TML DAILY INTERNET EDITION
Daily On-Line Newspaper of the Communist Party of Canada (Marxist-Leninist)

October 15, 2015

Steel, Not Steal! Keep Stelco Producing!

Let's Make It Happen!

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U.S. Steel's insistence on severing its equity ownership of Stelco and turning it into a simple claim of debt on itself and putting the former Stelco into bankruptcy protection under the *Companies' Creditors Arrangement Act* (CCAA) has inadvertently created an opening for steelworkers, salaried employees and their allies to bring into being a pro-social direction for Stelco.

Ownership and control of Stelco now rests in limbo within the CCAA. The collective fixed assets, the instruments of production, are there for the actual producers to put to work and to meet the claims of the human factor and society without the burden of control and claims from owners of social wealth and their narrow private interests. For this to happen, the active and retired actual producers and their allies would have to organize the fight of their lives to force the federal and Ontario governments to use their political power to make the alternative happen.

The Real Problem at the Former Stelco

The real problem facing the former Stelco is the capital-centred thinking that rejects workers' rights and a new pro-social direction. This mindless perseveration has been harsh on workers throughout the U.S. Steel empire including at the former Stelco.

From the beginning it locked out Canadian workers in both Hamilton and Lake Erie Works attacking their claims on the value they produce, demanding concessions that have been shown in practice throughout the economy not to be solutions for any problem. It depressed production and transferred the filling of orders to plants in the United States. It cratered the blast furnace in Hamilton and reduced the number of steelworkers to 2,200 in direct violation of the agreement it made with the federal government under the *Investment Canada Act* to retain production and employment at 2007 levels. There are now some 600 workers at the Hamilton Works.

To the feigned surprise of U.S. Steel, less production and fewer active workers, which both were its own doing, generated yet another crisis in the relation of active to retired workers with a lack of value being produced to make the pension plans whole by 2015, which was the goal set in an agreement with the Ontario government. This goal was to be met on the basis of the resources of the global company, not Canada alone.

U.S. Steel has now declared that the lowered production and its value together with the accumulated pension savings in the existing plans are not enough to support 20,000 retirees receiving pension and post-retirement benefits and will never be enough, causing yet another crisis.

U.S. Steel put the former Stelco into bankruptcy protection under CCAA to extinguish the claims of retirees and while doing so turned U.S. Steel's equity ownership of the former Stelco arising from its purchase in 2007 for around $2 billion, into a simple claim of debt on itself or at least on its Canadian child. Such a radical and reckless move has subsequently blown up in its face as incoherent, desperate and universally ridiculed. U.S. Steel's imagined self-serving debt to itself is nonsense.

U.S. Steel blew its investment in Stelco through its own incompetence, mismanagement and perseveration of the old. Canada owes them nothing but contempt! U.S. Steel owes us! It owes us for losses incurred when it violated the *Investment Canada Act* and the pension agreement with the Ontario government and unions, and the losses in wages and pensions from layoffs, shutdowns and lock-outs, and the theft of pension benefits from their elimination of indexing.

The current anti-social direction is a failure and needs to be rejected. Wrecking steel production and attacking the claims of active and retired steelworkers and salaried employees lead to one crisis after another and resolve nothing. Rejection of the current anti-social direction is the first step towards the new.

A Pro-Social Alternative for the Former Stelco

A pro-social alternative for the former Stelco exists. The problem is to grasp the reality that an alternative is possible and collectively organize the fight to bring it into being.

To see justice done, the Ontario government should immediately remove the former Stelco from the bankruptcy court and place it in the hands of a public trustee under the government's authority. The government should reject with contempt U.S. Steel's claim as creditor. No debtor-in-possession funds from the Brookfield Capital vultures should be used and all lenders charges should cease. The bankruptcy monitor and all others given standing in the CCAA proceeding should be relieved of their duties without rights to further drain the former Stelco of revenue.

A government order should be issued relieving U.S. Steel of all rights to sell steel in Canada until it has fully met its obligations to the employees for their retirement benefits and pensions making the existing pension plans whole, and having paid in full all municipal taxes and other claims, and paid restitution for the damage it has inflicted on the Canadian economy in violation of the agreements it undertook upon the 2007 purchase of Stelco.

U.S. Steel must hand over the order book and immediately cease filling any orders from its U.S. plants. The public trustee should continue all of the company's steel production and the filling of orders from Hamilton and Lake Erie Works and vigorously pursue new orders. Aside from meeting the claims of active workers for wages and benefits, the social value steelworkers produce and realize should go towards renewing production in Hamilton and Lake Erie Works, fully meeting all claims for post-retirement benefits and pensions, paying municipal taxes and local suppliers and contractors and dealing with environmental concerns.

Yes, to a Pro-Social Alternative for the Former Stelco!
Let's Make it Happen

Second Time Around, CCAA Is Still a Fraud

Steelworkers from Locals 1005 and 8782 denounce U.S. Steel's bankruptcy fraud at Toronto hearing, October 7, 2015.

Hamilton and Lake Erie active and retired steelworkers have experienced the *Companies' Creditors Arrangement Act* (CCAA) bankruptcy protection two times. The first time it exposed itself as a fraud for all to see within weeks of entering in 2004, as Stelco posted record profits despite pleading a liquidity crisis.

This time around, the fraud of bankruptcy protection for U.S. Steel was immediate. The only debt in Canada is the $100 million forgivable loan from the Ontario government that guaranteed the pension plans. The interest on the loan is negligible and terms are flexible, hardly a cause for concern. Other payments due arise from normal business operations mainly concerning suppliers and contractors. The main long and short-term loans are direct debts held by U.S. Steel in the United States. Those loans are not in arrears, with the debt owners regularly claiming interest from the value workers produce. U.S. Steel has not applied for bankruptcy protection in the U.S. under Chapter 11.

The elephant in the Canadian room is the pension and other benefits obligation U.S. Steel assumed when it bought Stelco in 2007. This is not a debt as no money changed hands at the time of purchase on this front. All monies from the purchase went to dubious characters who seized control of Stelco under CCAA, including a U.S. opportunist Rodney Mott who was parachuted in to organize the Stelco sell-out and walked away with tens of millions of dollars.

The pension and other benefits obligation incurred at the time of purchase is a claim on value and other U.S. Steel company assets to sustain workers during retirement. Both steelworkers and salaried employees earned this company obligation through their work, which is recognized in law and sanctioned officially in the agreement to purchase overseen by both the federal and Ontario governments. This obligation is on the global company U.S. Steel as the purchaser of Stelco. The U.S. company entered into the agreement to purchase with full knowledge of the pension and other benefits obligation and put its entire global assets behind the purchase to convince Canadians and their governments that it was a serious going concern. The way it ground Stelco into the ground after assuming control reducing Stelco's ability to produce value is a serious issue many consider a grave crime. U.S. Steel's actions on that front and efforts by Canadians to keep Stelco producing are separate from the purchase agreement, which is with the global company U.S. Steel and to which it is fully obligated whether it destroys Stelco or not.

The purchase agreement includes a legal binding commitment with the active and retired Stelco employees and the Ontario government to make the pension plans whole by the end of 2015. At that point, the Ontario government agreed to forgive $100 million of its $150 million loan. If the pension plans are not whole at the end of the year, U.S. Steel is obligated to use its entire global assets to make them whole regardless of the mess it has made of Stelco. This is the understanding everyone has of the agreement. At no point has anyone considered the U.S. Steel company in the United States somehow separate from its Canadian facilities either in practice or theory. The understanding has always been that the global company was responsible for the pension and other post-retirement benefits it assumed upon the purchase of Stelco.

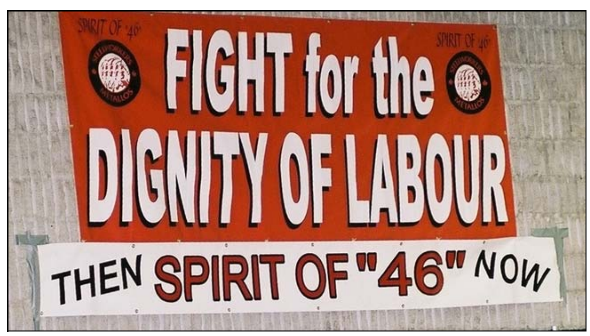
The fraudulent CCAA bankruptcy protection for U.S. Steel is a fabrication of plotters in Pittsburgh to change unilaterally the original Stelco purchase agreement. The aims of this fraud appear to be to negate the pension and other benefits obligation the company has to active and retired Canadian workers, destroy Stelco as a viable steel operation, which prior to the purchase was a successful competitor of U.S. Steel, especially in the auto sector, and sell off Stelco's remaining assets declaring U.S. Steel not its equity owner but in its wild imagination, its main and first-in-line creditor.

Canadian steelworkers, their allies and neighbours in the surrounding communities, the federal, provincial and municipal governments and Canada's business judicial system cannot allow this fraud to pass. The actions of U.S. Steel have been and continue to be so egregious as to be condemned by all justice-minded people. U.S. Steel's global assets are in play in this fraud and must be used to guarantee the company's obligations whatever the outcome for Canada's venerable Stelco. Canadians and their friends in the U.S. demand and expect that U.S. Steel's global assets will be used to make the pension plans whole by the end of the year and will be used to meet all its tax, supplier and other post-retirement benefit obligations.

Nothing in this situation requires mediation within CCAA. The current CCAA process is as much a fraud as the CCAA was in 2004, if not even more blatant and shameful. The court should not disgrace itself further but rather cancel the proceedings and together with the federal and Ontario governments proceed with an order to demand U.S. Steel meet its entire Canadian pension, other post-retirement benefits, tax and local supplier and contractor obligations using assets from its global holdings.

Capital-Centred vs Human-Centred Thinking

Capital-centred thinking underscores the current anti-social direction. This retrograde thinking puts the ownership and control of social wealth and narrow private interests as most important. It makes the claims and fate of those who own and control social wealth as the priority and most important feature of production, not those who work and are the actual producers of value.



Human-centred thinking puts the human factor, those who work, the actual producers, and their control and claims on the social product they produce as the priority and most important quality of modern production. This thinking recognizes the human factor as the transformative and central condition for creating social wealth and its use-value from the bounty of Mother Nature, for making steel out of iron ore and coal. The claims of the human factor, the actual producers, on the social product they produce are not a cost or liability but the priority and aim of modern production. Without fulfilling this aim and extending it throughout society to all people, the modern economy lurches from crisis to crisis, both general and particular crises.

Those who own and control U.S. Steel and their political representatives in government are captive within the capital-centred thinking. They view the human factor as negative or worse, as something to exploit and throw away when old, sick, and injured or in real or imagined ways a bother to their narrow private interests. For those in control, everything associated with the human factor and its needs is a liability that disturbs their private interests: wages and benefits are a liability or cost; pensions and post-retirement benefits are a liability; even the Stelco pension plans, which contain hundreds of millions of dollars of social wealth are considered a liability; claims of governments on corporations on behalf of the people to invest in social programs and public services are said to be a liability. Can you imagine; U.S. Steel even refuses to pay municipal property taxes, knowing full well that much of that tax goes to public education, which is the bedrock of modern Canada. How anti-social is that!

This backward thinking leads them into one crisis after another. Instead of solving problems of how to harmonize production and consumption within the broader socialized economy through activating the human factor and scientific planning, they lash out in anarchy and violence wrecking production as U.S. Steel has done not only at Stelco but in the U.S. and Europe as well. Instead of meeting the claims of the human factor, the active and retired actual producers, they attack their claims, livelihoods and conditions of work, and by doing so, attack the very producers of social wealth and the conditions necessary for production to take place seamlessly and in harmony across the economy.

Everything that those who own and control U.S. Steel have done throughout North America and in Europe has worsened the crisis. At all times, they have sought desperately to assert monopoly right and further their narrow private interests in contradiction with the broad public interest and public right and the need of the economy for accommodation and harmony. As a self-serving concocted cause of the general crisis and the particular one the steel sector is in, they blame competitors for dumping steel; they blame low prices, which they declare are creatures of a marketplace beyond human control; they blame the downturn in the oil sector and its reduction in demand for steel tubing; they blame the human factor and its claims on the value it produces; they refuse to face the reality that their direction is wrong and outmoded. They have gone to the U.S. Congress to attack their competitors; they initiated the Carnegie Way to belittle and reduce the claims of the actual producers and pat themselves on the back for not only wrecking production but wrecking lives; they have shut down production throughout their empire and fired workers willy-nilly but nothing has worked because they are caught in the old capital-centred thinking and direction and refuse to acknowledge that the economy is social and demands pro-social solutions to resolve its problems.

Wages and benefits of active workers are not liabilities; they are claims on value the workers reproduce. Pensions and post-retirement benefits are not liabilities; they are reproduced by the human factor through work and by doing so the active generation guarantees the rights and well-being of the retired generation and also the new generation coming into being. The rights of each generation of workers fall within the general arrangement between workers and the social wealth they produce to guarantee the well-being of all members of society from birth to passing away. Workers are always available to work and in return expect as a right that the value they produce goes in part to guarantee the well-being of all including themselves throughout their lives.

Read *The Marxist-Leninist*
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