



## INFORMATION UPDATE #41 November 17, 2011

### **Anniversary of U.S. Steel's Phony Lock Out**



*Rally at Wilcox Gate, November 7, 2010. One year ago, U.S. Steel launched its phony lock out to extort self-serving concessions from Stelco steelworkers and retirees.*

### **Necessity to Hold Governments to Account**

On November 21, the Ontario Legislature opens with a Speech from the Throne. On the same day, an "Economic Summit" gets underway as does the Convention of the Ontario Federation of Labour. In all of this a crucial question for steelworkers and the people of Hamilton is: Who is going to hold governments to account?

The "Speech from the Throne" is sure to tell us all how we must tighten our belts for the greater good while the government continues the course started by Mike Harris to open Ontario for business. In the name of prosperity and job creation, everything was done to cut spending on social programs and gut them. Talk about eliminating deficits and reducing debt under Mike Harris increased the debt and, since then under McGuinty, jobs have continued to disappear with increasing

speed and tons of money has been handed over to corporations in the name of job creation. In the case of the former Stelco, a \$150 million "loan" upon exiting bankruptcy protection made \$100 million forgivable if the company, now U.S. Steel, meets its commitments under the law to make the pension fund solvent. If that is not cynical, what is?

The fact is the government and media are degenerating fast as they insist on carrying on this "business as usual" regardless of how hollow their claims have become. While it is astonishing how predictable life can be when it comes to the results of their self-serving announcements, it does pose a very serious question: Who, if not us, is going to hold these governments to account? We hope the OFL Convention addresses this very important question.

### **Provincial Government Subsidy to Biggest Steel Company in the World Gives Rise to Layoffs**

On October 25, the CEO of Dofasco sent a letter to all Dofasco employees. The letter begins by insulting the workers who produce all the wealth at Dofasco that they are merely a cost of production which the company needs to get rid of. It announces that Dofasco will trim its workforce of about 6,000 workers by 700 workers over the next two years. Dofasco's workforce includes 4,800 permanent employees, 400 casual employees and about 800 full-time equivalent overtime and contracted employees.

Euphoria was created in January when the provincial government gave a \$43 million dollar hand out to ArcelorMittal, the largest steel company in the world and owner of Dofasco, to "help solidify the company as Canada's only producer of Galvalume, a coated steel product with double the durability and corrosion resistance of galvanized

steel." According to the government announcement, "This investment would also increase work for supply, fabrication construction and engineering trades in the Hamilton area, as well as support research and design businesses. This announcement supports the province's five-year Open Ontario plan to create new job opportunities and help promote economic growth." At that time, Dofasco had announced that it would spend \$153 million to replace the galvanizing lines.

Now, 10 months later, Dofasco announces the elimination of 700 full-time jobs. It is one more example that the government's schemes to hand over public money to subsidize private interests must be ended. As a start, the government and media should stop disgracing themselves by spouting all these fine words about "job creation!"

## Dofasco Eliminates Pension Plan for New Hires

In this same October 25 letter to Dofasco employees, the CEO also wrote "Employees hired on a permanent basis on or after January 1, 2012 will be enrolled in a Defined Contribution Pension Plan (DCPP), including those currently employed as casual employees who are hired on a permanent basis on or after January 1, 2012. This change will provide predictable pension costs and funding and reduced future balance sheet liabilities and provides new employees with a competitive pension plan."

This letter came out 10 days after U.S. Steel extorted the pension plan indexing and defined benefits for new hires from Local 1005. This illustrates beyond the shadow of a doubt that unless the full weight of numbers and organization of the entire labour force in Canada is put behind the just demands

of organized labour, the companies will continue to get away with acts of extortion and theft of the first order. Everyone's standard of living will be shamelessly pushed down while the right to resist is made illegal as well.

One year ago, when U.S. Steel started its phony lockout on November 7, 2010, Local 1005 President Rolf Gerstenberger said at the rally held at the Wilcox Gate: this is not about solidarity with us, it is about everyone taking up the fight for themselves, in their own interests.

This decree which removes the Dofasco new hires from the defined benefits pension plan is a rude awakening that our security lies in our fight for the rights of all. It is up to all of us together to unite in an effective way to hold these corporations and the governments in their service to account.

## U.S. Steel's "Desires" Fleece Serbia, Its Workers and People

The *Southeast European Times* in a November 12 news item reported on how U.S. Steel is fleecing the people of Serbia in the former Yugoslavia. The item reports that both the Serbian government and the local Smederevo administration said that they "will provide funds to save the company."

In 2003 U.S. Steel purchased the Serbian steel plant Sartid, which was undergoing bankruptcy proceedings, *SE Times* reports. No mention is made about how the U.S.-led NATO war destroyed Yugoslavia and that U.S. Steel was thus able to appropriate the steelworks for a song. Nothing is said about how it not only made a big score for itself but also increased the U.S. stranglehold over the former Yugoslavia and therefore its domination over Europe. On the contrary, everything is decontextualized about not only the past but, most importantly, the present.

About the past, the *SE Times* repeats the company mantra that U.S. Steel saved the company from "a potential disaster." Eight years later when U.S. Steel is no longer singing the same song, the *SE Times* blames "the global economic crisis," for U.S. Steel's woes. The *SE Times* says that "the company with production facilities in Smederevo is fighting for survival." All of this paves the way to save U.S. Steel with pay-the-rich schemes. The *SE Times* reports:

"Economy and Regional Development Minister Mr Nebojsa Ciric told the media that the government is negotiating with the company's executives, expecting a solution before the factory shuts down."

Ciric said, "We mostly have to think about the major influence U.S. Steel has on our exports, and that 5,500 people are working there."

He also pointed out that U.S. Steel had been in a similar situation in late 2008 and early 2009.

Smederevo Mayor Predrag Umcevic recently announced that certain taxes would be cut for U.S. Steel "to help reduce operating costs and retain all workers."

Umcevic told the media that the Smederevo town council

decided to reduce daily fees for the use of the Danube River bank and talks are underway to also cut the environmental tax.

Umcevic announced that the environmental tax could be reduced according to the company's contribution to environmental protection, the *SE Times* reports. The local government, he indicated, is receptive to that demand, and is now considering what U.S. Steel can do to help environmental protection, the newspaper added.

Umcevic added that initial estimates suggest it might be reduced from the current 100 million Serbian dinars to 2.5 million per year.

He said "By cutting taxes we want to help U.S. Steel, because it has voiced the desire not to downsize the workforce."

All too aware about U.S. Steel's "desires," *Information Update* was eager to know what "desires" U.S. Steel actually expressed in Serbia and, lo and behold, what do we find? Surprise, surprise, we find the very same old blackmail and extortion we know so well. The *SE Times* concludes its story as follows:

"U.S. Steel incurred a loss of EUR 15 million in 2010. One of the blast furnaces at the steel plant is currently in silent mode. Company chiefs in the United States are unhappy with the plant's output and have announced the possibility of shutting down both furnaces, or dismissing a number of workers."

We are happy our own City Council had more sense than to succumb to such blackmail and extortion, even if the McGuinty government does not.

The Sartid steelworks has a capacity to produce 2.2 million tonnes of steel. It produced over 1 million tonnes of raw steel the first year after being taken over by U.S. Steel in 2003. This is said to be a 40 per cent increase compared to previous levels of production.

(Sourced from *SETimes.com*)

To contact USW Local 1005: Call 905-547-1417 or e-mail [info@uswa1005.ca](mailto:info@uswa1005.ca).  
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