

January 12, 2017

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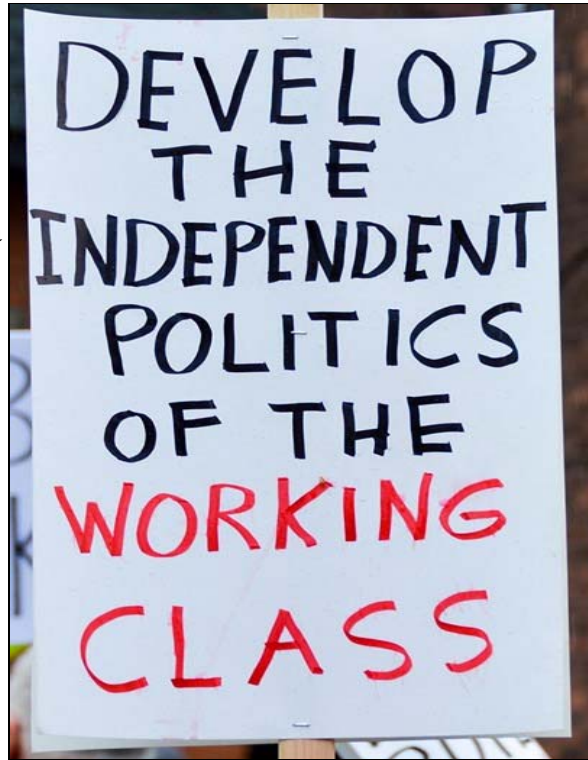
**Workers Discuss Bedrock Plan Sponsor Agreement to Purchase Stelco
Steelworkers Stand Firm in Defence of Rights**

Stelco steelworkers, retirees and their supporters held an important discussion in Hamilton during the first week of the New Year. Concern is great amongst steelworkers that the attacks against them are expanding. Speaking to the threats, many reiterated their determination to defend their rights and the rights of all in the face of the all-sided attacks of the oligarchs who are plotting against them. They spoke passionately that their security depends on their fight in defence of the rights of

all.

Steelworkers and retirees face an onslaught from the U.S. oligarchs and a Canadian state and mass media they do not control. Workers can control their own organizations, thinking, voice and actions with analysis in their defence. In the struggle to defend rights, the central issue is to activate the human factor/social consciousness in a planned organized way. If focus is turned away from those things the working class can control, then energy and time are wasted in futile attempts to influence the oligarchs and their state to change their behaviour rather than concentrating on mobilizing and organizing the working class to defend its rights with actions with analysis, to become a powerful organized conscious force that refuses to be deprived of its rights.

The Hamilton working class declares with one voice: Not to honour the previously negotiated agreements for wages, benefits and pensions in exchange for Stelco steelworkers' capacity to work is wrong! Not to honour commitments on Stelco employment and production levels necessary to meet the company's obligations and sustain the Canadian economy is wrong!

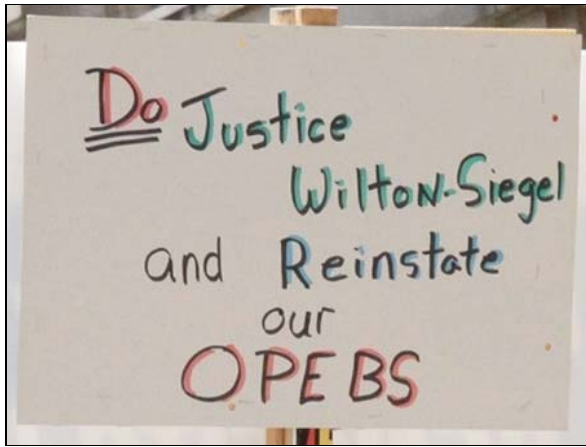


The oligarchs and their imperialist state can scream and whine and use their mass media to spread their anti-worker dogma all they like, it will not change the objective reality in the twenty-first century that rights must be upheld. The working class refuses to accept violations of its rights and dignity, and is strengthening its organizations, unity and voice for a determined battle.

The Oligarchs Have Not and Will Not Change Their Ways

The oligarchs and their imperialist state are convinced that the only way to satisfy their aim for empire-building and seizure of the social wealth workers produce is to deprive the working class of what belongs to it by right. The oligarchs will never give up their anti-worker convictions because their class privilege and empires are based on and governed by their anti-worker ideology. The working class can only force them to come to some agreement for equilibrium that tempers their anti-social aim and requires them to recognize that workers will only produce social wealth within an atmosphere of equilibrium in the class struggle where their rights and dignity are upheld. This equilibrium can only be secured if the working class shows in practice that it has independent institutions and thinking, and a conscious determination to defend its rights without fail.

Steelworkers discussed that the oligarchs and their state since approving the Bedrock Plan Sponsor Agreement (PSA) on December 15, 2016 still refuse to meet their obligations for post-employment benefits and pensions or pay municipal taxes. Even though Stelco has amassed \$250 million from its truncated operations, it continues to use the bankrupt *Companies' Creditors Arrangement Act* (CCAA) as a state-organized weapon to deny workers their rights and to attack the Canadian steel communities and economy. Stelco steelworkers are producing enormous value but the oligarchs in control refuse to meet their obligations with or without the PSA.



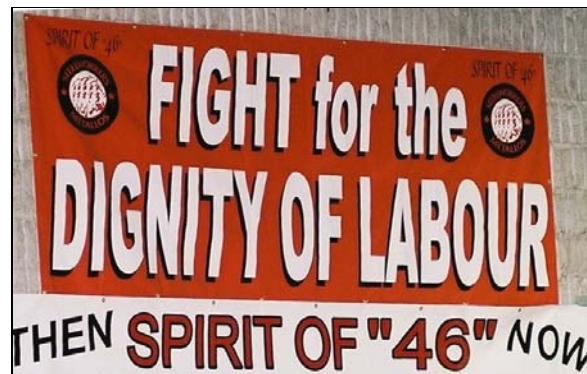
The PSA is a monstrous hoax to throw sand in the eyes of the gullible. The new oligarchs replacing the old oligarchs have no intention of meeting the social obligations arising from the decades-old agreements made with steelworkers in exchange for their capacity to work. Steelworkers denounced the charade to bring in yet another gang of U.S. oligarchs to suck Stelco's social wealth back to New York and Miami. Even with reduced production caused by U.S. Steel wrecking and escaping with the Canadian order book, Stelco steelworkers are producing considerable value. The so-called

bankrupt Stelco has not needed any outside funds for operations -- not even from the Debtors-In-Possession. Stelco does not need Bedrock, steelworkers emphasized, it needs a new direction.

Others denounced Stelco President Mike McQuade's statement that the Bedrock PSA would allow Stelco "to emerge from creditor protection as a viable low cost producer." Such an abusive statement comes from the lips of someone who views the actual producers of value as a "cost." McQuade's PSA "savings" will come at the expense of the workers who produce the value in the first place and from reneging on the company's social obligations not only to the workers and retirees but to the overall economy, community and environment.

The Bedrock PSA brings nothing to Hamilton. It should be rejected outright. It hands over social wealth to U.S. Steel for a fraudulent loan to itself while refusing to pay the \$150 million legitimate loan from the Ontario government. It does not hold U.S. Steel to account for its refusal to honour its original Stelco purchase agreement to maintain certain production and employment levels nor does it render judgment and demand restitution for its subsequent lockouts and wrecking.

It does not hold U.S. Steel to account for its promise to make the pension plans whole by the end of 2015. Instead, the PSA intends to sever the production of steel value from existing pension and benefit agreements by removing them from the balance sheet, which means wiping the oligarchs' hands clean of all old and new defined pensions and benefit obligations. Past and present steelworkers are to be cast adrift without the pensions and benefits they fought for and won following the historic strike struggle of 1946 and strengthening of USW Local 1005.



The PSA does not hold U.S. Steel or any company or oligarchs responsible for environmental remediation of polluted lands but instead pawns the duty off on the provincial and municipal governments and retirees in an arrangement that sounds eerily similar to buying swampland in Florida from crooked real estate agents.

The PSA does not guarantee Stelco employment or production levels but instead makes clear that the Bedrock oligarchs are only interested in ridding Stelco of its social obligations, driving down wages and benefits to turn the company into McQuade's anti-worker dream of "a low cost producer" and flipping the remains for a big score. The Bedrock Controlling Fund has no interest in building Canada's steelmaking capacity and may even idle both steelworks in a lockout for as

long as it takes to force concessions on steelworkers in the style of the now infamous MANA German imperialists. The PSA does not even guarantee to pay back outstanding municipal taxes.



Far from the PSA contributing anything to Hamilton, with increased steel production and revenue at both Hamilton and Lake Erie Steelworks in an independent Stelco, the company does not need oligarchs at all. They are simply a drag on revenue and production and like U.S. Steel and the gang from the last stint in CCAA, a recipe for disaster. They want to steal all the gravy while trampling on the rights of steelworkers and retirees and leave Hamilton and

Ontario with workers and retirees without their jobs, pensions and benefits and holding a big bill and responsibility to clean up a century of pollution without any connection with income from production.

Steelworkers and retirees discussed how they must continue to put the full weight of their independent organizations behind the fight to defend their rights. They also expressed their determination to broaden the discussion in the community over the necessity for a new direction for the economy that involves a new aim to serve the people and society in opposition to the narrow aim of the oligarchs to strengthen their class privilege and amass for themselves and their empires the social wealth workers produce.

In this regard, steelworkers discussed the New Year's statement of the Workers' Centre of CPC(M-L), *Make 2017 a Year of Great Advance for the Working Class Movement*, in particular the following excerpt:

"The oligarchs put their narrow private interests ahead of any social responsibility to the well-being of the people and society. The institutions created by a government of laws no longer function and instead of renewing them so as to complete the battle of democracy, they are installing a government of police powers and view the people's striving for their well-being and rights of all as things to crush, as impediments to enriching themselves from the value workers produce. The oligarchs see the renewal of democracy to empower the people as a threat to their rule and power. They use the social wealth and property they control and the power of their state to deprive the working class of its right to solve the problems confronting the country on all fronts. This is particularly evident in their refusal to modernize relations at the place of work, to bring them into conformity with the socialized interrelated nature of mass production of goods and services and the necessity to work together in cooperation for the greater good.



"The example of Stelco jumps out as an example of the obstructionism of the oligarchs and their denial of the reality that the economy needs a new direction. The sole reason the oligarchs put the Stelco steelworks into state-organized bankruptcy protection was to attack the rights of the steelworkers, salaried employees and steel communities. The only issue within the state-organized bankruptcy process is to deprive steelworkers of what belongs to them by right -- their wages,

benefits and pensions -- and to deny any responsibility towards society and the social and natural environment.

"The bankruptcy process does not even discuss the necessity for a new direction for the steel sector but merely changes one set of oligarchs for another, redistributes social wealth amongst the most powerful and steals from the working class. The process tramples on the rights of Canadian workers, their economy, communities and society. The Stelco steelworks are not bankrupt; the oligarchs, their power, state and rule are bankrupt. The time is now for a new direction.

"Canadian workers are coming to the conclusion that to put things right, they must deprive the ruling oligarchs of their power to deprive Canadians of their right to decide and control their affairs at work and broadly in society. This includes most importantly the right to bring relations of production into conformity with the socialized economy. Those who produce the goods and services must control their sectors and have the power to decide.

"Such a change in the organization of relations of production involves a renewal of democracy which empowers the people. A modern constitution and forms of governance will be required to ensure the working people are in control of their economy and society, to ensure they are not deprived of the value they produce and the power to use that value to build a self-reliant all-sided economy with a modern aim to guarantee the well-being of the people and their rights, and to humanize the social and natural environment."



Rally -- Stand Up for Jobs, Pensions and Benefits



Oakville

Friday, January 13 -- 10:00 am

**Meet at Local 1005 USW Union Hall, 350 Kenilworth Ave. N, Hamilton
or go directly to Oakville Conference Centre, 2515 Wycroft Rd.**

Information: uswa1005.ca

United Steelworkers Local 1005 in Hamilton has called a rally outside an Oakville Chamber of Commerce event featuring Premier Kathleen Wynne to hold the provincial government to account. Steelworkers are demanding that the provincial government take responsibility to make workers' pensions whole and reinstate other post-employment benefits cancelled by U.S. Steel and CCAA courts.

Workers point out that the provincial government has allowed U.S. Steel Canada (now Stelco) to renege on its legal commitments to protect workers' pensions, and that the province must now see that this is done. Bring your flags, signs and banners!



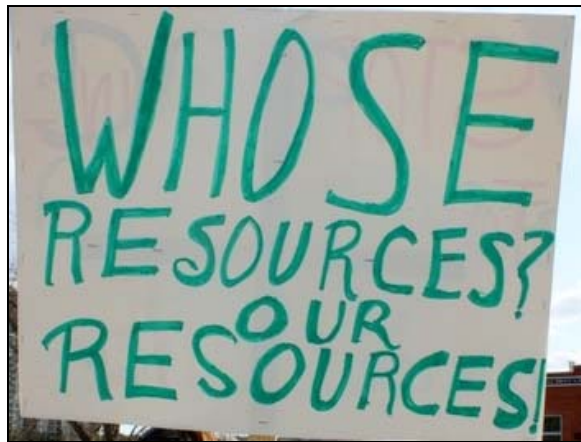
Need for a New Direction for the Economy

Canada's Economic Model

Part One

Certain members of Canada's official intelligentsia are expressing concern with the current direction of the economy. The International Institute for Sustainable Development (IISD) with support from the Ivey Foundation has issued a study of Statistics Canada data suggesting the economy's heavy reliance on exploitation and export of natural resources is not sustainable for various reasons. Without more rounded investments in all aspects of a modern economy, the standard of living, employment opportunities and even the per capita value from resource extraction will fall.

Investments in resource extraction and exports, and the proposed increased investments in pipelines, dwarf investments in other areas of the economy and this poses problems regarding sustainability of the current direction. The study relies on Statistics Canada data from the years 1980 to 2013.[1]



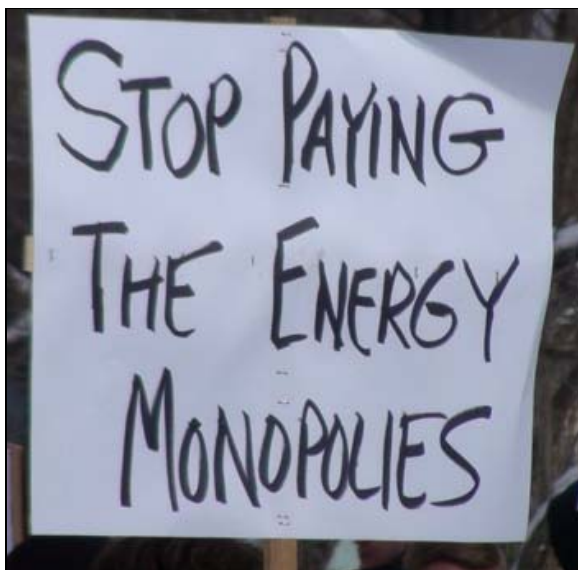
The lead author of the report is Robert Smith, IISD Senior Associate and Principal of Midsummer Analytics. Mr. Smith worked in various analyst positions in the National Accounts and Environment Division, Statistics Canada and, served for ten years as Director of the Environmental Accounts and Statistics Division, Statistics Canada.

In the analysis below all data and quotations are from the report. Terms and classifications have been changed in accordance with the modern outlook of the working class and its human-centred economics. The period studied was from 1980 to 2013.

The economy's dependence on raw material exports together with the residential housing sector in the main cities is said to be concerning and important to discuss in light of the controversy surrounding increased investments in oil pipelines, LNG export and megaprojects such as the Site C dam in northern BC.

Production of social wealth in Canada grew by 1.68 per cent annually from 1980 to 2013, though

much of this growth was concentrated in the oil and gas extraction industry and residential housing. During the same period, the Canadian population grew from 24,516,071 to 35,156,000 in large measure from immigration. The growth in population provided the workers for expansion of resource extraction and residential housing construction and many of the buyers for this housing.



The estimate in real per capita terms of the potential social wealth from recoverable natural resources (fossil fuels, timber, minerals) plus gross income from farmland declined during the study period by 0.93 per cent annually (for a total drop of 25 per cent). Since the end of the study period 2013, due to a fall in raw material prices generally but oil in particular, the total nominal market value per capita of Canada's recoverable natural resources fell another 75 per cent. Unless oil prices recover, this loss in social wealth may not be recovered, according to the study, which does not explore or discuss a new direction for the economy free from the imperialist clutches of the financial oligarchy. The loss in export earnings means a deficit in the economy's capacity to buy imports, which are mostly articles of

consumption and heavy machinery.

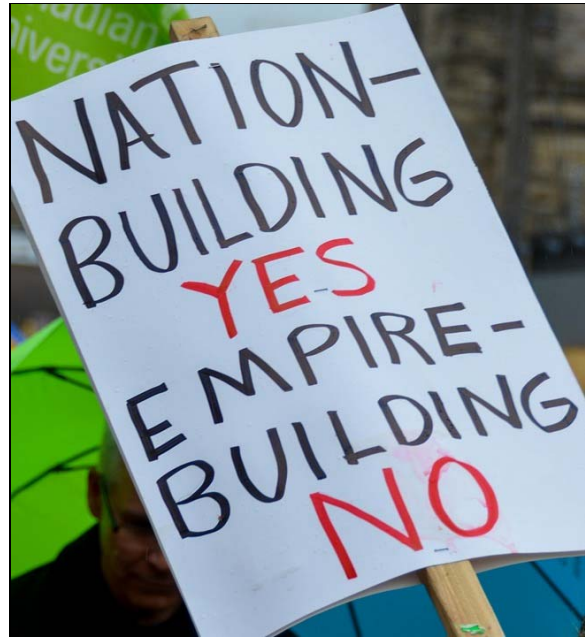
Produced social wealth, mostly from Department One of the economy "was the bright spot." Department One is comprised of means of production including all those inputs necessary for production to occur in a socialized economy. This includes machinery, tools, buildings, material etc. Department Two is comprised of articles of consumption, which by definition are not used in production of other goods and services.

A modern economy must develop a harmonious relation between the two Departments for the economy to function without crisis in an environment of self-reliance, independence and sovereign control. Capital-centred economists do not consider this a concern, as competing parts of the economy are owned and controlled privately and act according to their own narrow interests. Relations between the two Departments are impossible to coordinate scientifically without the actual producers depriving the financial oligarchy of their private power and control. How to harmonize relations between the two departments is a science that should become part of the collective consciousness of the actual producers and put into practice within a modern state where the working class controls socialized production and distribution of the social wealth it produces.

Unevenly developed economies are the norm around the world, with few exceptions, especially in the oppressed countries of Africa, Latin America and the Caribbean. Dependence on Department One or Two is seen as a weapon in the hands of the imperialists and their oligopolies to control a country and force its economy to serve the big power masters and not the well-being and food security of its residents and hindering development of modern social programs and public services.

Within the imperialist system of states, the imbalance between the two departments in a country such as Canada is seen as an opportunity to increase imports of manufactured goods. This has led to the massive import of consumer goods into Canada through oligopolies such as Wal-Mart and the relative underdevelopment of manufacturing in all the regions.

If Department One grows substantially faster than Department Two, as is the case in Canada, this exposes the economy to danger from a fall in exports or changes in market prices of those exports, which has occurred recently. A change in prices for imported articles of consumption can also happen due to many factors including a change in the relative value of the Canadian dollar with other currencies. The lower Canadian dollar relative to other currencies is causing a rapid increase in imported food prices. An uneven economy that is not diversified such as in Canada generally and in particular regions such as Alberta compound the danger to the economy making it vulnerable to extreme crises causing layoffs and loss of livelihoods.

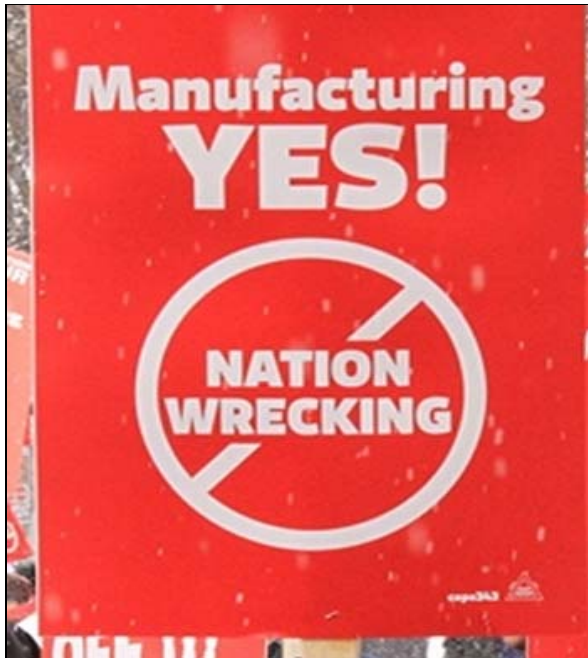


Many articles of consumption from Department Two are not manufactured in Canada but instead purchased abroad using income from exports from Department One. With a fall in demand and income from exports from Department One, unemployment ensues as well as a lack of revenue to purchase imports of articles of consumption from Department Two produced in other economies.

The report expresses other concerns with the overreliance on production and exports from Department One. These include the actual physical depletion of resources, changes in global production methods that no longer require certain resources as heavily as before, and advancements in science leading to the realization that certain production methods and products are harmful to the natural environment and humans. Such has been the case with asbestos, for example, and now increasingly with oil and the burning of fossil fuels generally as a source of heat and energy.

Another issue of concern arising from overreliance on exports from Department One and the lack of independence and self-reliance of the Canadian economy comes from the collusion and contention amongst oligopolies and different sections of the ruling capitalist class for control within the imperialist system of states. An example of this has been the U.S. imperialist flooding of global oil markets with oil produced using new technique called hydraulic fracturing (fracking), which has opened up new zones of exploitation not just in the U.S. but worldwide. This has collapsed the price of oil and sent several countries and regions into serious crisis, including Alberta and Newfoundland and Labrador. This crisis is rippling across Canada and the entire world.

The report pursues its concern not just from the aspect of relative overinvestment in Department One, but also from the angle of per capita physical depletion of resources, which means that income from that sector will not be able to sustain the current standard of living. The report says, "Here too, though, there may be concerns regarding long-term sustainability. For one, Canada's [production within Department One for export -- mostly material as use-value in production of other goods and services] is tightly coupled with its declining [per capita recoverability of natural resources] and has become more so over time."



In 1980, the oil and gas extraction industry accounted for about 9 per cent of the value of production in Department One. By 2013, the share of this industry alone had risen to about 28 per cent. Over the period, investment in oil and gas extraction infrastructure accounted for 33 per cent of all growth in production.

This uneven development of the economy with heavy emphasis on resource extraction and exports raises concerns that this overreliance of production and exports from Department One has made the economy vulnerable to global disputes and crises. Another concern is the unevenness of production within Department One itself. Canada relies more on low value extraction and export of raw material while neglecting the production of other aspects of Department One, especially the expensive heavy

machinery necessary in modern mining, oil production, forestry and farming. Imported machinery proliferates on Canadian production sites such as Caterpillar, Kubota and soft coal mining machines used to dig out potash called Marietta Miners.

Note

1. See report from IISD: [Comprehensive Wealth in Canada -- Measuring What Matters in the Long Run - International Institute for Sustainable Development](#)

(To be continued with further discussion and data regarding Canada's overreliance on exports from Department One, and changes over the period 1980 to 2013 of Canada's per capita recoverable natural resources, the lifetime earnings of workers, investments in education etc.)



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