



INFORMATION UPDATE 2010 #25

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LOCAL 1005 USW WORKERS WORK PAST EXPIRY DATE: TERMS OF THE PRESENT CONTRACT CONTINUE: CONCESSIONS ARE NOT SOLUTIONS!

Under the terms of the Ontario Labour Relations Act, if a company and a union have a collective agreement that is expiring (The U.S. Steel-Local 1005 USW contract expired July 31, 2010), **if neither party files for a conciliation officer**, the terms of the present contract continue indefinitely. When one of the parties to the contract files for a conciliator, and after a “No Board” report is issued, the company will be able to lock out the workers 17 days after the issuing of a No Board report. Or the union could be in a strike position if it has taken a strike vote. At this time, neither party has asked for a conciliation officer.

At the time of printing, U.S. Steel is still 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 IS THE RELATION BETWEEN A DEFINED CONTRIBUTION (DC) SAVINGS PLAN FOR NEW HIRES AND PENSION INDEXING FOR OVER 8300 RETIREES?

It is being raised in some circles that it would O.K. to agree to a DC savings plan for new hires as long as we got a “guarantee” from U.S. Steel that they would not touch the indexing for the pensioners. (It should be pointed out in 2003, less than one year after we signed an agreement, Stelco wanted a 20% cut in wages and benefits. Six months after this, Stelco tried to use CCAA to get out of their obligations to the workers. U.S. Steel reneged on their commitment to the federal government one year after they made them.) Anytime a company wants to break a “guarantee” to the workers they use the excuse that the economic situation has gotten worse, and they need relief.

The reality is that if we were to agree to a DC plan for new hires, in a short period of time we would have a large part of the workforce not even part of our pension plan. In the next round of bargaining, the company will again try to get rid of the indexing, and why would the new workforce fight to save the indexing if it has nothing to do with them? Right now they want to accomplish it in a one step process, but they figure if they don't get it now, they will get it later.

Without indexing, those pensioners who recently retired can expect to live 20-30 years and could lose as much as 50% of their purchasing power because of inflation. A pensioner, if he is 50 or so years old

and his income is not sufficient, he can go get a job. But try to do that when you are 75-80 years old and your pension has been reduced by inflation.

DEFINED CONTRIBUTION SAVINGS PLANS AT STELCO

There is some confusion as far as the origin of the recent savings plan agreement at Lake Erie. Some circles are presenting this as something new and original for Stelco workers. It should be pointed out that in 1997 the old Stelco closed the salary plan to new hires, and put all new salary employees into an “opportunity plan” where the company gave new supervisors a sum of money to do as they please to look after their retirement. (A form of self-directed RRSP, or in simpler terms, a DC saving plan.) It is interesting that the DC savings plans are now becoming the flavour of the month; some want us to believe that it is something new! It is not a pension plan. At most it is a savings plan, where no one can tell you what you will get when you retire!

One of the big concerns we have is we feel companies want to get out of Pension plans because they know that there will be another collapse of the market, and they no longer want to be on the hook for pensions. They just want the workers to suffer as the market collapses.

LAW OF THE DOWNTURN: DON'T FEED THE WOLF!

U.S. Steel says the downturn in the business cycle in 2008 forced it to break its contract with the government of Canada on employment and production levels. U.S. Steel also explains that that is why they need to get out of pension plans at its plants in Canada, even though in 2007 they stated that they can live with defined benefit pension plans. A modern society cannot allow this “law of the downturn” to override contracts with the federal government, public law and established Canadian norms, standard of living and workers’ collective agreements negotiated over decades during which time the workers did their duty toward society by producing its social wealth.

This law of the jungle that these monopolies want to establish is not just a phenomena at Stelco/U.S. Steel. There is no end to what these blood-suckers will demand from the workers.

Several months ago we reported on a plant in Winnipeg that had agreed to a defined contribution savings plan for new hires in one set of negotiations, and three years later the company was back and wanted it also for employees with less than fifteen years service. Once workers are prepared to give their pension plan up, there is no end to what a company will demand.

It has come to our attention from different publications that there is a concept being promoted by various companies to have “buy-downs.” For instance, the workers in a “GM parts plant in Saginaw, Michigan, where a worker making \$18.50 will get a lump sum of \$30,000 if he agrees to work for \$14.50 an hour, or \$40,000 if he goes down to a starting wage of \$12. ...” Skilled trades workers were given no option: they must take an \$8 an hour wage cut, from \$37 to \$29, in exchange for a \$50,000 lump sum. Skilled new hires will come in at \$24. The article continues “With high turnover and a continuous stream of new workers, GM or its successor can enjoy the \$12 an hour wage indefinitely.” The same article explains what the company is attempting at a stamping plant in Indianapolis employing 650 workers where GM wants the workers to reduce their wages from \$29 to \$14.65 an hour. The workers rejected this overwhelmingly, but now several months later the company wants to try it again.

The workers are doing their part through active resistance to these demands and trying not to feed the wolf. Where are the governments and politicians that are supposed to defend the well-being and security of Canadians by enforcing public right?

(For more information: call 905-547-1417 or e-mail rolf.gerstenberger@uswa1005.ca, or visit www.uswa1005.ca.)