

Canada: Steelworkers union imposes pension cuts to end Hamilton lockout

Carl Bronski
28 October 2011

US Steel's eleven-month lockout of about 900 workers at its Hamilton, Ontario complex ended last week when workers ratified a concessions contract by a vote of only 61 percent. The deal features massive give-backs in virtually every aspect of the steelworker's terms and conditions.

At the beginning of the dispute, the United Steelworkers union (USW) claimed it was drawing a line in the sand in defending retirees' benefits and opposing a two-tier pension system. The new contract, however, imposes sweeping, across-the-board cuts in pension entitlements.

All new hires will be denied a defined-benefit pension plan and will instead participate in a defined contributions scheme that places workers' retirement plans at the mercy of the fluctuations of the stock market. This Registered Retirement Savings Plan will be administered by the USW. US Steel's liability for the new scheme will be capped at only \$2.50 per hour worked.

Nine thousand retirees will be stripped of cost-of-living indexes on their pensions even as inflation is running at an annual rate of 3.2 percent. In return for this concession, the least well-off pensioners will receive a one-time payment of \$1,000. This amounts to less than the monies pensioners lost when the last contract expired in 2010. And looming over the entire pension system at the Hamilton Works is a massively under-funded reserve that is on track to fall half a billion dollars short, threatening pensioners with the complete collapse of the plan and the reduction of their benefits by a further 35-40 percent. US Steel has refused to publicly commit to bringing the plan back into solvency.

For those still employed, the new agreement freezes wages for the life of the contract and cuts cost-of-living increases by two-thirds in return for a paltry \$3,000 signing bonus and an illusory profit-sharing scheme. Of the 730 workers called back to duty, 250 are guaranteed employment for only 26 weeks.

Utterly indifferent to the rank and file and covering up for his own role and that of the USW bureaucracy as a whole, USW

Local 1005 President and ostensible "left" Rolf Gerstenberger denied that the new contract represents a massive defeat. Only "sideline commentators who never believed in the fight in the first place," claimed Gerstenberger, "are ... saying that what the company offered today is virtually the same as it offered eleven months ago. This is simply not true."

In Hamilton it is well-known that in the final round of negotiations, Local 1005 officials bowed to the company's two-tier pension scheme and retiree pension cuts. In return, the union asked the company to accept 12 proposals, including the restoration of pension credits lost during the strike. Management responded by rejecting virtually all of the union's 12 demands. The USW promptly capitulated and agreed to effectively proclaim the company's final offer a tentative settlement and to press the workers to ratify it.

If Gerstenberger sees "gains" in the contract, they are gains for the union bureaucracy purchased at workers' expense. For example, the company has given an undertaking to work with the union to jointly oversee training programs and fill vacancies, thereby guaranteeing union officials jobs in managing the company "hiring hall." This is only a further step in the complete integration of the union into management.

If the membership of USW Local 1005 reluctantly voted to accept the new contract, it was because their struggle was systematically isolated by the local, national and international union officialdom and, consequently, they saw no way forward.

Shortly after the lockout began, US Steel relocated production from its Hamilton Works to US Steel facilities in Pennsylvania and Alabama. Yet Local 1005 officials, faithfully following orders from USW International headquarters in Pittsburgh, refused to call for any industrial action by the American steelworkers and did so knowing full well that 17,000 US Steel employees south of the border will be facing similar concessions demands next year.

In the months prior to the lockout, United Steelworkers officials had imposed a similar concessions deal at US Steel's

Lake Erie Works in Nanticoke, Ontario, after an eight-month lockout there. And in Sudbury, at the giant nickel mining complex of Vale Inco, USW officials imposed a concessions-laden contract after a year-long strike, which included a two-tier pension plan and give-backs on bonuses, work rules and other benefits.

What accounts for this total prostration of the trade unions? 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 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 response of the unions to the emergence of a global labour market has been to join with the bosses in demanding workers make their employers more “competitive”—i.e., accept concessions, speed-up and job cuts, and to promote economic nationalism.

Amongst Canadian union bureaucrats, USW leaders have been “first among equals” in seeking to deflect worker anger over their subservience to the corporations by calling on big business governments to defend “Canadian” jobs and enact protectionist measures to support “Canadian” companies. This nationalist, pro-capitalist perspective serves to block any united action on the part of workers in North America and around the world against the multinational giants of the global steel industry that are relentlessly seeking to intensify the exploitation of all workers, irrespective of their nationality.

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 and top Canadian USW official Ken Neumann, who, from both sides of the border rail against foreign competition and promote trade war. 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 maneuvers by company officials. It is for this reason that Gerstenberger, an ostensible radical, has so seamlessly blended into the USW bureaucracy for so many years.

Over the past year USW Canadian director Neumann and Gerstenberger endlessly denounced the “foreign” and American-owned US Steel, while opposing the mobilization of US Steel workers in support of the locked out Hamilton workers on either side of the border.

Neither Neumann nor Gerstenberger made any mention of the pain that Canadian-owned Stelco, the previous owner of US Steel’s Canadian operations, inflicted on workers during its

death throes. Nor did they denounce 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 line is counter-posed to the “bad” foreign interlopers who will do their utmost to beggar the Canadian population.

During the course of the lockout, the Socialist Equality Party (Canada) called on Hamilton US Steel workers to strive to make their struggle the spearhead of an industrial and political counter-offensive of the entire working class against the drive of big business and their governments to make working people pay for the world capitalist crisis. The SEP insisted that workers must take the leadership of their struggles out of the hands of the bureaucracy, form their own rank-and-file strike committees, and consciously strive to unite their fight with steelworkers and all other workers in the United States and around the world.

Above all, militant industrial action, including the organizing of mass picketing and solidarity strikes, must be coupled with the development of an independent political movement of the working class that fights for a workers’ government, committed to reorganizing economic life on socialist lines so production and employment can be based on human need, not the profits of the few.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact