



## INFORMATION UPDATE #27

August 5, 2011

### **Negotiating Committee Gets Resounding Endorsement The Spirit of '46 Alive and Well at Local 1005!**

On August 3 USW Local 1005 held a Special Meeting at the request of 13 union members to consider the question: Do you support the strategy of the negotiating committee? More than 1,200 active and retired members of Local 1005 attended the meeting. President Rolf Gerstenberger presented the report of the negotiating committee, followed by ninety minutes of discussion. More than 25 people spoke to the question and then the assembly voted overwhelmingly in support of the negotiating committee. Of 510 active members present (of a total of 680), only 30 voted against the union strategy.

Worker after worker used the occasion of the meeting to

elaborate the necessity to stand as one against U.S. Steel's demands to end the indexing of pensions and abandon new hires to a defined contribution pension plan. The entire spirit expressed there was that the union makes us strong and without it we are nothing.

Speaking to the resounding vote in support of the negotiating committee, Rolf Gerstenberger said, "It is written on our flag. Local 1005 – Proud Canadian Steelworkers. The meeting provided everyone with the opportunity to stand as one in defence of the rights of all. The resounding vote in support of the negotiating committee shows that at Local 1005 the spirit of '46 is alive and well."



### **Again the Hamilton Spectator Is Trying to Create Panic**

**- Gary Howe, Vice-President, Local 1005 -**

In the August 5 *Hamilton Spectator*, Steve Arnold reports that Stelco Hamilton will not likely re-open until 2012. This is a deliberate act to create panic.

However, according to the U.S. Steel offer and a company statement quoted in the article, if we vote on the dictated offer and agree to the concessions, members will return to work. This makes no sense at all. How will people return to work if the plant is closed down for another two years? The words of the "experts," who also tried to sow panic during the Stelco bankruptcy process, found together with the company statement within the same *Spectator* item have no consistent logic between them.

The fact of the matter is that U.S. Steel is supplying the Canadian market from the United States. The purchase of steel from outside Canada is a dead loss on our country's current account. Not producing steel at Stelco Hamilton is creating huge social costs to the Hamilton community and to Canada. These costs are in the form of millions of dollars in EI payments, monies from the Ministry of Training, Colleges and Universities for retraining employees, loss of business for local suppliers and disposable income in the Hamilton economy, right down to putting an additional burden on services such as food banks etc. U.S. Steel claims to be a huge

United Way supporter. One can certainly see why.

We will do everything in our power to hold U.S. Steel accountable for this dead loss to the country's current account and the rising social costs to our community and Canada.

The liabilities against U.S. Steel are piling up. Even our right-wing Conservative Government has charged Surma and U.S. Steel with violating their employment and production commitments and breaking promises to this community. U.S. Steel could be potentially responsible for putting severance monies in trust for this phoney lock-out.

In less than four years, U.S. Steel has earned a position of total disdain in this community. Hamiltonians and the surrounding community are united in their disgust of this company's actions. The U.S. Steel Board of Directors and investors should take note of the mounting liabilities that U.S. Steel is responsible for – not only to our community and our country but also to themselves.

When U.S. Steel bought us in 2007, Local 1005 made many good proposals that were favourable to the company. Firstly, we offered to support a change to their pension agreement with the government -- for level pension funding until 2022 with the hundred million dollar forgivable loan attached. Secondly, we made considerable suggestions to

cover the indexing of pensions and innovative ideas to deal with the skill shortage in Hamilton.

On the question of skilled trades training in Hamilton, U.S. Steel has reneged on its commitments. The company's failure to follow up on its commitment to skilled trades in this community is shameful. The current situation of a phoney lock-out, which the *Spectator* now threatens for another two years, will make the matter even worse with many skilled trades leaving forever.

We find it interesting that the *Spectator* article quotes Chuck Bradford as a steel expert. Anyone familiar with U.S. Steel quarterly conference calls knows that Chuck is on a first name basis with John Surma and Gretchen Haggerty. In reply to a Bradford question about the auto industry, Surma replies in part, "No. Chuck our view would be that finished

vehicle inventories are in a relatively low level at the moment, among lowest they've been in some years. And that reflects pretty brisk sales earlier in the year. In general, we feel that the overall days supply of vehicles is pretty competitive to where it has been almost any time in the last 3 years."

The conference call is directed at investors and the tone is upbeat, and Chuck is well aware of that positive atmosphere. However, the tone in the company Statement and *Spectator* article directed at Local 1005 members and the community is very negative and meant to spread panic and doom and gloom. We have seen Chuck and the *Spectator's* attempts to spread panic before during the phoney bankruptcy and we remained calm and defended our rights and those of the community and we are determined to do the same now and keep Stelco producing.

### What the Workers Had to Say

*Information Update* asked steelworkers and pensioners to comment on Trevor Harris' response to the expression of union solidarity and to Steve Arnold's article in the Hamilton *Spectator* which seeks to corroborate Harris' claim that

the union president engaged in a creative interpretation of the state of the steel market and that the plant will remain closed for at least two years. Here are some of the responses:

"Mr. Trevor 'needs a new GPS' Harris sure doesn't sound too happy. He seems to think the union should conduct its internal affairs in a manner which serves the company. There's arrogance for you."

"Talk about ideological crusade; who is on the bigger one, Harris or Arnold?"

"Get the government to call the vote, Mr. Harris...be my guest."

"Obviously Arnold went on his own campaign to find experts that told him the sky is falling and the economy is in freefall. Perhaps today's stock market plunge will add fuel to his ideological crusade of doom and gloom. These people seem to have a real morbid preoccupation with defeat. They think the failure of their economic model is some sort of badge of honour."

"Where does all of this leave the employees? Who should they believe? – U.S. Steel's Conference Call or the Trevor Harris' and Steve Arnold's grumpy response to the union vote?"

"Rolf's Open Letter only used the information that was available from U.S. Steel's own Second Quarter Report and Conference Call, and the analysis from Morgan Stanley. Are we to conclude that when Surma speaks and when his minions present flashy slideshows, it is

all just a pile of crap?"

"Arnold quotes his own economists to tell us the plant won't open anytime soon. Then he quotes Harris who suggests that the plant could open and employees could 'get back to work' if they voted 'on our contract proposal.' Which is it? Market conditions will keep the plant closed or it will open despite market conditions if employees vote, presumably to accept, the company's 'contract proposal'?"

"Harris wants it both ways -- Rolf's portrayal of market conditions is creative at best but if the workers accept the demands of U.S. Steel, they can get back to work."

"Rolf's letter was based on U.S. Steel's own powerpoint. What Rolf said is exactly what happened in the second quarter. Everyone knows the third quarter is a down period for steel but that things pick up in the fourth. That was the sense we all got from U.S. Steel's report."

"It looks like when they speak in the U.S. they emphasize the positive but when it comes to opening Hamilton Works they emphasize the negative. That leaves Canada's steel industry in a bad situation because we have to absorb all the rottenness that is coming up from the U.S. They are dumping all their problems onto us!!"

"What a dog's breakfast! What are we to make of this? Is the company saying that market conditions are still bad and

employees should go on extended employment insurance benefits? Or is the company saying that it is open to negotiations on a contract and would like to restart the mill if only we accept their dictate?"

"It seems to be time for serious intervention by the government to say that U.S. Steel cannot dump all its problems on one mill here in Canada. How vindictive can you get Trevor Harris?"

"Steve Arnold knows nothing about how the economy works. He should have a sense of shame..... Bradford and D'Cruz are the same 'experts' that told Stelco steelworkers in 2003 and '04 to negotiate 20 per cent concessions first on their own volition and then under the CCAA gun because the sky was falling and Stelco would soon have to be shut down. Those two are simpleminded market watchers. They watch prices go up and go down. They watch sales go up and go down. They do not have a clue what it means to intervene in the economy on behalf of the people because they owe their cushy positions to being mindless market watchers."

"Arnold tells us the plant won't open for up to two years.... Geez. Has anyone told the managers who spend a week at a time in the plant without leaving that they have another two years to go?"

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