



Labour Day Message
Rolf Gerstenberger, President of Local 1005 USW
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Labour Day Greetings to Workers of Hamilton and All of Canada from USW Local 1005

Local 1005 on this Labour Day 2007 alerts the workers of Hamilton that Stelco steelworkers are well aware of the dangers to us and Canadian sovereignty with the sell out of Stelco to U.S. Steel (USX). We are making full preparations to defend the well-being and economic security of our active and retired members in the face of the takeover by this giant U.S. monopoly. Just as before, steelworkers will rely on their unity and determination to defend their dignity and economic security. We are under no illusions that USX is going to guarantee jobs, pensions or anything of value in the community that comes in conflict with its primary mission to make profit for its U.S. owners.

We would like to retell some facts of the Stelco bankruptcy fraud that has now ended up in this sell out of the last remaining major Canadian steel company. Local 1005 is not going to let these facts disappear from our collective memory and will be pursuing a just accounting of this case in any way we can, which includes compensation for all shareholders who lost money and for all suppliers in the Hamilton area who were not paid in full when Brookfield/Tricap seized control during the Stelco bankruptcy. Our sense of justice as Canadian workers will not allow a small gang of rich people to walk away from this sell out fattened by a billion dollars while so many others lost money, not to speak of the terrible blow to Canadian sovereignty, which upsets us all.

The Stelco *Companies' Creditors Arrangement Act* (CCAA) Plan of Arrangement March 31, 2006 sealed the loss of millions of dollars in shares and money owed to suppliers and set the stage for the sell out to USX. That Plan of Arrangement handed over Stelco's material and human assets to Brookfield/Tricap and others. It was completely unnecessary and concocted by those in control of the CCAA process and aided and abetted by the Ontario government and the Ontario Superior Court. To grease the wheels of the Plan of Arrangement the Ontario government gave the parties a \$150 million loan at 1 per cent interest rate, with \$100 million to be forgiven if the deficiency in Stelco's pensions was fully paid in 10 years. Those in the Ontario Legislature and Parliament did not explain and could not properly say why the provincial government did not simply buy up all the outstanding shares for about the same amount as their loan, assume the outstanding debt, which is now being fully paid off, and turn Stelco into a Crown corporation. Instead the financial speculators from Brookfield/Tricap, Appaloosa and Sunrise were handed over 70 per cent ownership in the "new" Stelco at \$5.50 a share, with the entire share offering amounting to around \$140 million. After barely seventeen months that \$140 million has magically ballooned to a payoff of \$1.1 billion or \$38.50 a share.

In our view the CCAA Plan of Arrangement facilitated by the Ontario government and Superior Court and the provincial loan were simply to allow these financial speculators to make a big score at the expense of "old" shareholders, suppliers and Canada's sovereignty. Who valued Stelco at \$5.50 a share under CCAA? Apparently the Stelco Board of Directors. Who gave them the right to do so and then watch them trade the shares for \$16 per share as soon as they hit the floor of the TSX and now explode to \$38.50, when Stelco was supposedly bankrupt and the old shares were worthless? Who gave them the right to give the U.S. CEO Rodney Mott over 2 million shares at a cost of \$5.50 per share, which are now worth almost \$70 million? Apparently the same Board of Directors controlled by those with vested interests in the outcome. And no one in government said boo. If it smells and looks rotten, it most probably is rotten.

It did not have to happen that way. In a media release dated November 2, 2005 Local 1005 proposed that "various governments could lend Stelco enough capital to pay off the secured and unsecured creditors, current shareholders, the Brascan Group (Brookfield/Tricap), the insolvency in the pension plans, upgrading of Lake Erie and Hilton Works and construction of the co generation plants. The same interest rates and fee structure proposed in the Brascan plan could be applied to the government loan with one proviso: all interest and fees paid to the government should be invested in social programs, acting as new social funding." Local 1005

estimated that about "\$1 billion would be necessary. This would include an amount that could function in replacement of the proposed \$600 million asset based loan."

When Local 1005 made its proposal public, the local media labelled and dismissed it as "ridiculous" and refused to have serious discussion. Why did they do so? We believe the mass media wanted to stifle any discussion that could prevent the financial speculators from making their big score, which is exactly what happened. Not only have the speculators made their big score in the sell out but they have made further millions through fat fees and interest payments that have gone into their pockets rather than to spending on social programmes as proposed by Local 1005, and they are now to have the principal of all loans fully repaid. We also note that the local mass media have led the cheerleading for the sell out to USX to the extent that once again no serious public discussion has been allowed.

The gross profiteering and injustice to our city and people during the Stelco CCAA fraud, the Plan of Arrangement and big score cannot be allowed to pass without a just reckoning. Local 1005 is investigating the possibility of mounting a challenge to this billion dollar payoff to the speculators and have it returned to the people who lost money, especially those Hamiltonians who bought Stelco shares in the nineties upon the insistence of the company that it was broke, and to those suppliers who have been left with unpaid Stelco bills. We call upon everyone who has a grievance in this affair to contact Local 1005 at our address below.

With regard to the new U.S. ownership group, how could the perspective of steelworkers be any different than before? We are acutely aware of the pressure on us from various political parties and individuals who have suggested cautious optimism in spite of the sellout and want steelworkers to adopt a "wait and see" position with regard to the company's intentions.

There is no need to examine the fine print before commenting on the implications of the sell out.

Just look at Stelco after the Plan of Arrangement. We heard the same fine words now spouted by USX from Stelco's current CEO Rodney Mott who expects to walk away from Hamilton with almost \$70 million in his pocket after his less than two- year stint. Mott's pledges of great plans and proposals collapsed in less than a year when suddenly he announced the closing of the hot strip mill, the closing of the pickle line and the closing of our shops. He then reduced the work force by retirements or layoffs. He also threatened to close the coke ovens, shut down the galvanize lines and even reduce Hamilton Steel to a slab producer with only Z-line steel as a finished product.

We could also repeat how Stelco under bankruptcy had record- breaking profits yet continued the CCAA fraud plotting the big score. So whatever USX says now, one year from now it could be a completely different story with all kinds of fine reasons that stem from "global competition" or some other difficulty. Besides, everyone knows how difficult it has been to have any influence, control or say so over Stelco when the head office was right here on Wilcox Street in Hamilton. What control will steelworkers or any other worker in Hamilton have when the headquarters is in Pittsburgh? And very importantly, all the claims by U.S. owners on Stelco wealth we create here in Hamilton will flow to the U.S. and to who knows where after that. How will this wealth from Stelco steel production be put to use to serve the Canadian people? Also, USX is not an unknown quantity. They have a long and sometimes violent history with regard to U.S. steelworkers. They were the first billion -dollar corporation way back at the beginning of the 20th Century. This anti working class history of the last 100 years is matched by our own history here in Hamilton especially since 1946 in defense of the dignity of labour where we have clearly learned that our security lies in our fight, not fine print. Local 1005 will face the current developments on the basis of the same working class perspective of preparing to defend all active and retired steelworkers and the community. On this Labour Day 2007, we pledge to our fellow workers in Hamilton and across Canada that USW Local 1005 will fulfill its duty in defending the rights of all.

On this Labour Day we send our greetings to all workers across the country who are in one way or another facing a situation similar to our own. Let us together all pledge to Uphold the Dignity of Labour as never before!

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