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## U.S. Steel's Arbitrary Dictate

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- Unprincipled Attack on Salaried Employees

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# Arbitrariness Has No Place in Relations of Production, the Economy or Government

*CCAA arbitrary dictate to cease post-retirement benefits for Stelco retirees*

Relations at the workplace between the working class and those who own and control the operation are difficult enough without the intrusion of arbitrariness. A judge acting on behalf of those who control the *Companies' Creditors Arrangement Act* (CCAA) bankruptcy protection process arbitrarily ruled to stop paying post-retirement benefits negotiated and long agreed to between steelworkers and U.S. Steel. U.S. Steel in acquiring Stelco and becoming its legal owner assumed all the previous obligations Stelco had entered into with its employees including working conditions, wages, benefits, pensions and post-retirement benefits. Arbitrary decisions to abrogate those obligations have no place in Canada or any civilized country with a government of laws.

Arbitrariness can be defined as a decision "based on the decision of a judge or court rather than in accordance with any rule or law" or "based on or determined by individual preference or convenience." (*Merriam-Webster* and *dictionary.com*)



The Stelco post-retirement benefits and pensions were years in the making and rooted in collective struggle and provincial law. They are not arbitrary or capricious. They are born out of the necessity for such arrangements because the state itself does not recognize and guarantee the rights and well-being of Canadians at the place of work and upon retirement. The necessity of company pensions and post-retirement benefits is well known as shown as recently as this week with a report suggesting most Canadians are heading for poverty in retirement unless they have protection from workplace agreements. The report emphasizes the need to defend the pensions and benefits we have and fight for pensions and benefits for all!

Speaking at Local 1005's February 11, Thursday Meeting, the President of Local 1005, Gary

Howe, underscored the arbitrariness of the CCAA judge's decision to stop paying post-retirement benefits. Gary pointed out that the recently released twenty-first monitor's report of the CCAA fraud showed how convenient it was for U.S. Steel to stop paying the post-retirement benefits for self-serving reasons, which have themselves turned out to be capricious.

One of the reasons the judge accepted in endorsing the stopping of benefits was that cash on hand for U.S. Steel Canada was running out and the company would have to use funds from the Debtor-In-Possession (DIP). Running out of cash is a pragmatic reason to enter CCAA in the first place. Of course, why U.S. Steel was running out of cash was not up for debate but only how its appearance of doing so would be used to enter CCAA and within the process use its arbitrariness to attack workers, retirees, the Canadian economy and government of laws.

The DIP lender chosen under the CCAA is the notorious investment company Brookfield, which made a fortune the last time Stelco was in the CCAA fraud. Brookfield insists that payments for post-retirement benefits, the pension funds and municipal taxes should all stop as part of its agreement to supply the DIP funds. Why Brookfield has the monopoly right to interfere in the relations at the Stelco workplace and in legal commitments and the government of laws was not discussed.

DIP lending is a feature of the CCAA fraud. DIP is one way parasites such as Brookfield worm their way into the CCAA process and dip their fingers into the pot and reduce even further the cash on hand. Why would those parasites have any standing to tell retirees they should not receive what is theirs by right is not discussed. In fact, DIP and the entire CCAA fraud are just more impediments standing in the way of solving the problems faced by Stelco and the Canadian steel industry.

At any rate, the latest monitor's report says no money from the DIP has been used to date and U.S. Steel Canada has \$151.3 million in cash on hand with a positive increase in cash of \$41.5 million during December 2015 alone. This exposes one more farce of the CCAA process and how an

arbitrary anti-worker dictate was reached through self-serving reasoning.

The cancellation of the post-retirement benefits is another indication of how arbitrariness within the CCAA trumps rights, commitments and the rule of law. Post-retirement benefits and pensions fall into the realm of the rights of all. Workers must fight for those rights under the present relations at the place of work. Steelworkers expect those agreements for pensions and benefits to be sacrosanct and not subject to arbitrary dismissal. Those agreements are based on principles and should not be removed on a whim or self-serving pragmatic convenience.

Having \$151 million cash in hand or not does not solve the problems in the steel industry or at Stelco. The problems run deeper than that to the core of how global monopolies and free trade agreements have overwhelmed Canada and sent it off the rails in opposition to any genuine nation-building project. U.S. Steel's takeover of Stelco is part of the overall nation-wrecking.

The arbitrariness of the CCAA and the judge's decision to stop paying post-retirement benefits does not advance the situation one bit with regards to sorting out the problems at Stelco and in the Canadian steel industry. They are self-serving attacks transferring social wealth from those who need it and earned it through their work and struggle to those in control of the bankruptcy process. Arbitrariness and the denial of rights are not solutions to economic problems. They are attacks on the dignity and well-being of steelworkers and the social fabric of the country.

With similar arbitrariness, the judge allowed U.S. Steel to abscond with Stelco's lucrative automotive contracts. How does that arbitrariness solve any problem for Stelco and advance the process to keep Stelco producing and put the Canadian steel industry on a sound footing?

Arbitrariness has no place in relations at the workplace or in the economy. Principles and rights have an enormous role to play to sort out relations and move Canada forward. The CCAA arbitrary ruling to stop paying post-retirement benefits should be immediately overturned and the benefits reinstated. All the other obligations that U.S. Steel assumed as a global company acquiring Stelco should be recognized and upheld including importantly making the pension plans whole and bringing Stelco up to the agreed upon levels of production and employment.

Enough of this arbitrariness of the CCAA. CCAA is not a solution just as concessions from workers are not solutions. Stelco needs a new beginning based on principles in relations at the workplace and in the Canadian economy and a government of laws. Stelco and its present and retired workforce need the strength, vitality and self-reliance in serving and meeting Canada's demand for steel. Keep Stelco Producing!

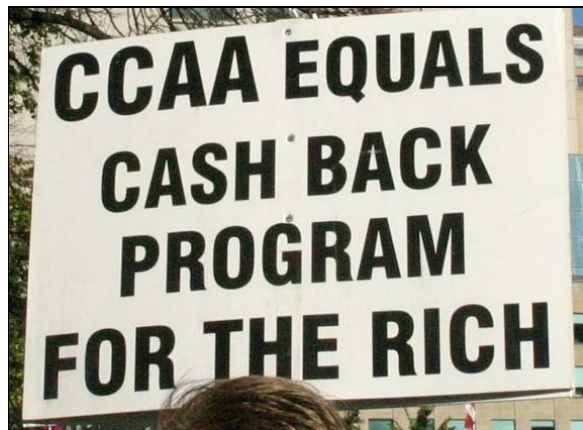


## Unprincipled Attack on Salaried Employees

*TML Daily* has learned that U.S. Steel has fired many employees in its treasury and accounting departments. Without warning, U.S. Steel Vice-President and Controller Colleen M. Darragh informed 75 salaried employees through email in early February that they would be terminated within the next two months. The email said U.S. Steel was "outsourcing" their work and jobs to a large unnamed accounting company.

"We know this is difficult. But it's the right decision as we change how we do business," Vice-President Darragh wrote in the email. To rub salt into the gaping wound inflicted on the workers, Darragh suggested they were incompetent and their work was not up to the goals of the anti-worker "Carnegie Way efficiency campaign." She said U.S. Steel had no option but to outsource their work in order "to develop a world-class financial reporting team," as the email so crassly puts it.

According to Darragh's email, the functions affected are in corporate accounts payable, headquarters general accounting, invoice resolution and control, payroll, processed products, and treasury. U.S. Steel already outsourced its audit department functions in 2014, firing audit workers and handing their work to the global accounting monopoly Ernst & Young, which is most likely the recipient of this new outsourced work. Ernst & Young is also the U.S. Steel appointed monitor in the fraudulent *Companies' Creditors Arrangement Act* (CCAA) bankruptcy process involving U.S. Steel's wholly-owned mills in Hamilton and Nanticoke.



The U.S. Steel email reeks of unprincipled pragmatism, as the monopoly does everything according to what it sees necessary to serve its empire and the social wealth and narrow private interests of the executive managers, directors and those who own the stock and bonds. U.S. pragmatism feigns regret over actions taken that deprive people of their rights, break previous commitments and disregard the rule of law. It excuses these attacks "as the right decision" to serve some higher goal those in power have set.

U.S. pragmatism tramples on principles, commitments and a rule of law serving the broad public interest and good. In opposition to principles and the broad public interest, U.S. pragmatism serves the narrow private interests of those who possess class privilege and own and control social wealth. Monopoly right of those in control is seen in practice as *might makes right*. Monopoly right defines the goal to achieve, which in this particular case is a "world class financial reporting team." U.S. pragmatism considers all actions taken to achieve that end are justified and the "right decision" simply because those in control say so and justify it in grandiose self-serving terms.

The goal or end defined by those in power who control the economic and political process justifies the means by which the end is achieved no matter whose rights are trampled on or who is hurt in the process. The end is summed up as the narrow private interests of the privileged class in power and control, and the means to this end are executed by their economic managers and political representatives. Nothing is allowed to stand in the way of achieving whatever goal those in power have set and all actions taken are justified because they serve the goal.

U.S. Steel's Carnegie Way reeks of this unprincipled U.S. pragmatism and so does CCAA

bankruptcy protection. The CCAA fraud tramples on the rights of all except those in control of the process. It overrules previously-held agreements and commitments to pensions, employment and post-retirement benefits, and tramples on municipal and provincial law. It excuses blatant nation-wrecking under the hoax of serving some greater good defined by those in power and control.

U.S. pragmatism has no place in a modern civilized country. The people of the U.S. and Canada deserve better than this anti-social, anti-people dictatorship of the private interests of the privileged class. Canada and the U.S. need a new direction towards nation-building based on principles, commitments to the well-being and rights of all, and a government of laws serving the broad public interest, certainly not this unprincipled backwardness of the CCAA fraud, Carnegie Way outsourcing and constant attacks on rights and commitments, and denial of the rule of law.

*(With files from Pittsburgh Post-Gazette)*



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