

US Steel locks out Hamilton, Ontario workers

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Nine hundred workers, members of United Steelworkers Local 1005 in Hamilton, Ontario, were locked out last week by a US Steel management determined to gut their pension plan.

The company is seeking to impose a two-tier pension plan. The existing defined benefits plan—under which retirees are guaranteed a set pension—would be closed to new hires and replaced with a defined contribution scheme that places an employee's retirement at the mercy of stock market fluctuations. Management is also insisting that the pension entitlements of over 9,000 retirees be de-indexed from a cost-of-living allowance that protects the pensioners from inflation.

Under the company's "final offer," the 900 active workers would receive no pay raise during the life of the contract.

With the imposition of the lock-out, management announced that it was suspending all health, life and disability benefits for Local 1005 members.

US Steel's wholesale attack on its workers' retirement plan is part of an employer offensive that has seen companies across the country gut pension plans that were won through decades of struggle. Only last April, United Steelworkers officials accepted a similar offer at US Steel's Lake Erie Works in Nanticoke, Ontario, after an eight-month lockout. And in Sudbury, at the giant nickel mining complex of Vale Inco, USW officials imposed a concessions-laden deal after a year-long strike, which included a two-tier pension plan and give-backs on bonuses, work rules and other benefits.

Corporations have been pushing for the institution of defined-contribution plans in place of defined-benefit plans because the former greatly limit their future liabilities. Under such schemes, companies are required to regularly pay defined amounts for their workers' pension benefits into investment vehicles, but all the risk then falls on the workers. Companies are freed from any obligation to set aside monies for a "rainy day" should pension investments go sour.

Defined-contribution schemes thus improve companies' capital base and make them more attractive to buyers in any takeover scenario, driving up the value of their shares.

When the union leadership in Hamilton refused to put the company's derisory final offer to a vote, management shut the gates at the iconic plant formerly known as Stelco.

USW Local 1005 President Rolf Gerstenberger, who poses as a "left" and "socialist" within the right-wing USW bureaucracy, accused US Steel of "trying to split" the active workers and the retirees: "They are saying that we should have a vote, that we should be democratic. How is it democratic that we would have

900 people voting to attack 9,000 pensioners who have no vote? If you decide to vote against your own working conditions this is one thing, but how can you vote to attack the living conditions of 9,000 people who worked all their life and will have no say in that decision?"

Under Ontario labour law, the company has the right to force a one-time only vote on its "final" contract offer organized under the auspices of the provincial labour relations board. But US Steel is in no hurry to exercise this right. "It remains our position that we are not going to pursue that option," said a company spokesperson.

Under conditions where demand for steel is extremely low due to the global economic recession and the Canadian dollar is near historic highs, management is content to simply play a waiting game. It is confident that it can make up any short-falls in production caused by the lockout at its Pennsylvania and Alabama facilities.

Management at the Hamilton plant recently permanently closed milling operations and, with a view to placing further pressure on the workers, shut down the Hamilton blast furnace, placing the entire future of what was once Stelco's flagship plant in question.

US Steel knows that it can depend on the USW to keep the Hamilton strike isolated—that the union will do nothing should it decide to ratchet up production at its USW-organized plants in Pennsylvania and Alabama, let alone make the struggle in Hamilton a focus of working class resistance across North America to concessions and job-cuts.

Amongst Canadian union bureaucrats, USW leaders have been "first among equals" in promoting a nationalist orientation—calling on big business governments to defend "Canadian" jobs and enact protectionist measures to support "Canadian" companies. This pro-capitalist perspective serves to block any united action on the part of workers in North America and around the world against the multi-national giants of the global steel industry that are relentlessly seeking to intensify the exploitation of all workers, irrespective of their nationality. It has been promoted by the USW ever more vociferously over the past quarter century, as the union has integrated itself with management, imposing concessions and jobs cuts in the name of protecting jobs.

In this respect, Gerstenberger, who is the vice president of the Maoist Communist Party Marxist-Leninist (CPML), is no different from USW International President Leo Gerard. Gerstenberger has made a career out of a virulent anti-Americanism that has done more to split steelworkers from one another than any of the manoeuvres by company officials.

A November 8 statement on the CPML web site under the byline of "USW Local 1005" is typical of the nationalist political line

promoted by the entire USW bureaucracy. It declares, “A foreign monopoly called US Steel has come into our corner of the earth and with the utmost arrogance is dictating to Canadians that we should be ‘realistic.’ To prove the union is not completely ‘unrealistic’ it is supposed to serve ‘American manufacturing and trading interests and policies.’ It is supposed to follow US ways of ‘fend for yourself’ and agree to an endless downward slide in living and working conditions.”

Ken Neumann, the USW national director in Canada, has provided a similar statement. “Whether it’s Vale in Sudbury and Labrador, or US Steel in Hamilton and Nanticoke, foreign corporations show no qualms about breaking their commitments and inflicting economic pain on our communities.”

Neither Neumann nor Gerstenberger made any mention of the pain inflicted on workers and communities by Canadian-owned Stelco during its death throes. Nor of the role that Canada’s big banks—the country’s most profitable corporations and all firmly in the hands of the Canada’s capitalist elite—played in pushing Stelco and Algoma Steel into bankruptcy and in organizing numerous other industry restructurings that have ravaged entire communities.

The trade union bureaucrats along with their allies in the social-democratic New Democratic Party (NDP) promote the reactionary illusion that there are “good” home-grown capitalists, who, for the benefit of all Canadians, altruistically refuse to maximize their profits. This chimera is counterposed to the “bad” foreign interlopers who will do their utmost to beggar the Canadian population.

As they did during the defeated Vale Inco strike, the USW and NDP are seeking to focus the energies of the Hamilton US Steel workers on reactionary and diversionary appeals to the big business establishment.

In the current dispute, this is taking the form of calls for the courts and the Conservative government of Stephen Harper to “enforce” and amend the Investment Canada Act to ensure that US Steel’s Canadian operations function to the “net benefit” of Canadians.

In 2007, US Steel bought a bankrupt Stelco Inc. for \$1.2 billion—the same amount that Canadian-based Stelco owed an under-funded pension plan. To obtain the approval of the federal government and meet the Investment Canada Act’s stipulation that a foreign takeover must provide a “net benefit” to Canada, US Steel made certain production commitments designed to maintain job levels at the complex for three years.

Ontario’s Liberal government meanwhile arranged to top up the already under-funded pension plan at the steel works by \$150 million, as part of the negotiations to secure a buyer. When US Steel finalized its purchase of Stelco, the new management provided assurances that the pension plan would be maintained by the company.

But US Steel quickly reneged on these guarantees. In the wake of the 2008 global economic collapse, the company idled its Hamilton and Nanticoke operations, laying off or pushing into retirement 2,400 workers.

Last year, the federal government launched a lawsuit against US Steel for failing to honour its 2007 Investment Canada . USW has applauded this development and has official participant standing in

the court case.

The company, for its part, is arguing that large-scale layoffs were necessary to cut losses during the recession. And in a cynical twist to the definition of “net benefit” it has argued that because steel prices of competitors such as Arcelor Mittal Dofasco remained somewhat higher due to the US Steel shutdown of production in Hamilton, the country actually may have gained a “net benefit.”

The Investment Canada Act was adopted by the Mulroney Conservative government in the 1980s at a time when the most powerful sections of the Canadian bourgeoisie were moving, in response to growing world capitalist crisis, to abandon their historic National (Economic) Policy in favor of closer economic integration with the US. Under its investment review regime, Liberal and Conservative governments alike welcomed increased penetration of foreign capital, but by the same token Canadian-based companies rapidly expanded overseas.

Recently, however, Ottawa has come under pressure from powerful business interests to block foreign takeovers of certain large companies and, in certain sectors, on the grounds that such action is necessary to uphold the “national interest.” In response, a Conservative government otherwise known for spouting free-market mantras has twice nixed foreign takeovers of “Canadian” companies, most recently the bid of Australian-based BHP to acquire the world’s largest potash producer, Potash Corp.

This development—which has been hailed by the USW and NDP—has nothing to do with advancing the interests of working people. Whether a company is “foreign” or “Canadian” owned it is the profit interest of its capitalist shareholders and the anarchy of the capitalist market that will prevail.

The Conservative government’s new more exacting attitude toward foreign investment is aimed at strengthening the position of Canadian big business under conditions of ever-more ferocious worldwide competition for profits and markets.

It is part of an international turn toward protectionism and trade war that arises out of the global capitalist crisis and threatens to plunge the world into geo-political conflicts and war.

With their promotion of protectionism and suppression of the class struggle, the unions are facilitating this development.

If the Hamilton US Steel workers’ struggle is not to be isolated and defeated, workers must repudiate the nationalist, pro-capitalist perspective of the USW. To oppose concessions and job cuts, workers must develop an industrial and political offensive aimed at forging the fighting unity of workers around the world and challenging the subordination of all economic life to the profits of big business.



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