Labour and (Post)Industrial Policy in Toronto

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Statistics Canada reports that Canada had 70,000 fewer manufacturing jobs in 2007 than the previous year, marking the seventh consecutive annual employment decline in the sector. The crisis in manufacturing in Canada is a bipolar tale. Labour has been greatly diminished in the sector with lost jobs and fewer hours worked, often as a result of higher productivity. For unions, this has lead to concessionary bargaining and new agreements or 'frameworks' for organizing non-union firms which threaten solidarity within the labour movement.

Manufacturing capital did not, however, do nearly as poorly last year. There have been shifts in output and profitability away from durable goods in Ontario to the processing of metals and fossil fuels in western Canada for global markets, but overall manufacturing sales continue to increase. Despite changing economic conditions in the US, manufacturing sales reached $613 billion in 2007 as even auto production stagnates in Ontario. Yet, the auto-industry has also restructured through growth in non-union parts production and government subsidization of new non-union assembly transplants and re-tooled union facilities. The auto industry, with the aid of the Canadian Auto Workers, has been successful in securing federal and provincial subsidies such as the 20% subsidization of the $800 million retooling of Oakville's Ford assembly plant announced in 2004. This occurred only eighteen months after Ford announced a cut of 35,000 jobs, or 10% of its global workforce.

As a result, manufacturing capital, assisted by public subsidies, has been able to enter intensive rounds of 'creative destruction' and dislocate workers while increasing the extraction of surplus value. Industrial unions have often participated in the process of seeking subsidies. It has been noted that one of the benefits Magna will receive from the 'Framework for Fairness Agreement' reached with the CAW in 2007 is the 'partnership' it will now have with the union when it comes time to demand subsidies to facilitate the restructuring of its parts plants.

The contradiction facing subsidy-seeking industrial capital and labour is that the declining power of industrial unions that comes with displaced employment will potentially limit the sector's influence with the state. Today, manufacturing workers account for only 500,000 of Canada's 4 million unionized workers. Further, the majority of workers in non-manufacturing sectors may interpret continued state subsidies as increasingly counter to their individual (e.g., higher taxes) or collective (e.g., decreased funds for social programs) interests.

There are also other forces challenging the traditional manner in which unions deal with deindustrialization. There is, for example, a rescaling of economic development strategies in many advanced capitalist economies which is less focussed on direct federal and regional support and more centred on local subsidies and tax regimes in large post-industrial cities. Nation-states have reoriented neoliberal accumulation strategies to promote the concentration of wealth in metropolitan centres which serve global markets. These policies have fostered inter-regional competition between urban centres.

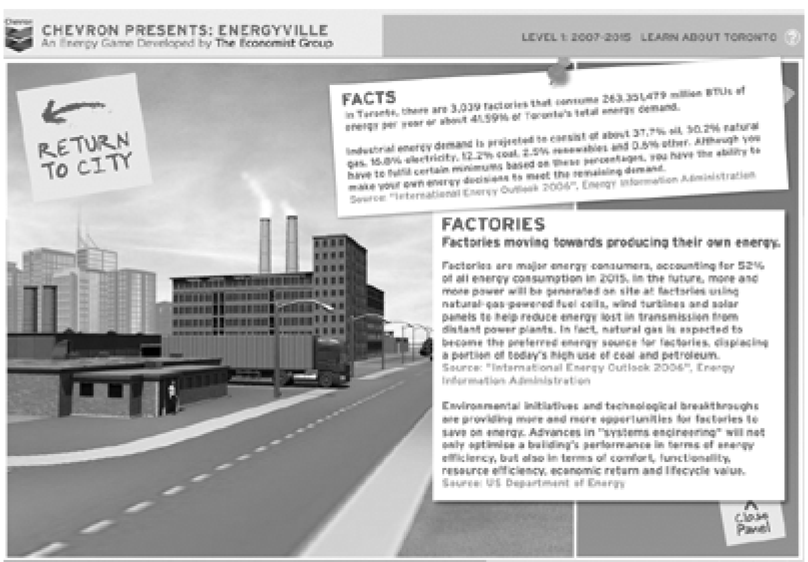
Such shifts in industrial strategy may, however, create new openings for Canadian labour, especially unions located in large de-industrialized cities such as Toronto. In the late 1980s, manufacturing workers accounted for 20% of the Toronto census metropolitan area's labour force. Today, manufacturing accounts for less that 15% of jobs. This decline threatens industrial unions, but organizations representing workers in growing sectors of the metropolitan economy, such as hospitality, are better positioned to leverage localized development initiatives in order to increase workers' power.

Two such campaigns are a labour lead community struggle for a community benefits agreement with a mega-development in Rexdale and local labour's critique of a new local tax incentive program to revitalize industrial sectors in Toronto. These are both promising campaigns currently supported by Local 75 UNITE-HERE (representing 7,000 hotel workers in the city) and Toronto's central labour council. These campaigns raise the possibility of forming a new progressive urban union agenda for Toronto, if they can avoid falling into the politics of desperation besetting many industrial unions facing the spectre of job loss.

Taking the High Road to the Community: Real Jobs for Rexdale

In March 2003, a global outbreak of Severe Acute Respiratory (SARS) spread to a Toronto from its origin in southern China's Guangdong Province resulting in 44 deaths in the city. The World Health Organization also issued a travel advisory for the city, which devastated its tourism industry and displaced thousands of hospitality workers at the start of the tourism season. In response to the situation, Local 75 UNITE HERE established a Hospitality Workers Resource Centre (HWRC) with government and employer support to assist workers, with employment insurance, job searches and retraining for work within and outside the sector.

Despite the closure of HWRC as the SARS crisis ended, Local 75 continued to explore 'high road partnerships' as a means to reinvent the low wage sector as a high wage productive industry with training opportunities. In the recent 2006 round of collective bargaining, the union advocated for a 'high-road partnership' model with employers to improve the quality of jobs and service delivery in the industry. Local 75 struck a task force under the leadership of Janet Dassinger, a Local 75 staff representative who was instrumental in securing funding for the HWRC. A report was released in late 2006 titled *An Industry at the Crossroads: A High Road Economic Vision for Toronto Hotels.* In the report, a call is made to develop a 'high road' labour-management partnership and long-term labour force development strategy for Toronto's hospitality sector. In the collective agreements negotiated with large hotels in 2006, gains were made toward this vision. Specifically, an Equal Opportunity Training Fund was negotiated with several large hotels to provide resources for worker training as envisioned with the HWRC experiment.



The recent success of Local 75 has improved the working lives of members drawn from the most vulnerable segments of the labour market – recent immigrants and racialized workers in particular. The next step for the union was to take the 'high road vision' beyond its members to the communities in which they live. Rexdale, in northwest Toronto, is one such neighbourhood struggling with underemployment and poverty. It is also next to the Woodbine Racetrack, the city's horse racing and slots facility owned by a private non-profit firm, Woodbine Entertainment Group, is located. The racetrack, first established in the 1870s, is on the 266 hectare Woodbine lands, the largest track of undeveloped land in Toronto (purchased sometime ago by a group of local 'horsemen'). The land is also considered to be part of an 'employment district' designated by the City of Toronto and is to be protected from residential and commercial retail development given the scarcity of industrial land in the city.

In 2005, the Cordish Company, based in Baltimore, announced a $310-million 'urban revitalization' project in Rexdale based on an expansion on the existing racetrack facilities owned by their development partner, the Woodbine Entertainment Group. The initial investment was reported by Cordish to generate 2,300 permanent jobs and $150 million in taxes per year for the first decade. This has been been bumped up: the employment generated is now claimed to be 6,000 jobs in retail and entertainment and another 3,000 linked to a second phase of commercial office and residential development and the private investment to be close to $1 billion. The project has been titled "Woodbine Live" and mimics other projects of Cordish such as the "Power Plant Live" urban revitalization project in Baltimore's inner harbour, which opened in 2000. These investments are almost always based upon significant tax incentives from the local state.

Given the sector and the fact that many of Local 75's members live in Rexdale, the union launched a community campaign in 2006 to intervene in the development process and secure a community benefits agreement (CBA) with Cordish. The Community Organizing for Responsible Development (the acronym 'C.O.R.D.' is a direct affront to Cordish) has organized numerous community meetings in order to educate the community about the sometimes brutal impacts of such developments on communities, such as increases in housing prices, abandonment and decay of the tax base. The community campaign, lead by Local 75, is insisting that the city negotiate a CBA with Cordish which would include guarantees of economic, social and environmental benefits (see table). The strategy is largely drawn from the experiences of US cities, where communities have entered such agreements with developers. Poor communities in LA, Chicago and other large centres have been mobilizing with union support to fight parasitic revitalization projects. The strategies have been advocated by *Good Jobs First*, a Washington based national policy and resource centre founded by Greg LeRoy in 1998 which has influenced Local 75's strategy. The centre promotes "promoting corporate and government accountability →

in economic development and smart growth for working families" (www.goodjobsfirst.org).

The community has responded with large turnouts to C.O.R.D. events and support for the Real Jobs for Rexdale campaign, which emphasized local hiring targets and training funds. Approximately 500 community members attended the first major meeting held in a Rexdale high school auditorium. Cordish initially expressed a willingness to talk about demands for 30% local hiring, but in interviews with union activists it appears the company has 'walked away' from any such concessions. There is also less willingness to talk about what is perhaps a fundamental principle of C.O.R.D.: namely that no public financing be used to attract the investment. The Cordish Company has a business model of attaining public support for its projects from local governments desperate to revitalize depressed neighbourhoods. It is difficult to see if the project will ever be completed without public investment. The company is seeking up to $76 million in subsidies in the form of development charge and building permit waivers and proposed tax incentives. Fortunately for the company, the City of Toronto is beginning to experiment to such financing schemes.

Tax Incremental Equivalent Grants (TIEGs) and Employment Lands

It is perhaps coincidental that Woodbine Live! has emerged at a time when new tax incentive programs are now permissible under the City of the Toronto Act (formally known as *The Stronger City of Toronto for a Stronger Ontario Act*) passed by the provincial legislature in 2006. The first of these proposed programs is the Tax Incremental Equivalent Grants (TIEGs). TIEGs give firms multi-year tax holidays if an investment falls in a targeted region or sector. In the case of Toronto, these are being aimed at the designated employment districts as a reindustrialization strategy. Any qualified additional or new investment in a district and/or specified sector would receive a 100% municipal tax holiday in the first year and the taxes would be 'rehabilitated' at 10% a year for the next ten years (after which 100% of taxes would be paid). There are of course fundamental problems with such schemes as they largely involve local states picking winners (neighbourhoods and/or industries) to receive the tax break. There are also risks associated with firms exiting the local market after a short period and collecting the highest subsidies at the front end of the incentive. Most fundamental are the rounds of inter and intra regional competition set off as other cities establish their own programs with even lower tax rates.

In 2007, Toronto City Council began seriously exploring such a program following the release of a staff report on TIEGs. Designated employment lands may be proposed as qualifying regions. But the sectors presently proposed to be eligible include: screen based industries such as film and television; aerospace, pharmaceuticals, and/or electronic equipment manufacturing; food and beverage manufacturing; environmental production and research; IT and new media; life science industries and research; and tourism (which would likely make the Woodbine Live! investment eligible). The list echoes those of 'new economy' boosters.

In discussions with labour activists currently organizing to influence the TIEGS program, it appears that there is less concern about the program itself (and the pathway it presents toward unbridled interregional competition) and more debate over what can be secured for workers. There was some initial discussion over lobbying to expand the qualifying criteria to include things such as mandatory neutrality agreements with unions for firms benefitting from TIEGs. It appears that the present strategy by local labour leaders has shifted toward having some input into the above list of sectoral 'winners'. For example, opposition has been voiced emphasizing the retail, non-tourism nature of projects such as Woodbine Live! so that they are ruled ineligible for the TIEGs in favour of new economy industrial sectors. There is also a call by local labour council leadership to have 'green industry' as primary beneficiaries of TIEGs.

TIEGS and High Road Development: Co-opted Community Unionism?

Organized labour has been clear and consistent in its position that this project should receive no public subsidy. Despite the position of C.O.R.D. and labour, it was suddenly announced in early July that the Woodbine Entertainment Group and Cordish had the support of the Mayor's office and economic development staff for tax incremental equivalent and development grants worth almost $120 million over a 20-year period. As a 'transformative' project, WoodbineLive! is eligible for a 90% tax deferral for the first five years and 80% for the next five. Interestingly, the proposal presented to the Economic Development Committee by City of Toronto staff also includes a local hiring plan aimed at three 'Priority Neighbourhoods' (Jane-Finch, Jamestown and Weston-Mt-Dennis) and local training funded by multiple levels of government.

Struggling with mega redevelopment projects and new tax incentives do present labour with strategic opportunities to leverage power and unions will continue to pressure local development initiatives and attempt to seize openings as accumulation strategies are reconfigured through metropolitan centres. But campaigns can easily be co-opted by local governments who symbolically respond only to a few select demands. Unions may also be following the same pattern of industrial unions, which have yielded limited success.

First, the community capacity building in Rexdale with C.O.R.D. has been significant, but remains a largely 'top-down' initiative largely run and supported by Local 75 organizers. While the demands of C.O.R.D. from WoodbineLive! are significant, they are still well within the confines of capitalist development as the unions and community groups involved are merely seeking a place at the table to manage creative destruction as Toronto shifts further toward post-industrialism. Local 75 and the community group might very well wish that Cordish not invest in the community if key demands are not met, but there is no strong position taken against the very nature of the development (i.e., commercial) itself and the dangers of expanding activities such as gambling in the Rexdale community. When local government strategically chooses to address a few demands, there is little room for community unions to manoeuvre as any outright rejection of the deal appears as an unwillingness to be reasonable.

Second, it is clear that local labour does wish to protect traditional blue-collar jobs by fighting for employment districts and stemming the flow of manufacturing jobs, which have a higher union density than retail, to the exurbs. But lobbying to influence the TIEGs program and the sectors which it would support is merely engagement in the process of 'picking winners' for future rounds of capitalist investment. In many ways, this is no different from the CAW and other unions lobbying with industry for auto sector support, even if the type of subsidies and the list of 'winners' is changed. Again, there has yet to be a public outcry against the ideological and economic foundations of the TIEGs program itself, which could simply lead to a round of intensive interregional competition for investment.

Lastly, as accumulation strategies are rescaled to the local level, unions seizing new opportunities may prematurely be abandoning the national and provincial state as important players in local economic development processes. For example, demands by C.O.R.D .for community benefits may also be letting the state 'off the hook' as mixed income housing and space for health care are to be delivered by a hybrid of local capital and municipalities. It is here where the limits of such strategies begin to surface. Local 75 is rightly portrayed as one of the most innovative unions in Toronto (relative to a largely inactive labour movement). Organized labour's efforts may very well provide a few extra benefits for some Rexdale workers in de-industrialized employment districts. Over the longer term, however, such progressive efforts may also assist capital in diminishing the role of the state and ushering in new rounds of interregional competition. Until labour begins to attack the very foundations of capitalist accumulation and inequality, it flirts with inevitable participation in broader processes of neoliberalism. **R**

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C.O.R.D. demands for Community Benefits Agreement with "Woodbine Live!"

Economic benefits:

- Reduced poverty by creating jobs that pay a living wage, benefits, and where workers rights are protected (e.g., employer neutrality in union organizing campaigns)
- Local hiring targets of 30% with targets for socially excluded groups such as youth, immigrants and newcomers and women
- $1 million to fund high quality training, including apprenticeship, to ensure job readiness and transferable skills
- A commitment to equity targets in the overall hiring process

***Social benefits*:**

- Access to affordable, accessible, high quality child care
- Recreational and social amenities for families, youth, and seniors that are culturally appropriate, affordable and easily accessible
- Mixed income housing
- Health care facilities

***Environmental benefits*:**

- Access to safe, affordable public transit
- Meeting LEED or other environmental standards for buildings
- Green space and air quality monitoring

Source: C.O.R.D.'s proposed value/goal statement (2007) and informant interviews