



INFORMATION UPDATE 2011 #1

January 10, 2011

The People vs. U.S. Steel Hamilton Day of Action

1 p.m., Saturday, January 29, 2011
Hamilton City Hall, 71 Main Street West

U.S. Steel Loses Appeal in Federal Court

- Rolf Gerstenberger, President, USW Local 1005 -

Justice D.G. Near of the Federal Court last December 23, upheld the right of USW, USW Local 1005, Local 8782, John Pittman, Gord Rollo and Lakeside Steel Corporation to intervene in the Attorney General of Canada's lawsuit against U.S. Steel. The federal government is suing U.S. Steel for failure to uphold its commitments made under the authority of the *Investment Canada Act (ICA)*, when the foreign monopoly seized control of Stelco. U.S. Steel's appeal against the interveners was a delaying tactic to avoid responding to charges that prolonged shutdowns of both Hamilton Works and Lake Erie Works were a blatant violation of the employment and production commitments the monopoly made under the authority of the *ICA*.

The Attorney General filed the original charge July 17, 2009 after U.S. Steel dismissed a demand letter to render account why it broke its legal commitments and how it proposes to repair the damage it has caused to steelworkers, their communities and the Canadian economy. The main charge has yet to be heard because of U.S. Steel's obstructions. U.S. Steel previously delayed the legal process by filing a motion that the demand letter and lawsuit violate its constitutional and monopoly right to "enjoy its property" in any way it wants. That motion has also been dismissed but U.S. Steel suggests that it may yet file another appeal.

U.S. Steel continues to flaunt its power to dominate Canadians and their economy by again shutting down Blast Furnace "E" at Hamilton Works and locking out members of Local 1005 under the hoax of a labour dispute. In doing so U.S. Steel mocks with impunity Canada's Parliament and legislatures, and their passivity and impotence in dealing with the global monopoly domination and wrecking of the country. The so-called labour dispute at Hamilton Works is an unjust monopoly dictate to stop indexing pensions and deny new hires the existing defined-benefit pension plan. U.S. Steel has refused to negotiate in good faith because it can fill its Canadian order book from its U.S. mills. U.S. Steel exercised the same monopoly dictate and power to force similar concessions from members of Lake Erie Local 8782.

The long delay in dealing with the federal lawsuit, together with U.S. Steel's continuing attacks on steelworkers, their communities and the Canadian economy underscore the weakness of the present *Investment Canada Act* and its pressing need for renewal. Commercial law is not a suitable venue to resolve these problems of foreign investment. They are political matters and should be dealt with politically under the authority of Parliament, Quebec National Assembly and provincial Legislatures. To pass off violations of public right to the commercial courts is a way for the present political authority to appear to be doing something while in fact doing nothing. Foreign investment is a political matter. The political authority and institutions of Parliament, the National Assembly and Legislatures have the power to confront monopoly right and force it to submit to public right and the general interests of society.

The parliamentary caucus of the NDP and certain Liberal Party MPs have made proposals to renew the *ICA* by making foreign takeovers and commitments more transparent. All agreements

with foreign monopoly capital should be transparent, that should be understood without saying, but the crux of the matter is to enforce a benefit for the Canadian economy and working class. Without a Parliamentary enforcement mechanism that has the authority to demand and ensure a continuing benefit to Canada, any changes to the *ICA* on transparency would be mostly cosmetic. The same applies to the demand for public consultations. The experience of the First Nations amply illustrates that without enforcement power, even if they say NO, the companies merely claim they have fulfilled the requirement to consult and can now proceed as they see fit.

Members of Parliament and any committee charged with overseeing foreign investment must be given power to act immediately if an agreement is violated. Also, the benefits to Canada from foreign investment cannot be vaguely stated as they are now as "net benefit" but should be clearly spelled out in ironclad agreements that itemize the mutual benefits to both Canada and the foreign investor. Benefits to Canada under a renewed *ICA* must plainly detail the obligations of foreign investment to sustain and expand existing facilities or build new ones. Investment that simply seizes existing facilities, which then can be wrecked in favour of some foreign dictate to suppress competition from Canada, is unacceptable. This has been the case with U.S. Steel, which appears to have seized Stelco to block Canadian steel mills competing with its U.S. mills and has little or no intention of renewing the existing facilities. Benefits from foreign investment to employment, production or other economic activities must be verifiable with definite yardsticks in every case and for the duration of the investment. In that way, Parliament and the public could see for themselves that each agreement is being upheld and a mutual benefit is evident.

A renewed *ICA* would also have to apply to existing foreign investment such as Vale, Xstrata and others. Those monopolies would have to be brought under a renewed *ICA*, requiring new agreements on mutual benefit detailing the rights and obligations of the foreign investment and the mutual benefit that is expected.

A renewed *ICA* must follow the fundamental principle that this economy belongs to the Canadian people, and must serve their well-being and the general interests of society. All the neoliberal malarkey that the people must serve the global monopolies, and that monopoly right holds precedent over public right has proven in practice to be wrong and even disastrous leading to one economic crisis after another and never-ending wars to dominate sources of raw material, markets and spheres of influence. Neoliberal gibberish and empire-building have to be turned right side up with the Canadian public empowered and in command of its own economy, politics and nation-building.

If a particular foreign investment cannot maintain the basic way of life and standard of living established by Canadians, such as defined-benefit indexed pensions, then that foreign investment must be deemed a failure and a detriment to the country and be forced to remedy the situation up to and including divestiture and takeover by a public enterprise or another private enterprise. Alternatives to foreign investment are possible and can be done, such as the establishment of a sovereign self-reliant steel industry meeting primarily and by itself the steel demand of the Canadian economy in conjunction with a vibrant and diverse manufacturing sector.

The current foreign investment regime is broken and cannot be fixed through the commercial courts, as evident by the delaying tactics of U.S. Steel and its contempt for the Canadian working class and middle strata and the country's legal and political institutions. Parliament must act now to correct this grievous situation. In particular, Parliament must act immediately to stop the attacks of U.S. Steel on Local 1005, those of Vale on workers at the nickel refinery in Labrador, and the grievous damage that Shell and Electrolux are planning with their closure of crucial refining and manufacturing facilities in Quebec.

Manufacturing Yes! Nation-Wrecking No!

The People vs. U.S. Steel! All out to make the January 29 Day of Action a Success!

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