Steel's Supports Are Buckling One By One

by Patricia Salisbury

Testimony at the hearings of the International Trade Commission (ITC) in Washington on Nov. 6 provided a glimpse of the catastrophic collapse of the U.S. steel industry that is under way. The hearings were part of the "remedy phase" of an ITC investigation which found in October that foreign imports, the alleged "glut of steel on the world markets," threaten U.S. steelmakers. Testifying for the United Steel Workers of America (USWA), International President Leo Gerard summarized the state of the industry by pointing out that in the past 16 months, eleven steelmaking plants with the capacity to produce 12 million tons of raw steel have shut down in the United States.

Several more have gone under since Gerard spoke. Some 25 steel companies have filed for bankruptcy protection since the end of 1997.

Gerard went on to beg the Commission to recommend the strongest possible remedies to President Bush; specifically, maximum tariffs (50%) on categories of imported steel covered by the ITC findings, and import quotas set at a "pre-crisis" representative period. He asked in addition that the Commission recommend unprecedented supplemental remedies: a temporary floor price on domestic shipments (flat-rolled), tied to either the full cost of production or average 1996-97 prices; and legislation to provide that the Federal government will somehow assume the so-called "legacy" costs of the industry, the health care benefits guaranteed to now-retired workers.

Gerard also indicated that the Commission and the administration must act immediately, if further shutdowns are to be avoided. However, even before hearing the ITC recommendations, U.S. Trade Representative Robert Zoellick has drawn a line in the sand for steel industry consolidation. In a number of interviews, he has stated that the administration wanted to see an industry consolidation plan before providing either import restraint or "legacy" cost relief. This can only mean more plant closings and layoffs.

Gerard and other speakers at the ITC hearings are by no means exaggerating the collapse of the industry. Company after company is hanging over an abyss, and hardly a week goes by without some new shutdown being reported.

On Nov. 20, Cleveland-based giant LTV Steel Corp., in Chapter 11 bankruptcy since December 2000 asked a Federal bankruptcy judge to let it close all its steel plants. The company could throw 7,500 workers on the streets by Dec. 4. LTV plants in Cleveland, Ohio; East Chicago, Indiana; and Hennepin, Illinois would be up for sale. An enraged Gerard, who was negotiating with the company when LTV put its closure notice on the media wires, termed the move "reckless and irresponsible." According to the *Cleveland Plain Dealer,* Gerard has called for the LTV chairman and chief executive to step down. The paper also reports that Rep. Dennis Kucinich (D-Ohio) will ask the bankruptcy court to appoint a trustee to run the company.

On Nov. 15, another 1,000 steel workers were laid off when Geneva Steel Holding Corporation announced that it is shutting down its only steel plant, located in Vineyard, Utah. The Vineyard plant, which can produce 3 million tons of steel, produced roughly 1 million tons last year. The Geneva closing is notable, because it is the only steelmaker to have successfully negotiated a loan under the Federal loan guarantee program; even that $110 million loan infusion has not saved the company.

In October, news of the bankruptcy filing of Bethlehem Steel rocked the industry. Now details of the proposed reorganization of the company under the bankruptcy proceedings are beginning to leak out from top-level meetings in Pittsburgh. According to information posted on the website of USWA Local 6787 in Burns Harbor, Indiana, Bethlehem is proposing to lay off 2,000 of its 13,000 workers and reduce its health care obligations, in order to emerge from bankruptcy. Bethlehem's Burns Harbor plant would be hardest hit, with 1,000 layoffs from its current 5,000-person workforce. There would be 800 layoffs at the Sparrows Point, Maryland plant. Paul Gibson, president of USWA Local 6787, urged calm, saying, "Our most formidable enemies will be fear and panic."

The Overproduction Fraud

The most formidable enemy of the industry and its workers today are their own self-consoling lies. At all union levels, spokesmen continue to parrot the line that it is overproduction of steel on a world basis that is causing the crisis. Once that point has been conceded, the door is open to the continued devastation of the industry and its workforce, under the rubric of "restructuring."

In reality, the level of annual world steel output in the 1990s *fell to levels lower than the 1980s* (1980 produced 780 million metric tons globally). Now, to build the newly proposed links of the Eurasian Land-Bridge will require vastly greater capacities of steelmaking, capacities being thrown away daily. In the United States, a simple upgrade of the decaying rail system to meet double- and triple-track specifications, would require over 105 million tons of steel for this project alone—the same level as total U.S. annual raw steel production currently.

Steel workers and their representatives are well aware of the economic recovery proposals of Democratic Presidential pre-candidate Lyndon LaRouche. What are they waiting for? The last plant to close? It won't be long.