



INFORMATION UPDATE 2010 #27 - August 23, 2010 - To Our Members and Retirees - U.S. Steel's Latest Provocation Company Unilaterally Cancels Pension Indexing



In what is becoming tiresome and repetitive anti-Canadian behaviour, U.S. Steel has broken its commitment to retired

Stelco steelworkers by cancelling their August 1 indexing amount. Indexing of pensions is a well established Canadian norm encompassing not only company pension plans but the government's Canadian Pension Plan as well. Without indexing of pension income, retirees soon see their monthly pensions wither away. Cancelling indexing and otherwise reducing pensions not only affects individual retirees but also the communities where they live, depriving them of the capacity to circulate goods and services.

U.S. Steel assumed social responsibility for the Stelco pension plans of 8,300 Stelco retirees at Hamilton Works and hundreds more at Lake Erie Works when it seized the Canadian company in 2007. Legally, morally and in public letters of commitment, U.S. Steel swore to uphold its social obligations to the pension plans and this group of elderly Canadians. But once the takeover was complete, the monopoly changed its tune in practice.

The issue confronting active and retired steelworkers and Canadians in general is how to respond to this offensive and destructive behaviour. This is not the first time U.S. Steel has snubbed its nose at Canadian law, norms and way of life. The federal government has even taken the monopoly to court for breaking a signed contract to uphold production and employment levels at Hamilton Works and Lake Erie Works. U.S. Steel does not deny it broke the contract but simply asserts it has the right to do so as part of its management rights, which apparently extend globally and override Canada's national sovereignty. The monopoly considers Canadian law and any commitments under the federal *Investment Canada Act*, Ontario Labour Law and the *Pension Benefits Act* as secondary to its global management rights. U.S. Steel seems determined to force Canadians into a U.S. pattern of ever-descending standards of living, constant economic crises, and negation of individual, collective and national rights. U.S. Steel has this attitude because it feels it has sufficient power to back up its monopoly right. This power comes not only from the size of its global steel and mining operations but also from the political, diplomatic and financial backing of the U.S. government and armed forces. For U.S. Steel to snub its nose in contempt at Canadians, their state institutions and way of life can only mean that it has confidence in the capacity of its monopoly power to pressure and overwhelm Canadian workers, the federal and Ontario governments and other state institutions including the legal system. This is the problem steelworkers and all of us must face squarely with cool heads, courage, and unity and determination not to allow monopoly right to dominate and ruin our lives.



Monopolies complain among other things that they cannot sustain a situation where the number of retirees is greater than the number of active workers producing social product. However, that economic reality is a fact of life of a modern economy. It arises from contradictions within the economic system but monopolies refuse to resolve them, rather they simply demand concessions from workers and money from governments, which resolve nothing and even make the situation

worse. These economic problems can be overcome without attacking the active and retired producers but to do so a broad outlook of social consciousness serving public right is necessary not a narrow one of self-serving monopoly right.

Looking at Stelco, two objective factors within the steel economy have influenced the current reality:

1) *The last decades of the twentieth century witnessed the application of science and technology to steelmaking increasing its productivity capacity enormously pushing steel mills to produce similar quantities and qualities of steel with far fewer workers.*

2) *In the twenty-first century, Stelco has been mostly starved of any new investment in its core facilities.*

On top of this, especially during and after the fraudulent bankruptcy proceedings of 2004-06, those who seized control of Stelco in hopes of a big score stripped away many of its parts for a quick sale, leaving a rump-Stelco of two mills producing flat-rolled steel and not much else. Hamilton Works does not even have a hot-strip mill and the one at Lake Erie Works is underutilized, as U.S. Steel ships flat-rolled steel to its U.S. mills for that process.

These two factors have left Hamilton Works with only 800 active steelworkers compared with 8,300 retirees. The pension plan covering Hamilton Works' retirees requires constant infusion of added-value from the mill or elsewhere; it cannot rely solely on the fund's investment income. U.S. Steel, with this latest attempt to break its legal and moral obligations towards Stelco retirees and its demand for an end to the defined-benefit pension plan for new hires and other concessions, is declaring in practice that it does not want added-value from Hamilton Works or Lake Erie Works going into the existing pension plans and to satisfy claims of active steelworkers.

The company wants to divert more of Stelco's added-value to owners of U.S. Steel enterprise capital, owners of U.S. Steel debt and the company's executive managers. To fulfill this anti-Canadian and anti-worker aim, U.S. Steel is apparently willing to wreck even further the Hamilton Works' mill through a shutdown and threat of closure possibly through another fraudulent bankruptcy process to cut loose for good Stelco pensioners from any U.S. Steel social obligation towards them. This of course does nothing to solve the problem of meeting the Canadian steel sector's obligations to its retirees nor does it do anything to guarantee the well-being of Canada's economy, which needs more investment not this constant wrecking of manufacturing and blackmail for concessions.

U.S. Steel's wrecking must be stopped! Mobilize your fellow workers in Hamilton and across Canada behind Local 1005 USW and its active and retired members. This is not our fight alone. This is a fight for Canada and its sovereign right to be, its right to have a steel sector, economy and way of life that Canadians control and over which they exercise their right to decide. We cannot allow a U.S. monopoly to wreck our means of subsistence and way of life.

Labour Day 2010

Local 1005 INVITES ALL TO JOIN US FOR THIS ANNUAL EVENT

MONDAY, SEPTEMBER 6th, 2010-

Local 1005 lines up at 9:30 a.m. on York @ Ray Sts. The Parade starts @ 10:30. Than to Dundurn Park

Published by Local 1005 USW, 905-547-1417.

For Information: Pensioners and Active Members are invited to Local 1005's Weekly Thursday Meetings 3:30 p.m., Union Hall, 350 Kenilworth Avenue North, Hamilton. -

www.usw1005.ca