Power Politics and Michelin

by Matt Adamson and Paul Clark

On December 28, 1979 the Nova Scotia government passed an amendment to the Trade Union Act which required "interdependent" manufacturing plants owned by the same employer to form one bargaining unit. Bill 98 or the "Michelin Bill", as the amendment is commonly called, is generally assumed to be aimed at preventing the Michelin Tire Corporation's plants in Granton and Bridgewater from unionizing. A vote had been taken last October at the Granton plant near New Glasgow to form a certified United Rubber Workers bargaining unit, but the amendment included a retroactive clause which will almost certainly prevent the vote from being counted. Shortly after the legislation was introduced to the legislature Michelin announced plans to build a third plant. Organized labour, citizen's groups, white collar professionals and management people are upset over the handling of the bill by the provincial government and the use of the Trade Union Act as an instrument of development. Part one of this article outlined how Michelin operates as a company and what effects it has on some of the people who work there. This second part will examine the relationship between government and the tire company and how various institutions in the province contributed to the molding of Bill 98.

"Nobody can fail to be aware of how dependent economic units in today's world are on each other, even when they are not owned by the same employer, but these facts of economic life have never been held to dictate single province-wide bargaining units."

The Nova Scotia Labour Relations Board.

"Retroactive legislation can not be endorsed as a matter of principle. The entire private enterprise system could be undermined. . . . We should tell the government they have made a mistake."

J.B. Morrow, senior vice-president of National Sea Products, in a brief to the provincial legislature's law amendments committee, December 1979.

In a region with limited natural resources and a high unemployment rate, Nova Scotia has looked to expanding its small manufacturing sector for the past twenty years.

Wooed by a government hungry for jobs, the provincial economy went through a decade of expansion spurred by foreign investment that ended in the early 1970s. Gulf Canada (wholly owned by its U.S. parent) built a refinery in Point Tupper, the Swedish based Stora Kopparberg built a kraft mill in the same area, U.S. Scott Paper built pulp and paper facilities in Abercrombie, General Electric built a heavy water plant in the Point Tupper area. Some are still in the province today. Other more consumer oriented manufacturing interests such as Clairtone in Nova Scotia and Bricklin in New Brunswick were sensational failures and cost the taxpayers millions.

One of the biggest corporations to come to the province was Michelin. The French tire giant expressed an interest to come to Canada in the late sixties, setting off a bidding war between the Quebec and Nova Scotia governments to see who could offer the most attractive tax deals and subsidies. Nova Scotia finally won Michelin's favours after an estimated 40 meetings in 1968 and 1969.

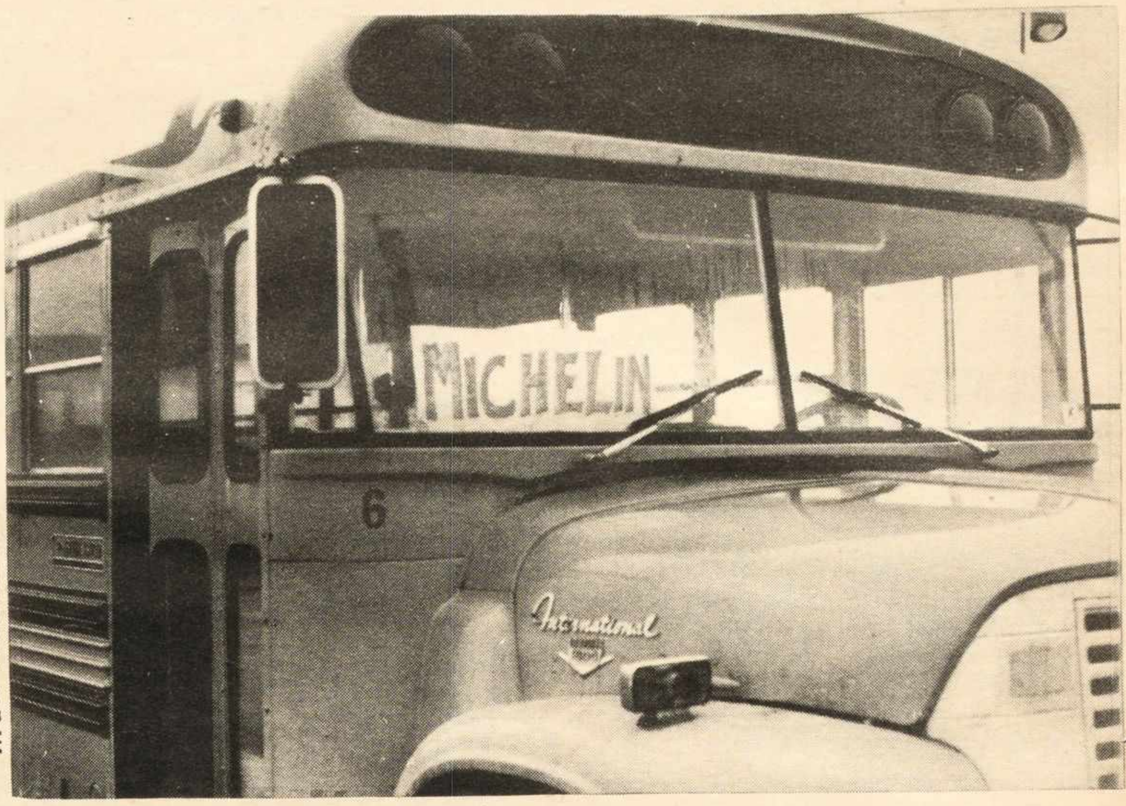
The provincial government gave the corporation an $8.6 million grant, a $50 million loan at approximately 3½ per cent less than the prime lending rate, and a pledge to buy $14.3 million in Michelin bonds. The municipalities of Bridgewater and Pictou reduced taxes to one per cent of real and personal property tax assessment for a ten year period and Bridgewater donated 40 acres worth of land valued at $10,000 for a plant site. The federal government added $16 million in grants, a tariff exemption on Michelin tires entering the country, $20 million in credit from Canadian banks, and an exemption from paying federal income tax until the two plants were paid off.

Of the approximately $120 million expended to set up the two plants about $80 million can be traced to government aid. The additional $40 million was made up of equipment and cash. It is known that some of the equipment in the Nova Scotian plants was earlier used in Michelin's European operations. It is conceivable the equipment could have been valued at current market value and depreciated accordingly.

Michelin has become one of the biggest employers in the province, about 3,000 people are employed between the Bridgewater and Granton plants.

It has also been acknowledged as the world leader in keeping its operations relatively union free. Using techniques outlined in James L. Dougherty's book **UNION Free Management And How to Keep It Free** and other practices mentioned in part one of this article, the percentage of the tire manufacturer's plants that are unionized are small. Of over 50 plants world-wide, only a few in France and the rest of Europe are unionized to any great degree.

Because of its strategic employment importance, Michelin has always enjoyed good communications with the provincial government. This article will examine the relationship between the tire company and the government and how the provincial government has agreed to the company's interpretation of industrial stability-specifically concerning labour relations. This examination will focus on



Matt Adamson

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The Government

In 1973 operating engineers at the Granton plant applied for certification authorizing them to become a unionized bargaining unit. Michelin asked for and received a delay in the hearings so it could prevent evidence concerning the application. In the meantime, the provincial cabinet, without consulting any of its labour boards, passed an Order in Council changing regulations for certification of craft unions in the Trade Union Act. The changes made it impossible for the operating engineers to form a bargaining unit.

During breakfast meetings at the Lord Nelson Hotel, Liberal premier, Gerald Regan met with organized labour and persuaded them the changes were good for the economy and good for organized labour. Ralph Fisk, Liberal development minister at the time, and Regan went over to France to assure Michelin the situation was under control.

The majority Conservative government of Premier John Buchanan has recently shown the same concern for Michelin's industrial labour relations policy in passing bill 98.

The bill is designed to promote employment through expansion of collective bargaining, says Labour Minister Ken Streatch. It calls for all employees who work in interdependent manufacturing plants owned by the same employer to be considered in one bargaining unit.

The government and proponents of the legislation say it does not make it impossible for workers to organize—it ensures that all workers in interdependent plants have a say in deciding union representation.

The interdependency provision was introduced despite criticisms raised by two key government labour bodies; the Nova Scotia Federation of Labour and sectors of the general public.

While the government defends the bill as not anti-union, officials freely admit it is directed at the United Rubber Workers.

The United Rubber Workers

The United Rubber Workers (URW) have been in Nova Scotia almost as long as Michelin has. An international union, its members are predominately Americans working at Michelin's biggest competitors—Goodyear and Firestone. URW has spent about a million dollars in three attempts to organize the Granton plant.

The Granton plant in central northeastern Pictou county is in an area with a history of trade unionism. Most other manufacturing workers in the area such as: Hawker Siddeley railroad car works or Scott paper, are unionized. Bridgewater, located on the picturesque South Shore of the province, has almost no history of worker organization as most people have traditionally been employed in the fishing industry, on farms, or in the tourist trade.

The first attempt to certify the Granton plant in 1977, was withdrawn when organizers seriously underestimated the number of employees at the plant. The second attempt, in July of 1978, was lost when the vote was counted six months later in the midst of a complaint of unfair labour practices at the plant. The vote was approximately 900 to 500.

The unions third bid culminated in a vote on October 31 and November 1 of 1979. The vote has never been counted as the recent amendments to the Trade Union Act in the Michelin bill included a retroactive clause that wiped out votes that were pending when the legislation was passed.

A charge frequently made by Michelin is that the URW, an international union, is more concerned about the bulk of its membership in the United States than it is with the 3,000 employees in Nova Scotia. It accuses the union of not trying to organize the Nova Scotian plants to protect the workers but to disrupt production in the province to the benefit of its membership in the U.S.

Michelin also says the union lobbied the U.S. government to put tariffs on imported tires, thus making Nova Scotian tires less competitive and hurting the company and the people who work there.

Labour Minister Ken Streatch underlined where the government stood when he introduced the bill to the House in early December: "And as Minister of Labour, I declare that this government does not, and I as Minister of Labour do not, oppose or wish to change materially the collective bargaining procedure. It's not the principle we concern ourselves with, its the abuse of the valid responsibilities of organizations which appear more concerned with their own political posture than they are with the rank and file worker."

John MacDonald, president of volunteer URW Local 1028 in Pictou, says "the government responded exactly the same way the employees did when this was introduced during the brainwash campaign."

He says the focus of the URW lobby to the U.S. tariff commission was directed at companies from Japan involved in the rubber foot-wear industry. MacDonald says international president Pete Bommirito made verbal reference to Michelin and its extensive loan and grant arrangements with Canadian governments at a hearing in Ohio. A State Senator repeated it in Congress, and into the congressional record, and

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