



## **INFORMATION UPDATE 2010 #17**

**June 14, 2010**

### **WHAT ARE THE STRUCTURAL PROBLEMS STEELWORKERS HAVE TO DEAL WITH?**

A structural problem is a very serious issue. A structural problem can result in the whole building collapsing. What are the structural problems in the steel industry?

One of the main ones is that the industry is very capital intensive. It requires huge investments in building, furnaces, machines, and infrastructure. For instance, U.S. Steel announced in their recent financial results that their ownership of long-term debt is over \$3.65 billion dollars while their ownership of common shares equity is around \$7.5 billion although this money total goes up or down depending on how the stock is traded on stock exchanges. Before the crisis hit in the fall of 2008, US Steel's shares were traded at over \$190, but now trade at about \$47. This trading of shares is one way that monopoly capital tries to deal with this structural problem of a declining rate of return on invested capital. From the numbers US Steel releases, it appears that US Steel's stock equity and debt ownership is over \$11 billion, while the capital tied up in operating expenses is over \$15 billion. Both the owners of the debt and the owners of equity are demanding their pound of flesh. And the owners of this debt and equity look at the claims of the workers and retirees as a cost of production that must be reduced or even eliminated.

The response by these monopolies is to try to steal some of the workers claims on the value that is produced. Any amount stolen from workers by eliminating a defined benefit pension for new hires and indexing of pensions is just a drop in the bucket and most certainly is not a structural problem or its solution. This attempt at theft of what rightfully belongs to workers is an opening shot on the part of the owners of US Steel capital to stem the fall in the rate of return on invested capital and drive down the standard of living of steelworkers. The theft at Lake Erie Works and attempted theft at Hamilton Works will affect the structural problems by worsening it. This is important to understand. As the claims of workers decrease generally, not just at U.S. Steel but also across Canada (it was reported that the autoworkers at GM and Chrysler were forced to give up as much as \$22 an hour in wages and benefits last year), a worse economic crisis is the result. To resolve the structural problems requires economic renewal but in the meantime to stop the crisis from worsening, the standard of living of the working class and the most vulnerable in society should be raised, certainly not lowered.

*(For your information: The Local 1005 negotiating committee has been meeting with the U.S. Steel Canada negotiating team every day since June 7, 2010. To find out how talks are progressing, attend the weekly Thursday meetings, held at the union hall at 3:30 p.m. where we report on the progress of the talks and have a discussion on the issues we have to deal with.)*

### **HEALTH CARE IS A BASIC HUMAN RIGHT**

As everyone can see there is a crisis in health care in Canada. More and more it is being presented that the "society" cannot afford health care, and the only ones who will get health care are those who can "afford" it.

This attack on health care is an attack on the most vulnerable in the society. It is a real test of a civilized society on how it protects and looks after the most vulnerable. When someone is sick, or dying from

some cancer or other disease, the whole medical establishment should be put at their disposal. Instead, there is one obstacle after the other, usually around the issue of “cost” , put before the individual or family. So while one is worried about the illness or whether one is going to die or not, you also have to worry if you can afford the treatment or medicine.

Because the society does not afford full medical coverage for its members, many unions have been successful in negotiating health benefit plans at their place of work, which covers drugs, treatments, dental expenses, etc. It seems that a trend is developing that companies want to get out of their health plans. (This is directly related to companies wanting to get out of the defined benefit pension plans and want to transfer to defined contribution savings plans.) Unions have established that a certain amount of the value that is created at the place of work goes to cover health care, so that health care is a right. While it is necessary that all the attacks on health care are opposed in the society, it is imperative that unions step up and refuse to attack the most vulnerable in their union and in the society.

## **WHO WILL MAKE THE BIG SCORE IN THE AUTO INDUSTRY ?**

The monopoly media are beginning to report that GM who along with Chrysler received over \$60 billion in bailout money (over \$10 billion from the Canadian federal and Ontario provincial government) is preparing to issue an IPO (initial public offering) by the end of year. It is reported that “If the recovery in U.S. vehicle sales to 14 million annually occurs, GM is going to be ‘really, really profitable’”. According to one source, “That’s because a massive reduction in debt through the Chapter 11 process(in the U.S.) and **steep cuts in benefits and other labour costs** at the company’s North American operations have reduced the company’s overall costs as much as \$6000 per vehicle.”

Again, the mass media wants to confuse the issue and present that workers benefits and wages are a “cost of production”. By being able to wring almost \$22 in wage and benefit concessions from the workers in 2009, those “savings” now mean that there is more money to go into the pockets of the owners. The players in charge of this \$12 billion IPO are reported to be Morgan Stanley and J.P. Morgan Chase, who are in the list of huge financial conglomerates who caused the financial meltdown in 2008.

## **ALL OUT TO OPPOSE THE G-8 AND G-20!**

Local 1005 USW and the Hamilton and District Labour Council will be participating in the actions in Toronto on Saturday, June 26 to oppose the G-8 and G-20. Who are these 8 leaders of the G-8 and the 20 leaders of the G-20 to decide the fate of 192 countries? What gives them the right? And to add insult to injury the decisions are being made behind closed doors, and behind fences and massive security at a cost of over \$1 billion dollars (with ten hours of meetings scheduled, that is over \$100 million an hour!), when they are telling the whole world that everyone is going to have to tighten their belts.

It has just been reported that in the midst of the biggest recession since the Great Depression, the only area of spending that did not suffer was military spending, which is now over \$1.5 trillion, which is an increase of 5.9% over 2008, according to the Stockholm International Peace Research Institute (SIPRI).

To add insult to injury, the federal government is also going to spend millions to build a fake lake so that 3000 reporters who cannot attend the G-8 in Huntsville will be able to get a “taste of cottage life”. This confirms that the G-8 and G-20 have no connection with the concerns of the Canadian people or the people of the world.

Anyone interested in getting a ride to the G-20 rally on June 26<sup>th</sup>, call the Local 1005 union hall at 905-547-1417.