



INFORMATION UPDATE 2010 #14

May 17, 2010

**A SPECIAL THANK YOU TO ALL WHO PARTICIPATED IN THE
MAY 2 CONFERENCE ON NATION-BUILDING.**



THE ATTACK ON PENSIONS IS PART OF NATION WRECKING

Local 1005 was formed after a bitter struggle for union recognition in 1946. The strike between Local 1005 USW and Stelco was part of the historic battle that was going on across North America where workers fought for their right to unionize and to declare that they have rights by the fact that they are the producers of the wealth in Canada. It was in 1956 that the union won the right to have a defined benefit (DB) pension plan to try to ensure that the Stelco retirees were able to retire in dignity after 30-40 years working in a steel plant. There were strikes in 1958, 1969, 1981 and 1990 when one of the demands workers fought for was that the DB pension plan be increased. The 1005 pension plan was indexed as part of the settlement after the 1990 strike.

It should be pointed out that part of the reason workers in unionized workplaces fought for pension plans at their place of work was that the Canada Pension Plan was first of all non-existent (until 1966), and secondly, was very inadequate as far as providing a decent living after retirement. (Even today, the maximum CPP provides a little over \$900 a month. The CPP and old age security guarantees that one will live in poverty until death, if that is the only income one has to live on in retirement.)

Workers across the country are having their defined benefit pension plans attacked. The monopolies across the country are using many arguments to try to force or convince workers to agree to give up their right to a secure retirement. The arguments have quite a range:

- 1) If you agree to a defined contribution pension plan, you will have a huge sum of money at the end of your working career, and you can invest it as you like. This is commonly called

the “pot of gold” pitch, used by every financial advisor, pitchman, and Bernie Madoff /Ponzi scheme huckster. Give me your money, and at 3, 5, 6, 10, 12% you will have hundred’s of thousands and millions of dollars when you retire. (Or Companies say ‘we will contribute so much, you can match it’, etc.) But no one can tell you how much you will receive per month when you retire. “It depends on interest rates, the market, etc.,” we are told. They all fail to tell you what has happened in just the last year and a half to all of these RRSP’s, contributory pension plans, and 401(K)’s in the U.S. where just a few years ago they were hailed as the vehicles that were going to secure the retirement income of pensioners.

- 2) You had better switch over to a defined contribution pension plan or your company will file for bankruptcy or CCAA protection, your DB pension plan will be wiped out and you will only get so many cents on the dollar. This argument of course exposes the fraud of the whole system, where it proves that companies are deliberately using bankruptcy to try to get out of their pension obligations. But just think of this: they want to convince workers and unions to voluntarily go to a savings plan (defined contribution (DC) plan) which is what you would get if a company filed for bankruptcy.
- 3) Or they argue that companies (or the society) can no longer “afford” these DB pension plans, so the workers had better get over expecting to retire in dignity. “Don’t you see the crisis happening all over the world (Greece, for instance), and you, the worker, don’t want to be responsible for bringing the system down!” we are told. So the answer for the monopolies is to give up your right to a secure retirement. In this vein the various governments are beginning the attacks on the public sector workers and their DB pension plans.
- 4) Or they argue that why not switch over to a DC plan for new hires, since those workers are not even employed yet. It is easy to put them into a new savings plan. This is about as low as things can get. Workers are supposed to make a decision that the DB pension plan is good for us, but for our sons and daughters, for the future generations, they don’t deserve a decent retirement?

This is just a sample of the arguments that the monopolies and their governments are promoting to try to get the workers to give up their right to a secure retirement. All these arguments are self-serving, and ignore that it is the workers that produce the wealth in this country, and they deserve the right to live in dignity in their retirement.

Note: In a nutshell, the difference between a DB plan and a DC plan is this. If the market collapses, a worker in a DC savings plan takes the risk, and has his savings money reduced. In a DB plan it is the company’s responsibility to fund the pension plan so that the worker gets the pension he/she is entitled to. Should a worker’s retirement depend on the vagaries of the market?

FOR YOUR INFORMATION

Negotiations between Local 1005 USW and US Steel Canada Hamilton Works will begin in the near future, with the first formal meeting expected to be held at the end of this week. We will continue to hold our weekly information update meetings with the membership and pensioners every Thursday afternoon at 3:30 p.m. at the union hall.

The sale of the Bar Mill and #3 Bloom and Billet mill to a German company Max Aicher was announced by U.S. Steel on April 28, 2010. We have a meeting scheduled on May 28, 2010 with representatives of Max Aicher. We will keep everyone apprised of the developments on this front.

**FOR FURTHER INFO CONTACT ROLF.GERSTENBERGER@USWA1005.CA
OR CALL 905-547-1417 OR VISIT: WWW.USWA1005.CA**

C.O.P.E. 343/lic

May 17th, 2010