U.S. Steel ends iron and steel production at Hamilton, Ontario mill

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U.S. Steel announced last week that it will end iron and steel making operations at its Hamilton, Ontario Hilton Works effective December 31, 2013.

Blast furnaces at the Hamilton facility (long the centerpiece of the now defunct Stelco) were temporarily idled in 2010. The U.S. Steel announcement makes the shuttering permanent. Because the 2010 idling had already driven hundreds of unionized steelworkers onto the unemployment lines, the end of year closure will impact only the remaining 47 non-union workers who had been overseeing the moth-balled facility.

About 600 unionized employees will remain at the Hamilton mill to produce coke and finish products shipped from other U.S. Steel plants (about 1,000 jobs still remain at the company's nearby Nanticoke operation). The corporation's announcement, part of a global cost-cutting drive dubbed "Operation Carnegie," will bring to an end a one hundred year history of iron and steel production at the Hilton Works. At its height in the 1970s, over 14,000 hourly paid workers were employed at the facility.

Since the financial crash of 2008 over 2,400 jobs have been lost at U.S. Steel's Canadian operations in the Hamilton area. Workers have been subjected to multiple and extensive lockouts at the Hamilton and Nanticoke plants which resulted in the imposition of two-tier pension systems, extensive cuts to benefits, and wage freezes.

The announced closure drew perfunctory statements of "disappointment" and "regret" last week from United Steel Workers (USW) officials and New Democratic Party (NDP) provincial legislators. Andrea Horwath, NDP leader in the Ontario parliament, was content to meekly state the obvious, "Like many Hamiltonians, I had hoped that the blast furnace would reopen after it was idled in 2010, and I'm extremely disappointed with this decision. Today's announcement makes it clear that U.S. Steel has no plans to make steel in Canada."

USW Local 1005 vice-president Gary Howe spoke with media shortly after the announcement to say that the closure came as no surprise to the union and that it affected only 47 non-union employees—although he failed to mention that hundreds of steelworkers had already lost their jobs with the 2010 idling or that U.S. Steel's previous commitments to its 8,000 pensioners are now being placed into question.

Ken Neumann, Canadian director of the USW blamed the federal government of Conservative Prime Minister Stephen Harper for allowing U.S. Steel to by-pass certain steel-making quotas that the company had committed to in previous years.

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 takeover 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 Harper government launched legal proceedings to fine the steelmaker a modest $10,000 per day beginning from November 1, 2008. However, before the dispute was resolved by the courts, the government in 2011 dropped the case, coming to a dubious, loop-hole fraught agreement with U.S. Steel to continue its presence in Hamilton and Nanticoke until 2015.

When queried about the just announced closure, a company spokesperson simply stated that, "we are in compliance with our agreement with the Government of Canada". Industry Minister James Moore had little to add, saying that the permanent idling was "a business decision".

Rolf Gerstenberger, president of Local 1005 and a leading member of the Maoist Communist Party of Canada Marxist-Leninist, dredged up the tired, reactionary nationalist nostrums of the entire union bureaucracy in a statement on the closure. "Are we a country or not? Are we Canadians destined forever to be victims of business decisions made who knows where? ... Stelco originally thrived precisely because governments of the day rejected continentalism. They saw in their wisdom that if they allowed US companies unfettered right to do as they please, Canada would not have been built and would have been reduced to producing mostly raw material. … Steel consumed in Canada should be produced in Canada. Heavy industrial machinery used in Canada should be manufactured in Canada."

Gerstenberger's romantic recollection of the "good old days" when big business Liberal and Conservative governments were "wise" and Canadian capitalists were benign taxes one's credulity. He makes no mention of the bitter decade-long struggle Stelco workers had to wage in the 1930s and 1940s to secure basic collective bargaining rights nor the pain that Canadian-owned Stelco inflicted on workers during its death throes. Nor does he deign to point to the role that Canada's big banks—the country's most profitable corporations and all firmly in the hands of 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.

But there is more to it than that. Massive changes in globalized capitalist production processes have put paid to any nostalgic return to the days of self-contained and protected national markets. And the global crisis of capitalism has driven the world's giant steel-making corporations into a cut-throat competition for international market-share as demand for steel has dropped by almost 30 percent since 2008.

The trend continues to spiral downward. In the first half of 2013, the demand for steel declined by almost 6 percent in Europe and 5.6 percent in the United States. Chinese steel companies reeling from massive unused capacity are desperately seeking to gain international markets. Arcellor-Mittal, the world's biggest steel-maker has cut production by 35 percent and has already closed plants in Belgium, France and Spain. Germany's two largest steel companies—Thyssen-Krupp and Salzgitter—have announced plans to lay-off 6,000 more from their ever-diminishing workforce. In the United States steel towns such as Gary, Indiana and Pennsylvania's Mon Valley continue to reel from a generation of rationalizations by U.S. Steel. In Alabama, Thyssen-Krupp is trying to divest itself of an $11.8 billion investment in the largest steel plant to be built in America in the last forty years.

It is impossible in a system based on the operation of the blind laws of the market—in which production and employment are subordinated to big business profit—and the historically outmoded nation-state form for the productive forces to be deployed and developed rationally and humanely.

Gerstenberger's proclamations stand squarely within the nationalist, pro-capitalist traditions of the entire right-wing USW union apparatus. He has made a career out of a virulent anti-Americanism that serves to pit steelworkers against each other, while joining with the USW apparatus in forcing concessions and jobs cuts on steelworkers on both sides of the border. It is for this reason that Gerstenberger, an ostensible radical, has so seamlessly blended into the USW bureaucracy for so many years.

Gerstenberger and the union bureaucracy as a whole seek to tie their working class memberships to their "own" Canadian capitalists in ruthless competition with other "foreign" capitalists. The trade unions in the United States, Europe and Asia attempt to do the same with workers there. Just as Gerstenberger and company rail against U.S. Steel's "American favouritism," the USW bureaucrats in Pittsburgh denounce the company for its investments in Slovenia and Poland. Workers then, in each country, are brow-beaten by their unions to accept concessionary contracts in order to outbid their international class sisters and brothers for a dwindling pool of jobs.

By promoting Canadian nationalism, Gerstenberger and the USW work to divide Canadian workers from workers in the US and internationally. Indeed, in the recent lock-outs of the remaining USW workforce in Hamilton and in Nanticoke, 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 same USW union. Neither Canadian nor American trade union officials considered—even for a moment—mobilizing their memberships on both sides of the border to fight the depredations of their common employer.

Gerstenberger's call for protected national markets—where steel consumed in Canada should be produced in Canada—is, it should be added, not a very original idea. In the 1930s, as the Great Depression ravaged national economies across the globe, competitive currency devaluations, tariff walls and trade war were employed by the competing nation-states to protect their markets, one against the other. These policies resulted only in a deepening of the world capitalist crisis and led inevitably to the outbreak of World War II.

What modern corporations do, including ruthlessly scouring the globe for cheap labor, markets and natural resources, is determined by the same set of contradictions that produce the material and social force capable of providing a *solution* to the present crisis facing humanity: the international working class.

Driven into struggles that objectively demand a revolutionary and international orientation, the working class must become conscious of its revolutionary tasks. Any other solution, based on pressuring governments to rein in corporations, adjust currency values or tariffs, and somehow return to a bygone era of national enterprise, is hopeless and retrograde. The great question today is not to roll back development to some largely mythical age of isolated national economic life—it is this: who is going to control the global economy, whose interests are going to determine how its immense technical and cultural capabilities are utilized? The only social force capable of organizing the global economy in a progressive fashion—based on social need, rather than individual profit—is the international working class.