

Canadian government drops lawsuit against U.S. Steel

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The Conservative government of Prime Minister Stephen Harper has dropped a lawsuit against U.S. Steel that accused the company of breaking employment and production guarantees it had given when it bought two Hamilton-area Stelco plants in 2007. Negotiated in secret, the December 12 agreement has provided yet another example of the Harper government's collusion with big business and exposed the impotence of United Steelworkers (USW) union officials and New Democratic Party (NDP) politicians in defending jobs.

In 2007 U.S. Steel paid \$1.1 billion for the Hamilton and Nanticoke, Ontario operations of the bankrupt Stelco Corporation. As part of that purchase, the Pittsburgh-based conglomerate was obliged under the 1984 Investments Canada Act to show that the take-over would provide a "net benefit" to Canada. As a result, binding commitments were given by the company that included the maintenance of a 3,105 strong workforce and a 14 million ton steel production quota until at least 2010. However, within a year of the 2007 deal, U.S. Steel shut down virtually all operations in Hamilton and Nanticoke and laid-off 2,400 workers, citing the collapse of steel demand in the wake of the 2008 global financial crisis.

In 2009, with the flagrant violations of U.S. Steel the subject of much local outrage and substantial press coverage, the then minority government of Stephen Harper launched legal proceedings to fine the steelmaker a modest \$10,000 per day beginning from November 1, 2008. The USW as well as Lakeside Steel—a failed suitor for Stelco in 2007—attained intervener status in the proceedings to seek their own remedies. The union petitioned for back wages and union dues for the laid off workers, whilst Lakeside Steel—supported by the USW—asked that they be allowed to purchase outright U.S. Steel's local steel operations.

U.S. Steel immediately contested in federal court the legitimacy of the Investments Canada Act and even the right of the government to sue them but, by last month, had exhausted their final appeal, opening the way for the punitive portion of the legal action to proceed. By December of this year, the fines would have amounted to some \$11 million plus interest.

In announcing the decision to drop the lawsuit only weeks after U.S. Steel had their final defence struck down in the courts, Industry Minister Christian Paradis, stated, "Recently U.S. Steel approached me with a proposal for new and enhanced undertakings. After extensive negotiations a settlement has been reached that demonstrates U.S. Steel's sustained commitment to operating in Canada. U.S. Steel's new commitments, many of which run to 2015, will provide benefits that in all likelihood would not have been obtained through the court process."

U.S. Steel was in full agreement with the minister. "We are pleased to have resolved amicably this unfortunate dispute with the Government of Canada," said a company press release. "We intend to be valued corporate citizens".

In the new deal, U.S. Steel promised the government that it would make a \$50 million capital investment at the Hamilton and Nanticoke facilities by late 2015 to augment a previously promised \$200 million infusion of funds. A paltry \$3 million will be donated to local community and educational programs even though the illegal idling of the steel facilities has cost steelworkers and those connected via ancillary businesses, hundreds of millions of dollars.

Officials of the USW, who had long fostered illusions in the government's prosecution of U.S. Steel amongst its membership, claimed to be "blindsided" by the deal despite their intervener status in the dispute. Said Hamilton Local 1005 president Rolf Gerstenberger, "We didn't know any of this was going to happen and yet we're the ones affected by their failure to live up to their promises. Where's our redress now? Our members were unjustly laid off and they should be made whole."

For the USW officialdom to claim they were shocked by the Harper government's move against their members' claims beggars the imagination. The Conservative government is systematically attacking previously entrenched workers' rights across the board, ripping up auto workers' collective

agreements to force through massive concessions, breaking the anti-concession strikes of Canada Post and Air Canada workers and now moving to slash federal government workers' jobs and pensions. As far as the courts are concerned, they intervened aggressively in support of Vale-Inco's use of scabs to break the militant 2008-9 miners' strike in Sudbury. More recently, Canada's highest court ruled, in a landmark decision, that workers have no constitutional right even to a union or to collective bargaining.

Workers should be under no further illusion about the nature of the relationship between U.S. Steel and the Harper government. Despite the government ballyhoo, no details were released about the specific nature of the new investment. New York steel market analysts characterized the \$50 million of new monies as "puny." Indeed, industry experts have speculated that the monies could very well be directed at preparing the facilities for a 2015 sale to Chinese or Korean interests that would ultimately see U.S. Steel turn a handsome profit. Such speculation is strongly buttressed by the company's refusal to give any undertakings on the security of the pension fund through to 2015 and by the absence of any job or production quota expectations in the new deal.

For its own part, the Conservative regime, now well-ensconced with a parliamentary majority for the next four years, sees positive advantage in dropping the court proceedings so as to further buttress its standing on the national and international scene as a government *of* and *for* big business. Disputes over the Investment Canada Act's "net benefit to Canada" stipulations only drew unwanted attention to a rather vague statute that prior to last year had never been used to nullify a foreign take-over nor even penalize a corporate signatory. (In November 2010, the government did use the Act's provisions to veto, for the first time-ever, a corporate merger—the \$39 billion hostile takeover of the highly profitable Saskatchewan Potash Corporation by an Anglo-Australian mining giant that is viewed as a major threat to Canadian big business' leading role in the world mining industry.)

In the immediate aftermath of the Conservative government's announcement that it was dropping the suit against U.S. Steel, the USW officialdom in Canada, once again, unleashed a veritable stream of nationalist phrase-mongering to cover up for their own opposition to the mounting of any struggle against the "right" of U.S. Steel to slash jobs and devastate communities. "The Conservatives have become party to a foreign corporation breaking commitments to Canadian families and communities," thundered USW Canadian National Director Ken Neumann, whilst Hamilton local union president Gerstenberger intoned, "The settlement and insecurity that the government's capitulation brings reveals once again the danger of having Canada's basic industries in the hands of foreign

global monopolies...Canadians must have control over their own basic industries such as steel."

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.

As always, neither Neumann nor Gerstenberger make 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. They make no mention of their current stalking horse, Canadian owned Lakeside Steel's mega-expansion projects in the low-wage American south. Nor do they point to 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.

By promoting a reactionary Canadian nationalism, the pronouncements of these union bureaucrats serves to split Canadian workers from their class brothers and sisters in the United States and internationally. Indeed, in the just concluded one year long lock-out of the remaining USW workforce at the Hamilton Hilton Works, U.S. Steel was able to ship all of its local production south of the border to plants in Pennsylvania and Alabama where the workers are ostensibly represented by the USW.

Neither Canadian nor American USW officials considered—not even for a moment—mobilizing their memberships on both sides of the border to fight the depredations of their common employer. As a result, Local 1005 workers were forced to accept further layoffs as well as massive concessions in virtually every aspect of their new contract, including cuts to pensioners' allowances and the introduction of a two-tier wage system for new hires. And with the Canadian workforce now adequately disciplined, U.S. Steel is preparing for a similar onslaught against its unionized American employees in 2012.



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