

# Canada: After strike ends, wholesale layoffs at Hamilton's National Steel Car

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Only a week after workers at National Steel Car's Hamilton, Ontario plant voted to end a bitter, three month strike accepting concessions on two-tier wages, seniority rights and work rules, the company announced that it is laying off the entire 650-strong workforce until new orders can be secured.

The Hamilton plant, the largest single-site rail car plant in North America, employed 2,400 workers as late as 2006.

The workers, members of United Steelworkers Local 7135, grudgingly ratified the new contract by a margin of 64 percent June 24. Only a week before, 67 percent of the strikers had voted to reject a very similar concessions-filled agreement.

With seniority rights gutted, management withdrew its opening gambit for a massive wage rollback, calculating that the further expansion of a two-tier wages system will provide it with ample opportunity to cut labour costs by integrating \$14 per hour new-hires into its operations.

The local union bargaining committee had presented both the company's June contract proposals to the membership without a recommendation—a tacit admission that it had no perspective to carry forward the anti-concessions struggle. The USW Canadian and International bureaucracies have an infamous record of isolating militant struggles and imposing wage and job cuts.

Feeling abandoned by the union, the strikers finally voted to end the dispute.

National Steel Car clearly strategized that the continued downturn in the economy combined with the unions' capitulation to big business' concession drive—exemplified by the unprecedented wage and benefit cuts imposed on GM and Chrysler workers with the assistance of the UAW and CAW—provided it the best possible conditions to roll back contractual gains won by steelworkers in decades of struggle.

Previous generations of workers at the company's Hamilton plant had been in the forefront of some of the most important struggles in Canada's steel industry. When, at the outbreak of World War Two the Canadian government imposed draconian anti-union measures and stringent wage controls on working people (whilst nevertheless allowing increases in managerial salaries), workers at National Steel Car struck illegally in April 1941, forcing the government to re-instate fired union organizers and allow a union recognition vote to proceed. Subsequent militant struggles won the first union contract in the plant as part of a general working class offensive spearheaded by steelworkers and auto workers across North America.

Prior to the beginning of the April 2009 strike, those workers still employed at the plant had already been reduced to a four-day work week. This cutback not only reduced take home pay by one fifth, but cut into the pension credits that workers were accruing for their retirement.

In pre-strike negotiations, management demanded that the workers, who were earning \$20 per hour with the possibility of earning up to \$24 per hour under an incentive piecework system, concede an additional, across-the-board 25 percent pay cut.

National Steel Car further insisted that language in seniority rights be radically changed to allow management to determine which workers are fit to take on jobs in the plant. Changes in work rules and cuts in the health and safety provisions in the contract were also demanded by the company.

Health and safety provisions were a particularly contentious issue for the membership. Only six months before the strike began, the courts fined the freight-car maker \$250,000 for the death of one worker and, in a separate incident, the serious injury of another due to the failure of the company to comply with provisions in Ontario's Occupational Health and Safety Act. Piecework and bonus payment systems, such as the one at National Steel Car, have traditionally been associated with—and are responsible for—higher accident rates as they intrinsically push workers to speed up production.

So as to give the company additional bargaining leverage in the run-up to the strike, National Steel Car CEO Greg Aziz pushed hard for the spring 2009 grand opening of a US\$350 million freight car factory in Shoals, Alabama. That plant, now in operation, employs about 1,800 workers earning US\$15 to US\$18 per hour.

The layoff announcement at National Steel Car comes as a further blow to steelworkers and their families in Hamilton. Long known as Canada's "steel city," Hamilton has been ravaged by years of restructuring and plant shutterings. A recent report showed that child poverty rates in Hamilton continue to grow, with 27 percent of the city's under-six population living in poverty.

Last March, US Steel laid off all 1,800 employees at Stelco's Hamilton finishing and coking operations and 400 more workers at its steelmaking and finishing operations at the nearby Nanticoke facility. 700 more jobs were lost with last November's shutdown of Stelco's Hamilton blast furnace. The non-union Dofasco mill, owned by global steel giant Arcelor Mittal, has jettisoned 900 casual workers and contractors from its payroll and reduced the

wages of its other 5,000 employees by up to 10 percent.

Management spokesmen at both National Steel Car and Stelco have said that any plant re-openings will depend on an upturn in the depressed freight car and steel markets.

North American rail car production peaked at 70,000 new cars in 2005. It is forecast that only 20,000 rail cars will be built in 2009 and possibly as few as 12,000 next year. With a 16 percent drop in freight loads since last autumn's financial crash, almost half a million freight cars currently sit idle.

Industry analysts predict that if the plants ever re-open, they will do so with only a fraction of their previous workforces, as companies will continue to seek to maximize profits by shifting production to cheaper overseas labour markets.

The bitter experience at National Steel Car is just the latest result of a full scale onslaught by big business on the living standards of the working class. In the face of these attacks, the trade unions have proven to be entirely unable, and indeed, unwilling to mount any serious struggle to defend what remains of the gains won by workers during the industrial union insurgency of the 1930s and 1940s and the decades immediately following World War II.

What accounts for this total prostration of the trade unions and their allies in the New Democratic Party?

A ruling class counter-offensive, rooted in the break-up of the post-war boom, and changes in the character of capitalist production, caused the unions and the social-democratic parties—which for decades had worked to contain the class struggle within the narrow framework of collective bargaining and legislative reforms, that is within the confines of the profit system—to lurch sharply to the right, beginning in the 1980s.

The globalization of production and the associated dismantling of much of industry in the advanced countries fatally undermined the ability of the unions to pressure capital for concessions in the national labor market. The globalization of production produced a global labor market, allowing corporations to shift production around the world in search of cheap labor.

Under the impact of these global transformations, the union bureaucracies have retained their allegiances to the national state and the corporate structures into which they have been steadily integrated. Nationalism and corporatism are sister pro-capitalist ideologies. The various campaigns to defend “Canadian,” “American,” or “German” jobs have invariably been combined with the acceptance of major concessions and wage cuts for Canadian and American workers or their counterparts in Asia and Europe.

During the Hamilton strike, various locally based New Democratic Party politicians such as Paul Miller and Andrea Horwath called for the institution of “Buy Canadian” policies that would help fill the order books of National Steel Car and thereby supposedly increase the bargaining power of the workers. They were supported in propagating these nationalist nostrums by the remnants of the Communist Party of Canada and the Maoist Communist Party Marxist-Leninist that still linger around the USW bureaucracy in Hamilton.

Just prior to the outbreak of the National Steel Car dispute, Leo Gerard, president of the United Steelworkers union in Pittsburgh and former National Director of the union in Canada, expressed

the sentiments of the union bureaucracy. He called for workers to “assert themselves as economic patriots” and denounced big business for “wanting to spend the tax dollars of unemployed Americans to create jobs in China and Indonesia, Korea and India.” Aside from the demagogic rhetoric directed at the corporations—with which the union bureaucracy works hand-in-glove—the statement was a clear declaration of hostility to Asian workers.

Gerard is now championing a “Buy American” campaign (or when he speaks in Canada, a “Buy North American” campaign) to further stoke the fires of trade war. This perspective serves only to split the international working class by allowing corporations to pit one set of workers against another. And the “race to the bottom,” as the concessions at National Steel Car demonstrate, continues.

The nationalist orientation of the trade unions has a definite logic. The unions gained strength following the Second World War during the heyday of the post-war boom, a boom that arose out of the destruction of two world wars and the Great Depression. Workers organized in trade unions were able to win certain concessions from employers and from the state in the form of higher wages and benefits and welfare state social programs. The perspective of national reform retained a certain feasibility under conditions of nationally-regulated economies and general global economic expansion—neither of which exist today.

Steelworkers must reject the demands of the industry magnates, the politicians and the corporate elite that they pay for the world capitalist crisis. Steelworkers have absolutely no say in the financial, investment and production decisions of the firms for which they work. In every country workers face a similar future: rising unemployment, declining wages, economic depression.

The traditions of militant working class struggle associated with cities such as Hamilton must be revived and leavened with a program to mobilize the working class in independent industrial and political struggle against concessions and in defence of the jobs of all workers, the world over.

If capitalism is incapable of providing working people with a decent standard of living—and it can’t—then working people, those whose collective labor produces society’s wealth, must advance their own plan to organize production and employment internationally based on human need, not private profit and shareholder value.



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