



CANADA

February 05, 2005 - Stelco workforce down 11% during past year, Job cuts could hit 1,000 by year end

The Hamilton-based steel maker disclosed that it has a current workforce of 5,500, down more than 11% or 737 jobs from just before it gained court protection from creditors a year ago. A report from a court monitor supervising Stelco's restructuring added the company is forecasting a reduction of another 241 jobs this year, which will raise the number of cuts to 978 in two years.

In seeking bankruptcy court protection a year ago, Stelco officials said significant reductions in workforce and costs were necessary to make the company competitive against leaner industry rivals. The job reductions represent a steady decline in Stelco's employment levels since 1999. If Stelco meets its forecast, it would have reduced its workforce by almost 2,500 jobs or one-third in six years.

The monitor's report also revealed more evidence that the company's fortunes are improving significantly. For example, the company forecasts contract prices for fiscal 2005 will jump by an average of 30%. Stelco, which is still legally insolvent, earned \$100 million in the second and third quarters because of soaring steel prices and demand. The monitor's report also showed that cash funding for the company's four pension funds is forecast to climb to \$141 million this year from \$106 million last year.

The United Steelworkers of America, which represents production employees at Stelco, has warned that it will not support any bidder's offer that does not address the growing pension deficiency.

Read more:

http://www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_Type1&c=Article&cid=1107558612054&call_pageid=968350072197&col=969048863851

February 05, 2005 - AIC oversees shrinking empire

Preliminary figures released by the Investment Funds Institute of Canada show AIC suffered \$304 million in net redemptions in January, the first big month for RRSP fund sales, leaving it with \$10.66 billion in assets under management. It was the single largest loss among all companies listed by IFIC. It stands in stark contrast to the estimated net new sales of \$1.3 billion to \$1.7 billion recorded by the fund industry as a whole in January.

In a recent interview with the *Toronto Star*, the head of the firm, Michael Lee-Chin, was more cautious. "The frustration is that we have unit holders who are short-term in their thinking but the investment process is more of a longer-term horizon," he says. "The problem is one of a lack of patience on the part of investors. What we won't do is change our behaviour. Wealth is created by owning a few excellent high quality businesses that you intend to hold for the long run that are bought at reasonable prices. What we have to do is work on investor education."

According to Gordon Pape, author and mutual fund guru, "AIC has had a lot of problems". The company was one of four firms that settled market-timing allegations with the Ontario Securities Commission. "AIC, which performed very well during much of the 1990s, somewhere simply lost it and was not able to deliver. Many of its funds suffered huge losses during the bear market from 2000 to 2002."

Read more:

http://www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_Type1&c=Article&cid=1107558612703&call_pageid=968350072197&col=969048863851

February 04, 2005 - Union makes plans to sue OMERS over management deal

The Canadian Union of Public Employees is raising the stakes in its bitter fight against one of the country's largest public pension funds, announcing plans to sue the board and three senior managers of the Ontario Municipal Retirement Board (OMERS) over a controversial outsourcing deal that cost millions. The union's legal action centres on how OMERS and its board handled a deal to outsource the management of nearly one-third of its assets to a private Toronto firm called Borealis Capital Corp. That deal also is currently the subject of an investigation by the Financial Services Commission of Ontario, which regulates pension plans.

A *Globe and Mail* investigation of the deal last year found it enriched a handful of individuals -- some former employees of the pension fund -- at the expense of 340,000 active and retired workers who belong to the plan. The arrangement cost the pension plan nearly \$100-million before it was cancelled last year. OMERS is one of the country's largest plans with \$33-billion in assets.

CUPE Ontario president Sid Ryan said yesterday that his union is preparing a legal claim seeking to recover some of these funds, specifically \$10.5-million in fees it has alleged were paid to the three senior partners of Borealis when the deal was ended.

Read more:

<http://www.theglobeandmail.com/servlet/ArticleNews/TPStory/LAC/20050204/ROMERS04/TPBusiness/?query=pension+funds>

February 04, 2005- Mr. Goodale's Budget Must Focus on Jobs

According to Ken Georgetti, president of the Canadian Labour Congress, Statistics Canada's Labour Force Survey for the first month of 2005 confirms all the weaknesses the Canadian Labour Congress have been pointing to in the job market.

The public sector that has been driving job creation for the past year is softening. New jobs are being created in manufacturing but we are still 86,000 jobs short of the employment level in that sector in November 2002. And the high dollar is now hitting the "information, culture and recreation" sector that has lost 36,000 jobs since August. Statistics Canada reported that, in January 2005, the unemployment rate remained steady at 7% compared to the previous month. In seasonally adjusted numbers,

the number of Canadians who want to work but do not have a job totals 1,206,400.

Read more:

http://www.clc-ctc.ca/web/menu/english/en_index.htm

February 04, 2005, - CAW's Hargrove Urges PM To Ease Debt Burden of Poor Nations

In a February 3 letter to the PM, CAW* president, Buzz Hargrove, asked the government to help the world's poor by leading a movement to deal with the debt burden that is causing misery for too many around the world.

High interest rates and penalties mean the poorest countries spend more on repaying debts to the richest countries than they get in aid. Between 1970 and 2002, for example, the poorest African countries received \$294 billion in loans, paid back \$298 billion in interest and principal, but still owed more than \$200 billion.

Hargrove said Canada could take the lead to:

Secure the immediate and unconditional cancellation of 100% of the debts owed to multilateral financial institutions by all impoverished countries that need debt cancellation to meet Millennium Development Goals, including halting the HIV-Aids pandemic;
End IMF and World Bank structural adjustment programs;
Dedicate 0.7 per cent of Canada's gross national income to development assistance.

* National Automobile, Aerospace, Transportation and General Workers Union of Canada, (CAW-Canada)

Read more:

<http://www.caw.ca/news/newsnow/news.asp?artID=706>

January 31, 2005 - Mainstream seen moving beyond ethical investing

According to consultant Tim Gardener of Mercer Investment Consulting, mainstream investors will be more eager to embrace some form of socially responsible investing. But it won't be based on personal values or ethics. Rather than using the words "socially responsible or ethical," Mercer speaks of "Environmental, Social and Governance Issues" (ESG). This label includes sustainable and responsible investment, engagement with companies and shareholder activism.

Gardener said that, in the past, most of the interest in so-called socially responsible investing has come from

mission or faith-based investors, and from the "more vociferous players who think funds should use their financial muscle to influence and change society." Now things seem to be different; a growing number of mainstream investors believe environmental, social and governance issues can have an impact on long-term investment performance. Environmental concerns have taken on greater importance in the last several years and the ability of government to control the corporate sector has been greatly reduced.

"People are beginning to believe the message that, in the long-term, those companies who act in a socially responsible fashion will be rewarded for it."

Mercer's annual 2005 "fearless forecast" of investment managers revealed that while only 5% believed that the integration of ESG factors into investment analysis will become mainstream in the next one or two years, fully 70% felt such practices will be mainstream within three to 10 years. Screening is another issue. Although 60% indicated that screening for ESG factors will become mainstream within 3-10 years, 30% said it will never happen.

Read more:

http://www.advisor.ca/news/today/article.jsp?content=20050131_145614_5452

THE UNITED STATES

April 21, 2005 – Conference: First Annual Business Ethics Summit - New York City

Executives who care deeply about corporate citizenship still struggle to be understood and believed by the public. And the filter between business and the public is the news media. How does business get its message through the filter? How is the perception of trust created? These will be the topics at the First Annual Business Ethics Summit, "*Corporate Scandals, Corporate Responsibility and the Media: Who Should We Believe?*" to be held at the Princeton Club in New York City.

Media attendees include:

Paul Steiger, Managing Editor of *The Wall Street Journal*.

Lawrence Ingrassia, Business Editor of *The New York Times*.

Judith H. Dobrzynski, Managing Editor, CNBC Business News.

Matthew Winkler, Editor-in-Chief, Bloomberg News.

Marc Gunther, Senior Writer, *FORTUNE Magazine*.

For more information go to:

<http://www.business-ethics.com/offers/summit.html>

February 03, 2005 - Workers Would Lose up to \$152,000 if Social Security Is Privatized

President George W. Bush stepped up his campaign to privatize Social Security during his State of the Union speech, predicting a terrible future for Social Security unless Social Security is privatized. But his scare-tactic rhetoric veiled the true cost behind Bush's efforts to cut retirement benefits.

"He didn't say that working people would end up with lower benefits under Social Security privatization. He didn't talk about the high price working families would pay for privatization—in benefit cuts, new government debt and the potential Enron-ization of America's most successful family protection program," says AFL-CIO President John Sweeney.

Bush claimed his privatization blueprint would be voluntary and workers could choose to remain in the traditional Social Security program with guaranteed benefits. But even workers who don't choose private Social Security accounts would face big benefit cuts. A young worker would lose 30 percent or more in guaranteed benefits, according to the Social Security Administration and other groups. That adds up to as much as \$152,000 in retirement benefits lost in the 20 years after retirement, according to a study by the Centre for Economic and Policy Research.

Workers who chose private accounts would see shockingly low returns when they retire. According to a *Washington Post* analysis of the private accounts' returns, young workers who set up private accounts will lose 30 percent in Social Security benefit cuts, as will all Americans. If young workers set aside \$1,000 a year for 40 years and earn 4 percent a year on the investment after inflation, each account would grow to \$99,800 in today's dollars.

But Bush will treat the young workers' money as a "loan" from the government—and the government will want its money back. The government will take \$78,700 from each account, leaving each young worker with \$21,100 after 40 years of savings. Ultimately, young workers will be dramatically worse off than they would have been under today's real Social Security system.

Read more:

<http://www.aflcio.org/issuespolitics/socialsecurity/ns02032005.cfm>

http://www.cepr.net/publications/facts_social_security.htm

February 03, 2005 - Community Investment Surpasses the \$1 Billion Mark at The Rock

In 1976, a century after its founding to provide insurance to low-income working-class families in Newark, New Jersey, Prudential Financial launched its *Social Investment Program* to fund community investment projects that do not qualify for mainstream lending. Almost 30 years later, the Social Investment Program has surpassed the \$1 billion mark, with more than \$228 million worth of financing going to affordable housing and nearly \$30 million supporting minority entrepreneurship.

Prudential's Social Investment Program targets three broad areas: education (dubbed "Ready to Learn"), affordable housing and economic development ("Ready to Work"), and community services ("Ready to Live"). The program particularly targets two program areas: affordable housing preservation and charter schools. Since its establishment, the program has helped finance 48 charter schools nationwide, including roughly half of New Jersey's 50-odd charter schools.

Read more:

<http://www.socialfunds.com/news/article.cgi/article1629.html>

<http://www.prudential.com/productsAndServices/0,1474,intPageID%253D1452%2526bInPrinterFriendly%253D0,00.html>

THE WORLD

February 01, 2005 - Top 100 'sustainable' corporations named

A new global business ranking – the *Global 100 Most Sustainable Corporations* – was launched at the World Economic Forum. Three companies – Toyota, Alcoa and BP – were singled out for excellence. The companies have distinguished themselves through their “ability to profit from recognising new environmental and social markets”.

The top 100 companies were selected from a pool of more than 2,000 firms representing large global indices. These include the S&P 500, MSCI World, FTSE 350 and Eurostoxx, based on rankings by Innovest Strategic Value Advisors. Companies were rated on a range of criteria that included strategic governance,

environmental initiatives and human capital/labour relations' practices. The list is co-ordinated by Canadian publishers Corporate Knights. A complete listing of the top 100 companies by country is available at: www.global100.org

Read more:

<http://www.ethicalcorp.com/content.asp?ContentID=3423>

February, 2005- The 50 most socially responsible Japanese companies

A survey conducted by *Nihon Keizai Shimbun*, a Japanese business news firm, and Nikkei Research, a Japanese market research firm ranked the 50 most socially responsible Japanese Companies. The survey examined Japanese firms' corporate social responsibility practices and evaluated how well companies incorporate social issues and environmental concerns into their business practices. Topping the list was Sony, followed Matsushita Electric Industrial, Komatsu, NEC, Toyota, and Hitachi.

Read more:

<http://www.socialfunds.com/news/article.cgi/1626.html>
http://www.nikkei4946.com/sb/e_index/index.asp

January 2005- The 10 Worst Corporations of 2004 by Multinational Monitor

When the Multinational Monitor judges gather to pick the 10 worst corporations of the year, one of their instructions is: name no companies that appeared on the previous year's list (barring extraordinary circumstances). For the 2004 list, that means no Bayer (even though in 2004 the company pushed for import of genetically modified rice into the European Union, polluted water in a South African town with the carcinogen hexavalent chromium, and was hit with evidence that its pain medication Aleve increases the risk of heart attack, no Boeing (despite new evidence that the tanker plane scandal costing U.S. taxpayers tens of billions of dollars is even worse than it appeared), no Clear Channel (even though the radio behemoth in 2004 stooped to new lows with a "Breast Christmas Ever" contest that promised to pay for breast implants for a dozen contest "winners"), and no Halliburton (embroiled in a whole new set of contracting fraud and bribery charges in 2004). But at least the no-repeat rule helps limit the field a bit. Of the remaining pool of candidates, Multinational Monitor chose the following as the 10 Worst Corporations of 2004:

Abbott Laboratories: Abbott makes the list for raising the price of Norvir, an important AIDS drug, developed with a major infusion of U.S. government funds, by 400 percent.

AIG: The world's largest insurer, American International Group Inc. (AIG) was charged in October with aiding and abetting PNC Financial Services in a fraudulent transaction to transfer \$750 million in mostly troubled loans and venture capital investments from subsidiaries off of its books.

Coca-Cola: Workers at the Coke bottling plant in Colombia have been terrorized for years by right-wing paramilitary forces. A fact-finding mission headed by a New York City Council member found, among other abuses, "there have been a total of 179 major human rights violations of Coca-Cola's workers, including nine murders. Family members of union activists have been abducted and tortured."

Dow Chemical: The world's largest plastic maker, Dow purchased Union Carbide in 1999. At midnight on December 2, 1984, 27 tons of lethal gases leaked from Union Carbide's pesticide factory in Bhopal, India, immediately killing an estimated 8,000 people and poisoning thousands of others. Today in Bhopal, at least 150,000 people, including children born to parents who survived the disaster, are suffering from exposure-related health effects such as cancer, neurological damage, chaotic menstrual cycles and mental illness. Dow refuses to take any responsibility.

GlaxoSmithKline: Following revelations and regulatory action in the UK in 2003 and 2004, the story of the severe side effects from Glaxo's Paxil, notably that they are addictive and lead to increased suicidality in youth, finally broke in the United States in 2004.

Hardee's: The fast-food maker is bragging about how unhealthy is its latest culinary invention, the Monster Thickburger.

Merck: Dr. David Graham, a Food and Drug Administration drug safety official, calls it "maybe the single greatest drug-safety catastrophe in the history of this country." The number in the United States who had suffered heart attacks or stroke as result of taking the arthritis drug Vioxx in the range of 88,000 to 139,000.

McWane: McWane Inc. is a large, privately held Alabama-based sewer and water pipe manufacturer. The New York Times revealed the company's egregious safety record, and the utter failure of regulatory agencies to control the company's workplace violence.

Riggs Bank: An explosive report from the U.S. Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, issued in July, revealed that the Washington, D.C.-based Riggs Bank illegally operated bank accounts for former Chilean dictator Augusto Pinochet, and routinely ignored evidence of corrupt practices in managing more than 60 accounts for the government of Equatorial Guinea.

Wal-Mart: This Company remains the colossus of U.S. - and increasingly global- retailing. Its revenues account for 2 percent of U.S. Gross Domestic Product. A key component - arguably the key component - of the company's business model is under-compensating employees and externalizing costs on to society.

Read more:

http://www.laborrights.org/press/worst_corporations_2004.htm

<http://www.multinationalmonitor.org/>

January, 2005- Holy Grail Found: Absolute, definitive proof that responsible companies perform better financially

"OK, yes, it's true that researchers don't speak this way: They'll never say "absolute, definitive proof" of anything has been found - not even that the sky is blue. There is the language of positive correlations, statistical significance, and other somnolent phrases". In this article, *Marjorie Kelly*, from Business Ethics Magazine Online suggests that for more than 17 years authors have been asking if *socially responsible companies perform better financially?*

Kelly posits that the search is over. The evidence is in. And even the statisticians are saying it's conclusive. Social and environmental responsibility does go hand in hand with superior financial performance - that's the finding of two "meta-studies" in recent months.

The most impressive of these is the rigorous study that in October won the *Moskowitz Prize of the Social Investment Forum*, awarded for outstanding research in social investing. It was conducted by Marc Orlitzky of the University of Sydney, Australia, and by Frank Schmidt and Sara Rynes from the University of Iowa. Their meta-analysis, "*Corporate Social and Financial Performance*," was a study of 52 studies over 30 years. They proved that a statistically significant association between corporate social performance and financial performance exists, which varies "from highly positive to modestly positive." The researchers offered ideas on what might be behind this correlation. One theory is that corporate social responsibility is an indicator of good management. A second theory sees the causation going the other way: financially successful firms have more resources for social activities. The study supported both theories. In a virtuous cycle, "financially successful companies spend more because they can afford it, but [corporate social responsibility] also helps them become a bit more successful."

This second study, "*Corporate Environmental Governance*," was conducted by Innovest Strategic Value Advisors, an international social research firm with over \$1 billion in funds it sub-advises. The Innovest report offered many anecdotes of superior financial returns being paired with good environmental management:

Read more:

http://www.business-ethics.com/current_issue/winter_2005_holy_grail_article.html

<http://www.google.ca/search?hl=en&q=Corporate+Social+and+Financial+Performance&btnG=Google+Search&meta>

http://www.innovestgroup.com/pdfs/2004-11-09-Environmental_Governance.pdf

January 27, 2005 - Chile's Retirees Find Shortfall In Private Plan

Chileans find that pension privatization plan launched 25 years ago, which Pres Bush has cited as model for his plans to overhaul Social Security, is falling far short of what was originally advertised under authoritarian government of General Augusto Pinochet. Under this program, millions of people have been paying 10 percent of their salaries to private investment accounts that they control; many lower-paid workers' contributions were not large enough to ensure even minimum pension of \$140 a month; others--those working in underground economy, self-employed or working only seasonally--remain outside system altogether; even middle-class workers who contributed regularly are finding that their

private accounts--burdened with hidden fees that may have soaked up as much as third of their original investment--are failing to deliver as much in benefits as they would have received under old system; government continues to direct billions of dollars to safety net for those whose pensions are below minimum.

Read more:

<http://query.nytimes.com/gst/abstract.html?res=F60A13FC3C5F0C748EDDA80894DD404482&incamp=archive:search>

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Pensions and Investments Online:

<http://www.pionline.com/>

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