



INFORMATION UPDATE 2010 #23

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U.S. STEEL'S DEMANDS FOR CONCESSIONS: CONCESSIONS ARE NOT SOLUTIONS!

U.S. Steel is demanding concessions from its workforce at Hamilton Works. These concessions include the demand that new hires be placed in a defined contribution savings plan, thus ending over 50 years of workers having a pension plan; the demand to eliminate the pension indexing formula for the over 8000 pensioners; the demand to stop covering the health benefits for the over 180 members of the plan who have exhausted the \$70,000 limit on benefits. As well they are proposing that the maximum vacation time a worker will have is five weeks from the present 7 weeks, and they want to change the cost of living formula such that a worker would receive about 20% of what the previous formula paid.

WHAT ARE THESE CONCESSIONS SUPPOSED TO ACCOMPLISH?

According to the arguments by the big corporations, the media, various intellectuals and gurus, when workers give up concessions this will make the corporation more competitive, both in Canada and internationally. When the argument is followed to its conclusion, the reasoning goes like this: if the workers work for lower wages, give up their pension plan, give up their indexing, etc., the "costs" to the company are less and therefore the company can then sell their steel for less money, and compete more effectively. The workers are told that it is their duty as loyal company employees (and sometimes as patriotic Canadians) to do whatever is necessary to make their company competitive. They are told that this is what will protect their jobs.

Anyone who does not agree to this is labeled a troublemaker and someone who does not care about the company and wants to crater the company, and is even unpatriotic.

WHAT REALLY HAPPENS WHEN THE WORKERS GIVE CONCESSIONS?

Workers work in the factories, use machines that consume raw materials, and at the end of the process a finished product results. (At Stelco, iron ore, coal, various fluxes for the furnaces, hydro, water, etc. are the raw materials that are consumed. We have many types of machines, like blast furnaces or basic oxygen vessels or rolling lines that consume the raw materials. The end product is a coil of steel that is then sold to the auto companies, for instance.) It is the workers labour that creates value. At the end of the process, the steel that is shipped off to the car companies has more value than all the inputs. This new value is what everyone is fighting over.

So much of this value is used to pay the wages and benefits of the workers and pensioners. So much is used for interest payments to the banks or financial institutions who hold the debt. So much goes to the various levels of government as taxes to pay to run the government or for social services. So much goes to the "owners" of U.S. Steel through salaries or dividend payments, etc.

The monopolies agenda to force the workers to give concessions is designed to insure that the owners and the financial institutions can get more of the value that is produced by the workers. This whole

offensive against the workers led by the monopoly media and the various gurus is designed to hide the fact that they need to convince the workers and the society that “What is Good for U.S. Steel is good for the workers!” Concessions mean one thing: more of the value that the workers create goes into the pockets of the owners and financial institutions and less goes into the pockets of the workers and pensioners, and if the corporations have their way, less goes into the government coffers as well.

PROBLEMS OF THE STEEL INDUSTRY

The steel industry has a problem that many industries do not face. It is very capital intensive. Huge investments are required to build a steel plant and to keep it modernized. As well, huge sums of money are required to keep the industry running. John Surma, the CEO of U.S. Steel announced in a recent speech that over 70% of their cost of production to produce a ton of steel is spent on raw material costs (iron ore and coal). The industry also carries a large debt. By their last financial result, U.S. Steel carries a debt of almost \$4 billion which has to be serviced (It should be mentioned here, that last year, when U.S. Steel’s Canadian operation was shut down and almost everyone laid off, the banks and financial institutions received all of their interest payments.) All the U.S. Steel shareholders also put pressure on the corporation to increase their dividends. All these factors mean that the rate of profit in the steel industry is not as high as it is in other sectors of the economy. This is what is behind the insatiable demand by these corporations for concessions. They all want their pound of flesh off of the workers.

LETTER TO LOCAL 1005:

Rolf, whatever we do, do not lose the indexing of the pensions. This is the only increase pensioners have to keep up with inflation and the high costs of taxes and government costs. As well as our benefits which are an important need in our aging society. We have fought for these benefits and gains through many negotiations and years of our struggle in the labour movement. I wish you a lot of success in these very important set of negotiations; as always, it is a hard fought battle against these corporate thieves. You have the support of every living pensioner as well as every worker who has fought all their life to maintain dignity and respect from the society that we have built with the struggles of our sweat and toil. Thanks for your time Rolf. I wish you as well as the negotiating committee all of the best, and may we be victorious in our battle against these capitalistic corporate slugs.

Signed: Ferdinand Schaefer, 1005 pensioner.

OPPOSE THE ATTACKS ON THE PUBLIC SECTOR WORKERS!

The media today is full of reports that Dwight Duncan, the Ontario Finance Minister will meet tomorrow with public sector employers and the public sector labour leaders. The provincial government has been actively campaigning for quite some time now and especially since the provincial budget in March, that they are going to freeze the wages of the public sector workers and demand that they workers accept drastic changes in their working and living conditions.

It should be pointed out that one of the main arguments they use against the public sector workers is that “the private sector workers had to take concessions and many lost their jobs” so it is not fair that the “public sector” workers should not be affected by the economic crisis. This is a shameful attempt to try to pit worker against worker. The private sector workers are supposed to stand idly by while everyone is being attacked.

What they want to leave out of the equation is that the public sector workers provide essential services to make this province run (teachers, nurses, city workers, etc.) . The province is taking these measures to attack the workers and insure that the wealth that is created in Ontario goes to service the needs of the rich in Ontario and not the workers who created the wealth.

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