

# US Steel Canada issues ultimatum to end pension payments and health benefits

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US Steel Canada has demanded that an Ontario Superior Court grant its proposal to cease payment of pension contributions and all health benefits for 20,600 retirees and dependents and halt an already reduced \$5.8 million annual property tax payment to the city of Hamilton. The ending of payments for retiree health benefits will alone save the company \$3.6 million per month.

The ending of payments by the company into the pension system will leave the Ontario government responsible for a large portion of the current \$800 million deficit in the payment plan. When asked for a response to US Steel's abandonment of its responsibilities, Ed Clark, former TD Bank Group CEO and special adviser to Liberal Premier Kathleen Wynne said that he preferred to "duck the question".

Should the court not rule in its favor, the steel company has threatened that it will shut down the entirety of its operations in Canada by the end of this year. The move would force another 2,200 employees, of which about 1,600 are members of the United Steelworkers union (USW), at the Hamilton Hilton Works and Nanticoke's Lake Erie Works onto the unemployment lines.

The company's threat followed closely on the heels of an injunction filed in the courts by the United Steelworkers (USW) to stop the transfer of contracts (ordered by US Steel's parent company in Pittsburgh) for the production of 180,000 tons of the most-value added automotive steel products to the company's American based mills.

Representing 27 percent of all production, the move would slice \$200 million of revenue (a 40 percent cut) from the Canadian operations by the end of 2016 and set the stage for the closure of the two remaining mills. Telegraphing their intentions, US Steel Canada no longer even employs an automotive steel sales force in the country.

The announcement by the company to shift production

was so nakedly brazen that even a former executive of steelmaking operations in Hamilton, Bill Missen, acknowledged that the move was simply setting the operation up for failure.

US Steel's threats are part of ongoing plans to end, by one way or another, its footprint in Canada. The ultimatum to stop pension, benefits and property tax payments is just the latest part of a restructuring process that saw US Steel Canada file in 2014 for court supervised insolvency protection under the Companies' Creditors Arrangement Act (CCAA). That protection ends on December 11. The company seeks to extend that deadline so it can seek a buyer for the remaining operations "when market conditions improve".

Although 39 potential buyers, ranging from global steel firms to real estate and hedge fund speculators to smaller steel firms, have expressed interest in a purchase of the holdings there has not yet been a bid that has met US Steel's expectations.

On Tuesday, the Ontario Superior Court announced that it has scheduled a hearing on the CCAA process for October 7 and 8. Among the motions to be heard are US Steel's demand to end their pension, benefits and property tax payments. For its part, USW lawyers will argue that the transfer of production out of Canada is illegal under terms of previous court rulings.

The USW continued to keep its membership in the dark regarding the current proceedings. In a statement released September 30 the union stated, "USW has just completed five days of mediation in Toronto and the mediation is ongoing. The mediation is confidential and the parties cannot provide any details of discussions that have and are continuing to take place. While few details are available, USW can say that discussions are continuing and have not broken off."

The company's ultimatums are only the most recent installment in a slow death agony for steel production in

Ontario. US Steel ended iron and steelmaking operations at its Hamilton, Ontario Hilton Works on December 31, 2013.

Blast furnaces at the Hamilton facility, long the centerpiece of the now defunct Stelco, were temporarily idled in 2010. A 2013 US Steel announcement made the shuttering permanent.

Six hundred unionized employees remain at the Hamilton mill to produce coke and finish products shipped from other US Steel plants. About 1,000 jobs still remain at the company's nearby Nanticoke operation.

The corporation's 2013 announcement, part of a global cost-cutting drive dubbed "Operation Carnegie," brought to an end a 100-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 US 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.

In 2007 US 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. Steel workers have demanded that the details of that agreement be made public. The Harper Conservatives, however, have consistently refused to divulge the contents of the deal.

However, within a year of that 2007 deal, US 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 US 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, loophole fraught agreement with US Steel to continue its presence in Hamilton and Nanticoke until 2015.

Steelworkers in the United States face a similar assault

on their jobs, wages, benefits and working conditions. Two thousand workers at special metals supplier Allegheny Technologies (ATI) in Pennsylvania are in their seventh week of a lockout. In addition, ArcelorMittal, the world's largest steelmaker, is seeking a three-year pay freeze, a two-tier system with reduced pay and benefits for new hires, and cuts in health benefits that will mean a sharp reduction in real income for workers in the United States. US Steel, the largest steel company in America, is demanding cuts in health care for active workers and retirees, along with other cuts, including the elimination of overtime pay after eight hours of work.

Throughout the current events in Hamilton, as well as in every other dispute with the company, the USW both in Canada and the United States has cast the issues of concessions contracts and plant closures in nationalist terms. The USW in Canada accuses US Steel of whipsawing concessions contracts and shipping work formerly done in Hamilton to American plants, while failing to account for why the union—which organizes workers on both sides of the border—has consistently refused to launch continent-wide strike action against the company and imposed round-after-round of job and wage cuts on workers at steel mills across North America.

Workers fighting the latest machinations of US Steel must repudiate the nationalist, pro-capitalist perspective of the USW. Hamilton and Nanticoke workers must strive to make their struggle the spearhead of an industrial and political counteroffensive of the entire working class against the drive of big business and their governments to make working people pay for the world capitalist crisis. They must take the leadership of their struggle out of the hands of the bureaucracy, form their own rank-and-file strike committees, and consciously strive to unite their struggle with steelworkers and all other workers in the US and around the world.

Above all, this fight must be coupled with the development of an independent political movement of the working class that fights to reorganize economic life on socialist lines so production and employment can be based on human need, not the profits of the few.



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