about that!" From the perspective of the nationalist factions, the only solution was for the Canadian union to break from the international completely.[60]

South of the border, US locals and the American-dominated Internal Executive Board of the UAW (IEB) were much less enthusiastic about the plan. By mid-1964 US locals, feeling the effects of the program as US Big Three orders shifted north to take advantage of the remissions, began to put pressure on Reuther as well. Reports began to filter out of Indiana and Michigan that locals at Chrysler and parts-maker Borg-Warner were organizing against the program, and in June Indiana Democratic Senator Vance Hartke submitted a 10,000-name petition to Congress gathered by Local 287 (Borg-Warner-Muncie). The petition demanded that the government invoke section 303 of the United States Tariff Act, declaring the Canadian program a bounty or grant, automatically imposing countervailing measures on the Canadian imports.[61] More ominously, Reuther soon had trouble in his own backyard. Warren Mike, President of Detroit Local 368, complained that because of the remission plan almost one half of his members would soon be jobless. Anything that might offset "this unfair Canadian subsidization that is draining US jobs to Canada" would be welcome. He suggested that the international and its president exert "some quiet political intervention" to get a ruling declaring the Canadian program a bounty.[62]

Reuther probably would have done so had his union not included a Canadian section. Instead, when it came time for the union to draft a letter of opinion to the Commissioner of Customs, the international president had no choice but to consider the demands of his Canadian brothers and sisters. According to Burt, the remission plan had the "overwhelming support of the Canadian people and the members of our union in Canada."[63] Since the plan was so well-liked by Canadian autoworkers, Burt was determined to ensure that the union's letter was as well-balanced an opinion as possible, and he carefully inspected the UAW letter. He demanded that every suggestion, "no matter how mild," that US workers were being

[60]WRL, Walter Reuther Papers, Box 49. Burt to Reuther, 29 June, 1964. Leaflet, "R*E*B*E*L, The Other Side of the Story: UAW International Treason," by Trevelyn Brown. Brown, an autoworker who was known to Burt, was considered a "screwball" by the Canadian Director. He suggested Reuther "consider an outright denial" to Brown's accusations.

[61]Bruce MacDonald, "Auto Plan Supported by UAW," *Globe and Mail*, 29 October 1963; NAC, RG20, Vol. 2052, File V1021-10, pt. 2, Automotive Program. Telegram, "Auto Parts-Countervailing Duty," Washington to Ottawa, 16 April 1964; DFAIT, Vol. 3. Hartke to Dillon, 3 June 1964.

[62]WRL, Walter P. Reuther Papers, Box 49, File 2. Warren Mike to Reuther, 20 July 1964.

[63]WRL, Walter Reuther Papers, Box 218, File 7. Burt to Reuther, 1 September 1964; Bruce MacDonald, "Auto Plan Supported by UAW," *Globe and Mail*, 29 October 1963.

adversely affected by the program be deleted. He insisted that all references to the US *Tariff Act*, and the possibility of a ruling against the program be erased. And he made certain that the documents clearly stated that Canadians should get a fair share of the North American industry. The letter was reworked until Burt was satisfied that it would not jeopardize the Canadian plan.[64]

Nat Weinberg, the exasperated UAW research director, complained to Reuther that Burt's demands were unrealistic. Weinberg was sure that US workers *were* being hurt by the program, and he considered it "totally unreasonable" that Canadian problems were being given more emphasis than American difficulties. Even more galling for Weinberg, he believed that the plan did indeed constitute a bounty, a sentiment he expressed in no uncertain terms to Canadian consulate staff in Detroit. When consulate officials asked where the solution to this problem might lie, Weinberg pointed to the proposals in the union's "official" Bladen Commission brief, specifically the recommendation to integrate the two industries.[65] Fortuitously for Weinberg and his colleagues, the cross-border conflict over the remission plan did not come to a head when it became clear that the two governments were indeed looking towards greater integration. The duty remission plan exposed the limits of "international unionism," the auto pact proving as much of a solution for the international union as it was for the two governments. The agreement helped to quell the fires which the Liberal remission plan had lit between the union's national sections, if only temporarily.

While the new automotive agreement quelled conflicts between the union's international sections, it accentuated difficulties within the Canadian branch. The Ford lay-offs in 1965 and the apparent inability of the Canadian director to convince the government to adequately protect workers provided a renewed opportunity for the left-nationalist segments of the union to re-launch their attacks on the agreement. In April 1965 Local 444 and Local 222 (GM-Oshawa) passed a resolution condemning the government for the hardship which it had knowingly inflicted upon the Ford workers by not providing relief programs. More threateningly for Burt, representatives from Local 222 and other members of the Canadian council arranged meetings with government officials behind the Canadian director's back, an action which brought a sharp rebuke from Burt. Faced with the government's inaction and these independent activities by elements of his union, Burt was forced to

[64]The correspondence between members of the IEB on this issue is fascinating. Burt forced the research department of the IEB to redraft the document line by line, which indicated that Burt seemed to have the final say on the letter to the Commissioner of Customs. For the American UAW hierarchy, this was, after all, not a continental, but a regional issue. See WRL, UAW Region 7, Box 8. Burt to Reuther, Weinberg, July 1964; Reuther to Commissioner of Customs, 30 June 1964; WRL, Walter Reuther Papers, Box 49, File 2. Weinberg to Reuther, 9 July 1964; Weinberg to Reuther, 11 July 1964.

[65]WRL, Walter P. Reuther Papers, Box 49. Weinberg to Reuther, 9 July 1964; NAC, RG20, Vol. 2053, File 1021, pt. 1. Telegram, Detroit Consulate to External Affairs, 20 July 1964.

take a more stringent approach in an effort to maintain as much support as possible within the Canadian council. At the June meeting of the council Burt reiterated his position: the union was in support of the agreement in principle, as long as it was accompanied by legislation to protect workers. But there was no use, argued Burt, in arguing for an all-Canadian Car, something that the militant sections of the union were again demanding. Nor was there any use in affiliates and locals launching their own actions against the government; these uncoordinated protests only made the union "look somewhat ridiculous." When Burt adversary Charles Brooks of Local 444 denounced the agreement and claimed that 50,000-60,000 jobs would be lost, Burt was forced to admit that without any forthcoming legislation, the council should seriously consider "opposing the entire program" at their September meeting.[66]

By January 1966 Burt reported to the Canadian council that the union was "still not satisfied with the manner in which the government is dealing with the TAB program." There had been little forward movement since the summer of 1965, and when Burt read that the government was planning to meet with parts makers over dislocation in the stamping industry, he complained to Drury about the lack of UAW representation at the meeting. Drury responded that Burt could meet with him, but before that the Canadian director managed to arrange a February meeting with new Minister of Labour John Nicholson, whom he had met through the Canadian Labour Congress Executive Council.[67]

From Burt's perspective, the meeting with the new minister was fairly successful, and provided ammunition against the increasingly hostile nationalist factions within the union. He reported to the Canadian council that Nicholson had "made the flat statement that the worker who is affected by the Canada-US deal should not get any less benefit from the TAB than an American worker gets in the US from the same kind of government assistance." Heartened by this apparent change in government attitude, Burt called a meeting of the Special Auto Tariff Committee to relay the minister's message to the more nationalist elements of the membership.[68] Based on Nicholson's pledge, the union would prevail upon the government to reimburse the SUB fund entirely and pay the difference between the SUB and the TAB for any

[66]NAC, MG26 N3, Lester Pearson Papers, Vol. 260, File 749.32. Local 444 (Windsor) and Local 222 (Oshawa) to Pearson, "Resolution Re: Worker Assistance/Dislocation," 30 April 1965; Canadian UAW Council to Pearson, 5 May 1965; NAC, MG32 B12, Paul Martin Papers, Vol. 260 File 1. P.J. Lavelle to Fred Wanklyn, 8 June 1965; WRL, UAW Region 7, Box 69, File 3. Burt to Canadian Council, "Report of UAW Canadian Director," 26, 27 June 1965; WRL, UAW Region 7, Box 8, File 7. Burt to Canadian Council, "Canada-US Automotive Trade Agreement," 25, 26 September 1965.

[67]WRL, UAW Region 7, Box 69, File 4. Burt to Canadian Council, 2, 3 April 1966; WRL, UAW Region 7, Box 52, File 4. Burt to Special Auto Tariff Planning Committee, 1 March 1966.

[68]Charles Brooks and Gordon Lambert were members of the Special Committee.

worker who had only been receiving the former. Since the car companies had refused to sign on to the TAB, it had only been offered at companies where no SUB had been negotiated. Further, at those companies where SUB existed (primarily the Big Three), the workers who had taken SUB had permanently depleted those credits and they would not be replenished by the company. Burt was certain that the government was "going to move" on the issue. Just to be on the safe side, the Canadian director wrote Nicholson in April, verifying their discussions at the meeting, repeating the proposal, and reiterating that Nicholson and his deputy minister (who had also attended the meeting) were both "sympathetic to this approach."[69]

By June 1966 it was clear that Nicholson and the government were not going to implement the changes to the TAB suggested by the union. When Burt inquired as to why nothing had been done, Nicholson responded that he had favoured the changes, but that they "did not prove feasible." Again, Burt felt betrayed by the government. He reminded the minister that Nicholson had agreed in principle to the union proposals, had verified that acceptance in April, and that Nicholson had not implied otherwise in his response. "With this kind of welshing on the deal that you already agreed to," Burt complained, he could make no other conclusion but that Nicholson was simply afraid of the auto companies. So enraged was he that Burt could not help but challenge the minister's honour: "I will certainly keep in mind in the future this experience because apparently an agreement with you and your deputy is not worth a great deal." Even though Nicholson countered that "no agreement had been made" and that cabinet had decided that "it would be best to make no change in the [TAB] arrangements," Burt could not help but feel that "we have suffered a double cross" from Nicholson "and his associates."[70]

The Canadian director's ineffectiveness in changing the government's stance was soon lighting fires anew under the militant locals. In June 1966, Local 199 disavowed the agreement and threatened to strike if nothing was done about the TAB. Jim Connell, president of Local 199, admitted to Burt that this ploy was a tactic to try to get the government to do something on the TAB, and that the international would never agree to a strike. But, Connell argued, if the international held off long enough on its refusal, perhaps the government would be jarred out of its complacency by the threat of a strike. Burt was unimpressed. He realized that new Minister of Manpower Jean Marchand, a long-time union organizer from Quebec, would

[69]WRL, Walter Reuther Papers, Box 218, File 10. Burt to Nicholson, 7 April 1966.

[70]Whether or not the Canadian Director was purposely being led astray, there can be no doubt that something must have been said at the 25 February meeting to make Burt think that something would be done. Whatever the reason, Burt felt that he was personally responsible for the failure of the government to change their policy on the TAB. In a letter to Reuther in June 1966, the Canadian Director was candid about his shortcomings: "I have failed to get the government to agree to reimburse the SUB fund...." WRL, UAW Region 7, Burt to Nicholson, 3 June 1966; WRL, Walter Reuther Papers, Box 218, File 10. Burt to Reuther, 13 June 1966; WRL, UAW Region 7, Box 42, File 5. Nicholson to Burt, 16 June 1966.

never fall for the gambit. "I do not believe," wrote Burt to Reuther, "that such a stupid bluff would fool him for a minute." Instead, Local 199 passed a resolution declaring that their membership was officially on record as "withdrawing complete support" of the agreement until the rights of displaced workers were "preserved and guaranteed."[71]

In August, following the announcement of 2,600 lay-offs at GM in Oshawa, Burt and the Local 222 leadership led a delegation to Ottawa to again try to persuade the government to rework the TAB to provide more and better benefits. After meeting with Nicholson and Marchand, the union left Ottawa with no firm commitments to any of the proposals raised by the union. In September, Local 222 held a demonstration outside of the Ontario Department of Labour in an effort to draw attention to the plight of auto workers. But by the end of the year, with over 3,000 workers out of work because of the agreement, the government had paid out a grand total of $4,559 on the TAB. The union had made little impact on government officials, the TAB remained unchanged, and conflict within the union persisted.[72]

IV. *The Canadian UAW Accepts the Continentally Integrated Industry*

In early 1968 Dennis McDermottt, a passionate and witty life-long union member, was elected as the new director of the Canadian region of the UAW.[73] McDermott's ascendance to the top of the Canadian UAW hierarchy came at a particularly sensitive moment: 1968 also marked the year that the automotive agreement required a review by the Canadian and US governments. Along with attempting to make their voices heard during the review process, McDermott and the union spent the rest of the decade trying to force the government to address labour's concerns over the inadequacy of the TAB. Notwithstanding the many difficulties that the union faced because of the agreement, by the time of McDermott's installation as director it was clear that the UAW had become a defender of the auto pact, and actively campaigned for its protection against American calls to abrogate the treaty or to end the safeguards within the agreement.

[71]WRL, Walter Reuther Papers, Box 218, File 10. Burt to Reuther, 13 June 1966; Box 49, File 9. Emil Mazey to International Executive Board Members, "Local 199 Resolution," 27 September 1966.

[72]WRL, UAW Region 7, Box 42, File 5. Burt to Canadian Council, "Report of Canadian UAW Council Committee on the US-Canadian Automotive Products Agreement," 24, 25 September 1966; "Cabinet to weigh aid for laid-off GM men," *Globe and Mail*, 8 October 1966; WRL, UAW Region 7, Box 8, File 14. Dennis McDermott to Canadian Council, "Brief on the Canadian-United States Automotive Products Agreement," 20 February 1969.

[73]As proof of his staunchly Irish upbringing in England, McDermott liked to tell the story of his query to a grade school teacher: "If the Empire is so great, how come there are so many poor people in it?" The question brought a predictable response on his next report card: "this child has Bolshevik tendencies." CAW Library, Canadian UAW Council, "Dennis McDermott: The UAW Years," 16 September 1978.

The agreement stated that no later than January 1968 the two governments would undertake a comprehensive review of the progress made towards achieving the goals which had been set out in the pact. In late 1967, Canadian officials initiated discussions with their American counterparts to gauge the disposition of the American government on the agreement. From the Canadian perspective, the agreement was doing its job: exports to the US had increased from $102 million in 1964 to $250 million in 1965 and $886 million in 1966. More importantly for Canadian policy makers, the auto deficit which had been such a problem in the early 1960s was greatly diminished: from a massive $700 million deficit in 1965, the difference was a much-more manageable $230 million, a shift of nearly $400 million. Employment in the industry had also increased, from 60,300 workers in 1963 to 83,400 workers in 1968, as facilities were expanded and dozens of new plants opened.[74]

With such a surge in production and employment, it was in the union's best interests to play a role in the review, and McDermott quickly attempted to make his presence felt with the government. As the December 1967 intergovernmental consultations began, Minister of Trade, Commerce, and Industry Jean-Luc Pepin had not yet invited McDermott or the union to the discussion table. The union complained publicly that because "the discussions have taken place behind such a veil of secrecy ... it is impossible for us or the general public to know precisely what questions are at issue." When the government announced at the end of August 1968 that the review was complete, McDermott realized that the union had been had. Pepin had not once included the UAW in its deliberations, and conducted the review "while completely ignoring the legitimate concern and desire of the UAW to represent its members who are so obviously involved in this agreement." When President Lyndon Johnson issued a special report in September, stating that further consultations would take place, the union knew that it would have to press its case even more forcefully if it was to be included in the discussions.[75] Pepin finally did

[74]The accuracy of statistics concerning the automotive trade was a long-standing bone of contention between the two countries from the 1960s onwards. The differences became so great that in 1968 the two governments had to create a special binational panel to come to some common understanding on the numbers. Even the union's Canadian and American sections quoted wildly different figures on the size of the auto deficit between the two countries between 1964 and 1968. There was no question, however, that the massive US auto trade surplus had declined dramatically. WRL, UAW Region 7, Box 8 File 14. McDermott to Canadian Council, "Brief on the Canadian-United States Automotive Products Agreement," 20 February 1969, p. 1; Box 6, File 8. Joint Conference UAW-G. M, "Report on the Canada-US Auto Trade Agreement," 9 April 1969, 1; Holmes, *The Break-up of an International Labour Union*, 27; Beigie, *The US-Canada Automotive Agreement*, 83, 86, 87; Yates cites a UAW report stating that the union's membership jumped from 62,340 in 1961 to 102, 300 in 1966. See, Yates, *From Plant to Politics*, 103, 272.

[75]WRL, UAW Region 7, Box 8 File 14. McDermott to Canadian Council, "Brief on the Canadian-United States Automotive Products Agreement," 20 February 1969, p. 1; Box 6, File

meet with the union in January of 1969, although he did little but chastise the Canadian UAW for what he considered were the union's inappropriate comments in the negotiations.[76]

When another round of discussions began in November 1969, the union again pleaded with the government to grant it an audience, and again the government refused to allow the union to take part. The union protested to Pepin that he had not consulted with it over the future of the agreement. The UAW was also certain that its last meeting had resulted in a ministerial promise for union consultation before further discussion took place, a promise that the union felt had been broken. Pepin held that the meetings with the Americans were not negotiations, but a "preliminary exchange of views" on the development of the pact.[77] As negotiations with the Americans continued into the early 1970s, the union remained on the outside, unable to effectively voice its support for the agreement, and especially for the Canadian safeguards.[78]

McDermott and the union had somewhat better luck with the TAB. Long a bone of contention, the haphazard and ineffective application of the TAB resulted in harrowing stories of unfair treatment for dislocated workers. At Local 199, 12 workers were denied TAB because they lacked the requisite 30 consecutive weeks of employment. Nine of those twelve were women who had been on maternity leave, while the remaining three had been on sick leave. A number of the women had as much as twelve years seniority. When cases such as these were brought to the attention of the government and the press, the new Minister of Labour, Bryce Mackasey, was finally forced to review the TAB regulations. In December, 1968, the government introduced amendments to the TAB shortening the requisite employment period to receive benefits from 30 to 16 weeks and extending the program until 1973. Finally, the government amended the program so that dislocated workers could draw upon the TAB even if they were at a company that had SUB. While this had been a long-standing demand of the union's, the situation remained unsatisfactory in that

8; UAW press release, "US-Canada Auto Products Trade Agreement," 1968; Beigie, *The US-Canada Automotive Agreement*, 103.

[76]NAC, RG19, Vol. 5626, File 8705-08-16. Telex, Washington D.C. to External Affairs, 9 January 1969.

[77]It seems as though the union was somewhat naïve when it came to discussions on the agreement with the government. When Pepin assured them that the November negotiations were nothing but "preliminary discussions," the union seemed satisfied. A UAW brief stated: "The Ministers of Industry, Trade and Commerce has already assured us that the meetings mentioned in the newspaper earlier this month were not negotiations on the Pact but preliminary exchanges of views on its progress and current problems. *Thus reassured that we have not been ignored once again*, the UAW wishes to present its views on the Pact." CAW Library, Briefing Files, "Brief on the Canadian-United States Automotive Products Agreement," 10 December 1969. Emphasis added.

[78]WRL, UAW Region 7, Box 9, File 2. McDermott to Burt, 19 November 1969; Pepin to McDermott, 25 November 1969.

the TAB benefits were only 75 per cent of the SUB. Mackasey even remarked that he expected the vast majority of the dislocated workers to continue to draw the SUB first. The union continued to push for more equitable worker assistance, a demand that had remained unfulfilled since 1965.[79]

Although they were unsatisfied by the TAB provisions and could not help but be disappointed at the lack of consultation with the government on the pact, by 1970 the union leadership and much of its membership were staunch defenders of the agreement. When the US auto trade surplus fell to unexpectedly low levels, and some Americans began to call for the treaty's abrogation, or at least a reworking of the agreement, the union leapt to the pact's defence. And when congressional pressure was especially acute after 1969, and the administration of Richard Nixon became committed to phasing out the Canadian safeguards, the union was adamant that the protections on production be retained.[80] The union was convinced that the pact had been good for Canada, and it pressured Minister Pepin to ensure that the "letters of commitment" were not allowed to expire or be diluted in any way — the union wished to "see the Pact continue." Moreover, with booming production and employment, the pact largely smoothed over integration's divisive affects on the membership. (See Table 3)

Table 3: Canadian Employment in the Auto Industry, 1963-1968[81]

Year	Parts and Accessories	Assembly	Total
1963	26,100	34,200	60,300
1964	30,500	38,800	69,300
1965	34,600	45,400	80,000
1966	38,800	46,100	84,900
1967	37,100	47,000	84,100
1968	35,400	48,000	83,400

[79]In the US, the TAB program had lapsed, since "in the confusion of the election campaign," the Adjustment Assistance Board had been allowed to expire on 20 June 1968. In any event, the IEB considered the Canadian program "far less satisfactory" than the American. WRL, UAW Region 7, Box 8 File 14. McDermott to Canadian Council, "Brief on the Canadian-United States Automotive Products Agreement," 20 February 1969; WRL, UAW Region 7, Box 6, File 8. Joint Conference UAW-GM, "Report on the Canada-US Auto Trade Agreement," 9 April 1969.

[80]On 1 July 1969 Democratic Senator Al Gore of Tennessee introduced bill S2527, a "Bill to Repeal the Automotive Parts Trade Act." Gore had been a consistent critic of the agreement since its passage, and this would not be the first time that he tried to pass legislation to have the agreement repealed. The bill, of course, did not pass. Government of the United States, *The Congressional Record (Senate)*, 1 July 1969, 18004-5.

[81]Beigie, *The Canada-US Automotive Agreement*, 83.

The nationalist elements of the union were silenced, if temporarily, by the success of the agreement and the benefits that flowed to locals in St. Catharines, Windsor, and Oshawa. The union's political allies were also on side: the New Democratic Party, which had condemned American influence in the Canadian economy and further continental integration at their Winnipeg convention in 1969, proved to be the agreement's most outspoken advocate in Parliament after 1969.[82] By the end of the 1960s, the auto pact seemed to offer the best of all worlds to the union and its members: an expanding market, guaranteed production, and increased levels of employment. Moreover, by the late 1960s, the union had negotiated wage parity with its American counterpart, a long-held goal which could only have been achieved with the creation of an integrated industry.[83] In December 1969, McDermott pointed to these "Pact Facts" and concluded that the figures substantiated "the impressive record of the pact and the UAW can only agree that it has been good for Canada." The auto pact, it seemed, had been good for the union, as well.[84]

IV. *Conclusion*

While auto labour historian Charlotte Yates has argued that the process leading to the auto pact and its implementation led to closer UAW-government relations, the evidence points to a growing antipathy between the union and the government in the 1960s.[85] In the months before the automotive agreement was signed in January 1965, the UAW was largely kept out of the negotiating process. The union had sporadic contact with government officials, and was given little information on the agreement. When the union did meet with government officials, its views were given short shrift, and repeated calls for worker protection were met with reluctance and indifference. While the union certainly held more meetings with govern-

[82]In the House of Commons, Oshawa MP Ed Broadbent continually peppered the government with questions about the auto agreement, and demanded that the safeguards in the pact would be protected. See *Debates of the House of Commons*, 26 November 1970, 8 December 1970, and 7 September 1971, 1493, 1844, 7549.

[83]On the issue of wage parity, see Gindin, *The Canadian Auto Workers,* and Yates, *From Plant to Politics*.

[84]The union listed the following improvements: between 1964 and 1968, Canadian exports increased 2,400 per cent (from $89.7 million to $2,259.8 million); two way trade had increased from $748 million in 1964 to $4,901.6 million in 1968; the deficit had shrunk from $564.4 million in 1964 to $160 million in 1968. Finally, the union noted that employment in Canada rose by 15,000 jobs. CAW Library, Briefing Files, "Brief on the Canadian-United States Automotive Products Agreement," 10 December 1969; WRL, UAW Region 7, Box 9, File 3. McDermott to the Minister of Industry, 10 February 1970.

[85]Yates argues that during this period "the federal government drew autoworkers more closely into the sphere of decision making, increasing its contact with the union and demonstrating a willingness to act on various union demands." Yates, *From Plant to Politics,* 117.

ment officials after 1965, there was no corresponding increase in the level of influence which the union hoped to exercise on the government. The auto makers' position in the negotiations, in contrast, was that of an equal to the two governments.[86] By 1968 it was clear that the union had little say in the way the program was evolving, especially on the issue of worker protection.

While the UAW benefited greatly from the new continental automotive regime after 1970, the union was largely ineffective in determining the shape of the industry in the 1960s. The Canadian government worked closely with the US government and representatives of the Big Three in creating the continental regime, but the union remained largely on the outside of the negotiations. Although the agreement led to increased production and employment and the achievement of wage parity with workers in the United States, the union remained frustrated by the government's unwillingness to include it in any aspect of the agreement's development. This was clearly expressed in a 1969 Dennis McDermott complaint to the Canadian government over Ottawa's refusal to include the union in the auto pact deliberations: "Just because we get some of what we want, does not mean we abrogate our responsibility to our members to demand whatever else is in their best interests."[87]

Government policy makers ignored union demands on automotive policy for the same reasons that they did not embrace the economic alternatives suggested by nationalist elements of the union, such as greater control of the Canadian industry and an "all-Canadian Car." The "nationalist" alternatives current in the 1960s in Canada and countries such as Mexico — greater state intervention, higher content regulations, more drastic protection/import substitution — were all potential outcomes that Canadian state planners considered. After all, Walter Gordon, perhaps the most nationalistic finance minister in Canada's history, played a key role in the creation of auto policy in the period. But the particular structural constraints of the Canadian auto industry, such as the US ownership patterns and proximity to the US market, the high cost of nationalizing the industry, and the demands by Canadian consumers for the same choice of models offered to American consumers at a comparable price, persuaded Canadian policy makers that it made little sense to pursue

[86]During the negotiations it became clear that no deal could be achieved without the agreement of the Canadian Big Three and their parent corporations. For the Canadian government, negotiations took place on two levels: with the US government, and with the companies. See, for example, NAC, RG20 (Department of Industry), Vol. 2053, F.V. 1021-11, part 2, Proposed New Automotive Program, September-October 1964, "Notes of Meeting of September 19th in the House of Commons Between Mr. Drury and Presidents of the Six Leading Automotive Manufacturers," 21 September 1964.

[87]WRL, UAW Region 7, Box 8, File 14. Burt to Canadian Council, "Brief on the Canadian-United States Automotive Products Agreement," 20 February 1969, 7.

this path when an acceptable alternative — the conditional free trade offered by the auto pact, achieved all of their goals for the industry and the country's finances.[88]

The pattern of government interaction with labour during the 1960s reflected the similar constraints upon the Canadian state: though the government would have liked to have had the Canadian union's official blessing for the auto pact regime, the constraints imposed by the situation — a desire to ensure the continued existence of the Canadian auto sector, the need to avoid a trade war with the US, the imperative of boosting the trade balance — meant that in the end, the union's support was not essential to successfully consummating the agreement. These realities and constraints precluded significant union participation in the issue, at least on the Canadian side of the border. In the US, Walter Reuther and the UAW leadership worked very closely with Johnson administration officials and congressional allies to ensure that the auto pact and its worker protection measures passed quickly and were effective.[89]

Further, government actors actually believed that their policies were beneficial for the industry, and that employment would improve because of the new regime, which would in time benefit the union and its members. Civil servants in the government of Canada may not have considered themselves economic nationalists in the Walter Gordon mould, but they did consider what they were doing to be advancing Canada's economic interests.[90] As Gordon himself admitted, the auto pact "meant a considerable capital investment in Canada to facilitate the great volume of production than was called for. It meant the creation of thousands of new jobs and it relieved our balance of payments difficulties," even if it tied Canada closer to the US.[91] Civil servants and their political masters felt that quickly consummating such a deal to achieve the benefits of the new continental arrangement was far more important than paying attention to the views of the union. Their paternal attitudes to-

[88]Walter Gordon later wrote that "It is true that [the agreement] accepted the rationalization of the automobile industry on a continental basis. I did not like this in principle, but as three companies dominated the industry on both sides of the border, this acceptance merely acknowledged the existing fact.... Short of expropriating the Big Three automobile manufacturers in Canada, or some form of detailed direction of their operations by the federal government, neither of which alternative was thought to be practical, there was no way of achieving the government's objectives except, of course, increasing the 'Canadian content' requirement which would have been considered protectionist in its application." The "letters of undertaking" effectively required a level of Canadian content. Quoted from Denis Smith, *Gentle Patriot: A Political Biography of Walter Gordon* (Edmonton 1973), 234-5.

[89]See Dimitry Anastakis, "Continental Auto Politics: The Failure of Opposition to the 1965 Auto Pact in Canada and the United States," *Michigan Historical Review*, 27 (Fall 2001), 131-56.

[90]NAC, RG19, Department of Finance, Vol. 3946, File 8705-1-1. Simon S. Reisman to Walter Gordon, "Proposals to Reduce Trade Deficit in Automobile Industry," 28 August 1963; Canada, *Debates of the House of Commons*, 25 October 1963, 3999-4000.

[91]Smith, *Gentle Patriot*, 234.

ward what was best for the industry was reflected in their lack of consultation on worker protection — civil servants "knew" that employment would improve, so there was no reason to create new worker protection plans.[92]

Finally, personalities played something of a role. Relations between Burt and Industry Minister Drury grew increasingly hostile throughout the mid-1960s. On one occasion, in commenting on the government's unwillingness to discuss matters with the union, Burt wrote Reuther that, "My chief concern is the lack of cooperation by the government in allowing us to even act in an advisory capacity before things are done and this guy Drury is a son-of-a-b——." Another time, following a meeting in Ottawa between the two men, arguments spilled over into a basement corridor, and Burt went as far as to call the Minister "nuts" in public.[93] Simon Reisman, Deputy Minister of Industry at the time of the auto pact's signing and the lead civil servant involved with all government policy on the auto industry in the 1960s, was not sympathetic to the union leadership either.[94] These personality clashes further distanced the union from key policy makers within the government.

The government's reluctance to include the union in automotive policy considerations prompted a renewal of the long-standing tensions within the union between the continentalist-minded leadership and rank-and-file nationalists at a host of locals in the auto-producing belt in southern Ontario. The union leadership remained committed to the continental transformation of industry, while the failure to ensure effective worker protection from the dislocating impact of the auto agreement caused difficulty for the leadership, and renewed hostilities with left-leaning sections of the union. The auto pact itself provoked serious division between these factions. Nonetheless, by the end of the decade the continental regime was a reality, and the option of nationalizing the Canadian auto industry was closed, though the ideas of nationalist break from the UAW would remain salient for many Canadian UAW members.

Indeed, although nationalist elements within the Canadian UAW had not succeeded in preventing the integration of the Canadian and US auto industries, the battle over the fate of the union was far from over. Nationalists would continue to press for an independent Canadian auto union, eventually achieved by 1985 under the leadership of Bob White. As Yates has effectively argued, the militancy of elements of the Canadian union which had caused so much infighting in the 1960s

[92]NAC, RG19, Department of Finance, Vol. 3946, File 8705-1-1. Simon S. Reisman to Walter Gordon, "Proposals to Reduce Trade Deficit in Automobile Industry," 28 August 1963.
[93]WRL, Walter Reuther Papers, Box 218, File 9. Burt to Reuther, 28 January 1966; "Under Fire from the Tories, UAW, Drury promises to alleviate layoff effects," *Globe and Mail*, 9 February 1967.
[94]Author's interview with Simon Reisman, 9 December 1997.

would serve it well during the difficult times in the early 1980s, and would prove pivotal in the battle over concessions in this period.[95]

The auto pact's benefits to Canadian workers and the production shift to Canada, especially after the near-death of the US industry in the late 1970s and early 1980s, played a key role in strengthening the Canadian section. After the implementation of the pact in 1965, the Canadian portion of North American production increased dramatically, and by 1985 Canadians had doubled their share of North American output from just over 7 per cent to nearly 14 per cent, far in excess of Canada's consumption. (See Table 4) The Canadian section's disproportionate heft in the North American industry, fuelled by the auto pact's success, the lower Canadian dollar after 1976, excellent production and quality results by Canadian workers, and further cost savings though universal health care, meant that the breakaway of the Canadian Auto Workers (CAW) from the international UAW created Canada's largest and most powerful union.

Table 4: North American Vehicle Production Summary, 1965-1985[96]

Year	US Total	Canadian Total	Mexican Total	North American Total	Canadian % of US	Canadian % of North America
1965	11,114,213	853,931	97,395	12,056,539	07.68	07.08
1966	10,363,254	896,119	114,521	11,373,894	08.64	07.87
1967	8,992,269	939,635	126,991	10,058,895	10.44	09.34
1968	10,793,744	1,178,186	146,781	12,118,701	10.91	09.72
1969	10,182,562	1,350,481	165,811	11,698,854	13.26	11.54
1970	8,262,657	1,189,461	189,986	9,642,104	14.39	12.33
1971	10,649,666	1,373,108	211,393	12,234,167	12.89	11.22
1972	11,297,509	1,471,392	229,791	12,998,692	13.02	11.31
1973	12,662,919	1,589,499	285,568	14,537,986	12.55	10.93
1974	9,983,934	1,563,850	350,947	11,898,731	15.66	13.14
1975	8,965,413	1,442,076	356,642	10,764,113	16.08	13.39
1976	11,485,536	1,646,824	324,979	13,457,339	14.33	12.23
1977	12,699,086	1,764,987	280,813	14,744,886	13.89	11.97

[95]Yates, "Public Policy and Canadian and American Auto Wokers: Divergent Fortunes," and "North American Autoworkers' Response to Restructuring," in Miriam Godlen and Jonan Pontusson, eds., *Bargaining for Change: Union Politics in North America and Europe* (Ithica 1992).

[96]*DesRosiers Automotive Yearbook 2000* (Richmond Hill 2000), 112.

1978	12,895,286	1,818,378	384,127	15,097,791	14.10	12.04
1979	11,475,737	1,629,855	444,426	13,550,018	14.20	12.02
1980	8,010,563	1,369,697	490,006	9,870,176	17.09	13.87
1981	7,940,781	1,280,499	597,118	9,818,398	16.12	13.04
1982	6,985,313	1,235,668	472,637	8,693,618	17.68	14.21
1983	9,225,698	1,502,325	285,485	11,013,508	16.28	13.64
1984	10,939,058	1,835,074	357,998	13,132,135	16.77	13.97
1985	11,653,956	1,934,110	458,680	14,046,746	16.59	13.76

Finally, the integrated nature of the industry gave the CAW further influence on the North American industry after it broke from the International in 1984. With production facilities tuned to continental output, a strike by the nationalistic CAW could literally shut down the industry on the entire continent. With sole production of so many vehicles and important parts at Canadian facilities, CAW job actions could devastate a company. A 22-day CAW strike at GM in Canada in 1995 shut down the company's plants across North America; the CAW targeted Ford during contract negotiations in 1999 understanding that a strike at the company's Essex County engine facilities (which built engines for assembly of Ford's most profitable trucks and sport utility vehicles at the company's other North American plants), could cripple the company.[97] Ironically, nationalistic locals in the 1960s had fought tooth and nail against what would prove perhaps the most important source of the CAW's strength in the 1980s — Canada's and the union's position in an integrated North American auto industry.

While the CAW remained the continental auto pact's most outspoken defender as it gained the benefits of working in a continentalized auto industry after 1985, its nationalism did not prevent it from vocally challenging the continentalizing Free Trade Agreement with the United States, a position that was noted by a number of observers.[98] When the auto agreement was challenged at the World Trade Organization by the Japanese and German governments in 1999-2000, the CAW launched a highly-publicized campaign to "Save the Auto Pact." Nearly four decades after the auto pact had created deep divisions within the union, the CAW was unanimous in calling on the Canadian government to protect the agreement. However, Canada's

[97]Bob English, "Top CAW Issues: Pensions, Jobs," *Automotive News*, 13 September 1999.
[98]Richard Gwyn observed that "it's just one of life's ironies that the Auto Pact should have been negotiated by the godfather of Canadian nationalism, Walter Gordon, and that one of the strongest opponents of the FTA should have been one of its greatest beneficiaries, Bob White, head of the Canadian Autoworkers." See Gwyn, *Nationalism Without Walls: The Unbearable Lightness of Being Canadian* (Toronto 1996), 40.

most nationalistic national union was unsuccessful in protecting the agreement. The WTO ruled that the auto pact was not enough like free trade to operate under international trade rules, and the agreement expired in February 2001.[99]

Notwithstanding the Canadian UAW's inability to effectively influence the evolution of the Canadian auto industry and the difficulties created by these changes, in the long run the union benefited greatly from developments in the industry. Increased production and employment levels helped to silence many union critics of the agreement and by the early 1970s, the Canadian UAW had become one of the staunchest supporters of the new automotive regime and would remain so until the demise of the auto pact at the hands of the World Trade Organization in 2001.

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[99]For a view of the demise of the auto pact, see Dimitry Anastakis, "Requiem for a Trade Agreement: The Auto Pact at the WTO, 1999-2000," *Canadian Business Law Journal,* 31 (February 2001), 313.