



INFORMATION UPDATE #42 **November 30, 2009**

U.S. STEEL SHUTDOWN OF STELCO: PUBLIC RIGHT VERSUS MONOPOLY RIGHT

When U.S. Steel announced on March 3, 2009 that they were shutting the two Stelco plants, this caused many people on Hamilton to wonder what is going on? Here was Stelco, formally called the Steel Company of Canada, which at one time employed over 26,000 employees (over 14,000 at Hilton Works alone, producing over 5.5 million tons of steel at the one plant) now completely shut down. This had never happened in the over one hundred year history of Stelco. Eighteen months after it was gobbled up by U.S. Steel, it was shut down.

It should be pointed out that when monopolies seize control of competitors, it is not simply to increase the size of their operations. It is also to shrink the size of the competition in their sector and swell their power in relation to their employees. Make no mistake about it; Stelco was one of U.S. Steel's competitors in North America. In fact, swallowing Stelco in October 2007 accomplished three main things for U.S. Steel—it grew its productive capacity by over 4 million tons, raising its total capacity to over 33 million tons worldwide. It removed Stelco and its productive capacity as a competitor especially within NAFTA, and it expanded the competition amongst the workers within its empire allowing the monopoly to shut production at Lake Erie Works to pressure steelworkers for concessions while filling the former Stelco's orders from the U.S. Steel mills in the United States.

U.S. Steel's actions have led to the wrecking of approximately one-third of Canada's integrated steel production. Lake Erie Works (referred to as the "most modern integrated steel plant in North America" in recent court filings) remains completely shut down under the hoax of wringing concessions from USW Local 8782 steelworkers. Hamilton Works has been reduced to producing slabs. The loss of social product to Canada's socialized economy is enormous. Payment for the increase of "Canada-bound steel" imported from U.S. Steel comes directly out of Canada's realized added-value reducing our collective wealth by that amount.

We have to be very clear that there are different perspectives on this question. From the perspective of U.S. Steel, buying Stelco and removing most of its productive capacity during the downturn of the business cycle and using the crisis as an excuse to attack Canadian standard wages, benefits and pensions by demanding concessions from the Lake Erie steelworkers makes perfect business sense. When Industry Canada took U.S. Steel to court (hearings on the Charter Challenge by U.S. Steel are to be held on January 11th and 12th, 2010) and criticized its business decisions to shut down Stelco, this meant interfering with a U.S. monopolies business plan and that is heresy and an illegal infringement on monopoly right according to U.S. Steel. From its perspective, what is the point of owning Stelco's productive capacity if U.S. Steel does not have the monopoly right to remove that capacity from the marketplace when there is a surplus of steel for sale, regardless of whether the facilities are in Canada or on the moon? With the purchase of Stelco, a competitor has been neutralized, and not to take action by shutting down capacity would, as stated in U.S. Steel's court filings "exacerbate U.S. Steel's loses and quickly jeopardize the entire enterprise." This narrow egocentric aim is in contradiction with the needs of Canadians and their socialized economy but Canada and Canadians do not enter into the considerations of a monopoly's business plan.

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The right of workers to livelihoods and the right of the Canadian public to a self-reliant steel industry owned and controlled within Canada are negated by monopoly right and that is the issue Industry Canada and the government must address. Is monopoly right going to negate public right or will public right negate U.S. Steel's monopoly right?

The arguments for public right are "just and legitimate" according to the people's viewpoint, which in this case asks a very simple question based on Canadian sovereignty: "Does the sale of Stelco to a foreign monopoly bring a net benefit to Canada" and "has U.S. Steel lived up to its commitments on employment and production?" The answer according to the facts and direct experience of steelworkers is a resounding No! Governments in Ottawa and Toronto are duty bound to introduce emergency legislation to change the situation including forcing U.S. Steel to pay reparations for the lost social product and government seizure of the steel facilities if U.S. Steel fails to restart full production immediately and agree to the just demand of USW Local 8782 for a continuation of its collective agreement.

In opposition to public right, the arguments of monopoly right are likewise "just and legitimate" according to the perspective of U.S. Steel. This monopoly contends that if it had not shut down Stelco, its continued operation "would exacerbate U.S. Steel's losses and quickly jeopardize the entire enterprise." Such a "just and legitimate" contention by U.S. Steel is in fact an admission of failure from the perspective of Canadians and their needs and rights.

Public right and monopoly right are not compatible and one must negate the other to flourish. The key issue for steelworkers and concerned Canadians is whether the government will stand up and restrict monopoly right in favour of public right and Canadian sovereignty or not. Direct experience of the enormous wrecking of manufacturing that has taken place and other aspects of the anti-social offensive since 1990 show that the governments will cave in to U.S. Steel and other monopolies and the wrecking will continue unless there is an organized and conscious working class opposition.

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LOCAL 1005 USW RALLY: MONDAY, DECEMBER 14TH, 2009

GORE PARK @ KING & JAMES 3:30 P.M. (Hamilton)

