

# Ontario court allows U.S. Steel to halt retiree health benefits, suspend pension contributions

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16 October 2015

Ontario Superior Court Justice Herman Wilton-Siegel issued details Tuesday of his ruling of last week that allows U.S. Steel Canada (USSC) to halt payment of health benefits to 20,600 retirees and their dependents and to suspend millions of dollars in property tax payments to the City of Hamilton and to Haldimand County. The judge further ruled that USSC will not be required to pay tens of millions of dollars in contributions to the pension fund in 2016.

Justice Wilton-Siegel also granted the request of U.S. Steel, USSC's parent company, to sever its relations and accompanying liabilities with its Canadian subsidiary. This clears the way for the creation of a new, entirely separate corporation at USSC's Hamilton and Nanticoke, Ontario steel mills. The newly created entity, however, will not escape its previous insolvency status and will continue through a financial restructuring process under the Companies' Creditors Arrangement Act (CCAA).

This process could involve the selling off of the new entity's assets, either in whole or in part, to hedge fund operators, real estate speculators or another steel company. In a bid to preclude a headlong rush to sell off assets piecemeal, the court has ruled that the successor to USSC can remain in CCAA restructuring for up to 15 months. Justice Wilton-Siegel is also urging the United Steelworkers (USW) union, U.S. Steel, and other "stakeholders" to "work together" to make the company profitable—a process repeatedly undertaken at steel mills across North America over the past three decades and that has invariably resulted in massive job losses and wage and benefit cuts.

U.S. Steel, which is headquartered in Pittsburgh, Pennsylvania, claims that USSC owes it \$2.3 billion and has argued before the CCAA that it should be named as a preferential creditor. It has already moved to relocate 40 percent of USSC's current steel production out of the Hamilton area to plants in the United States, further

deepening questions about the viability of the remaining Canadian operations.

The court decision means that claims by the 20,600 retirees for prescriptions, vision care, dentistry and other health benefits were summarily ended on October 9. At the hearing last Friday, retirees, some in wheelchairs and suffering from a number of work-related illnesses and conditions, rallied outside the court and expressed both outrage and incredulity when the ruling was handed down. Chris Young, a Nanticoke worker for 30 years who receives up to \$3,000 per year in drug plan benefits, told reporters, "They should not be allowed to get away with this. The (retiree) benefits we have are really deferred wages that we gave up in collective bargaining years ago."

Although pension cheques will continue to be issued to retirees, the suspension of company payments into the plan means that an already underfunded system will be placed under increasing insolvency pressure in coming years. In addition, city and county officials have stated that a prolonged suspension of property tax payments will result in a combination of further cuts to social services and increases in residential tax bills for the local population.

After the court decision, Andrea Horwath, the leader of the Ontario New Democratic Party and a Hamilton-area legislator, shed some crocodile tears, denouncing both the provincial Liberal and federal Conservative governments for allowing "U.S. Steel to do what they please to its workers and pensioners." She neglected to mention that it was her own party, under former Ontario Premier Bob Rae, that passed legislation permitting Stelco (USSC's predecessor company) along with Nortel, Ford, GM, Chrysler, Sears and IBM, to ignore pension fund solvency tests and instead be awarded contribution "holidays."

Should U.S. Steel and USSC's ultimate owners renege—as now appears likely—on their pension

obligations, the Ontario government will be liable, under an existing provincial Pension Benefits Guarantee law, for covering \$800 million in USSC pension obligations. However, such a bailout of the steel company's obligations would represent only a portion of the money owed retirees and current USSC workers.

When asked last week for a response to U.S. Steel's abandonment of its responsibilities and possible eventual provincial liability, Ed Clark, former TD Bank Group CEO and special adviser to Ontario Liberal Premier Kathleen Wynne, said that he preferred to "duck the question."

For their part, the federal Conservatives, angling for key Ontario seats in the current national election, dispatched Minister of Industry James Moore to denounce U.S. Steel for "abandoning their workers" and threaten legal action. Workers in Hamilton, however, can be forgiven if they do not believe a single word of Moore's statement.

In 2009, with the flagrant violations of U.S. Steel on employment quotas, production levels and investment the subject of much local outrage and substantial press coverage, the Harper government launched legal proceedings to fine the steelmaker a modest \$10,000 per day. However, before the dispute was resolved by the courts, the government in 2011 dropped the case entirely, coming to a secret agreement with U.S. Steel to continue its presence in Hamilton and Nanticoke until 2015 without releasing the terms that, at least theoretically, should have bound the company to basic contractual commitments.

Despite presenting briefs to the court opposing the machinations of USSC and U.S. Steel, spokesmen for the USW locals in Hamilton and Nanticoke responded positively to the ruling to sever the Canadian company from its American parent. Said Local 1005 President Gary Howe, "I think a lot of people would be happy about the company becoming Canadian again." Nanticoke USW chief Bill Ferguson echoed the sentiment, declaring, "We could better keep the (steel) orders here with an independent company."

The truth is that the USW officialdom both in Canada and in the United States has for decades promoted a rabid nationalism that has served to weaken and disarm steelworkers in their bitter struggles against the steel companies on either side of the border.

The Canadian section of the USW bureaucracy speaks as if Canadian capitalist firms operate on some kind of different "kinder, gentler" market principle than the dynamics that drive capitalist enterprise throughout the

rest of the globe. Should USSC emerge from creditor protection as a stand-alone entity, it may or may not find itself owned by Canadian capital. But whatever the outcome, the ruthless logic of profit maximization and cutthroat global competition will prevail.

Have USW officials Howe and Ferguson forgotten about the bitter decades-long struggles steelworkers in Hamilton waged against the Canadian-owned Stelco in the 1930s and 1940s just to secure basic bargaining rights? Or the pain inflicted on workers in the last decade when Stelco was in its death throes? And what about the role of the Canadian banks in pushing Stelco (and Algoma Steel) into bankruptcy and in organizing numerous other industry restructurings that have ravaged entire communities?

By promoting Canadian nationalism, the USW works to divide Canadian workers from workers in the US and internationally.

The USW bureaucrats seek to tie "their" working class memberships to their "own" Canadian capitalists in relentless 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 the USW in Canada rails against U.S. Steel's "American favouritism," the USW bureaucrats in Pittsburgh denounce the company for its investments in Slovenia and Poland. Workers in each country are browbeaten by their unions to accept concessionary contracts in order to outbid their international class sisters and brothers for a dwindling pool of jobs.

The first principle in a fight to defend steelworkers, retirees and their communities from the predatory steel companies and their blue-chip investors is the rejection of the USW's nationalist-corporatist perspective and the fight to unite North American and international steelworkers in a common struggle to defend jobs, wages, working conditions and benefits.



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