

Labor in Focus by Marianna Wertz

Wheeling-Pittsburgh: steel's future?

The agreement between steelworkers' leaders and the firm is a capitulation to the company's creditors.

The settlement of the strike by 8,200 steelworkers against Wheeling-Pittsburgh Steel Co. is being watched around the world as a harbinger of things to come; both for labor and for the steel industry. For labor, as the *Washington Post* noted in a lead editorial Oct. 17, the terms of settlement "are more important than Wheeling-Pitt's minor place in the industry might suggest, because they are likely, if ratified, to become the target in other steel bargaining in the next year."

For the industry as a whole, *EIR* warned in this column some weeks ago, the bankruptcy of Wheeling-Pitt, the seventh-largest U.S. steel producer, could spell national security disaster for the United States. Wheeling-Pitt led the industry in its commitment to capital investment, with an aggressive program of plant and equipment modernization that left it heavily in debt with the downturn of the industry.

Wheeling-Pitt officially declared bankruptcy in July, under pressure from its creditors. The steelworkers were forced to strike by an "intolerable" wage offer from the company, which threatened liquidation, short of the union accepting the proposed \$19 per hour wage and benefit package. U.S. Bankruptcy Judge Warren Bentz is now overseeing reorganization of the company's \$530 million debt.

On October 15, after a complete changeover of company management, bringing retired Ford Motor Co. executive George Ferris in as CEO, the company and union announced the terms of a tentative contract, ac-

claimed by both sides. "Approval by the membership will mean we have saved our jobs, we have saved our towns, and, as we have promised, we have saved this company," said Paul Rusen, USWA's chief negotiator. Voting on the contract will be completed by Oct. 26 by the 8,200 Wheeling-Pitt employees.

But what was sacrificed to save their skins? In announcing the pact, Rusen demurred: The pact does "not contain all the things they are used to." Specifically, the agreement eliminates the pension plan; and it calls for a wage and benefits package totaling \$18 per hour—one dollar less than the offer which forced the strike. Workers' pensions, under the agreement, would be turned over to the federal Pension Benefit and Guaranty Corp. (PBGC). The Wheeling-Pitt pension fund currently is some \$425 million in the red, and thus constitutes the largest liability ever faced by the PBGC, which insures pension plans.

Some steelworkers smell a rat. "If this isn't a letdown to the basic steel industry, I don't know what is," said USWA Local 1190 Vice-President Mike Paesani, who opposes ratification of the contract. "I hope to God this doesn't become a model to save other companies," commented Mike Kavasio, an officer in the same local, who called the pact "a major step backward for working people in the United States."

This contract was negotiated in an atmosphere of fear and intimidation, established by the company's creditors. The 11 banks holding \$120 mil-

lion of Wheeling-Pitt debt went into bankruptcy court a week before negotiations began to seek to terminate the company's pension program. At the time, Rusen said, "The banks have jeopardized the negotiations. . . . Without an acceptable pension plan, our people will not ratify a contract."

The creditors have final approval rights over the contract, under federal bankruptcy law. A meeting between 35 creditor representatives on Oct. 17 to brief the bankers on the contract ended in icy silence. "The strange part of it . . . they went over the entire strike settlement with 35 people for over seven hours, and at the end there was absolutely no comment made by the bankers concerning the agreement," said company spokesman Ray Johnson.

Several creditor banks have told the press that the \$18 package is unacceptable, and that \$16.50 per hour, a 25% cut from the pre-bankruptcy level, is desired. The company's senior creditors "have displayed extraordinary patience" in not pressing for liquidation more quickly, commented John Tumazos, an analyst with New York's Oppenheimer & Co. Judge Bentz has agreed to hear arguments beginning Oct. 25 on the acceptability of the contract terms to the creditors.

If banks and insurance companies are allowed to dictate terms to this nation's steel industry and industrial workforce, then the future of steel in America is bleak, indeed. Wheeling-Pittsburgh is being punished for daring to challenge the "rationalization" policy of the big-three steel producers, and increasing productivity through constant modernization of plant and equipment. The threat of liquidation must not be allowed to bludgeon the company and union into acceptance of the creditors' brutal austerity plans.