Retired US steelworkers oppose agreement with USX Corp.

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6 August 1999

Retired steelworkers at USX Corp., the parent company of US Steel, are opposing the tentative agreement reached between the company and the United Steelworkers of America (USWA) June 25, which is currently being voted on by the rank and file. The retired workers oppose the pact with the US's number one steelmaker because there are no improvements in pension, medical or insurance benefits despite the company's overflowing $10 billion pension fund and the longstanding public promises by the USWA to press for increased retirees' benefits.

The new five-year USX contract replaces one that expired on July 31. Fifteen thousand active steelworkers—but not the approximately 70,000 workers who have retired from the industry—will vote on it. The active workers will receive a 2.6 percent or 40 cent an hour annual raise, barely keeping up with the rate of inflation. There will be a slight improvement in pension benefits for older active workers who are preparing to retire. But there will be nothing but a small lump sum payment, usually less than $50 a year, for current retirees.

The average USX retiree who worked between 30 and 40 years in the mills gets a pension of only about $700 a month. Surviving spouses of steelworkers are limited to collecting pension money for a maximum of five years. After that they are cut off. Many surviving spouses never collect a penny because the company does little to inform them of the limited benefits to which they are entitled.

Pensions are an issue for all steelworkers. But the situation facing USX workers is particularly striking, because the company's so-called Carnegie Pension Fund is in far better financial shape than the funds run by other steel companies. A number of these companies, such as LTV or Wheeling-Pittsburgh, went bankrupt in the mid-1980s, in part because of large unfunded pension fund liabilities, and drastically cut retirees' benefits.

The principal in the Carnegie Pension Fund keeps going up as the number of participating retirees dwindles. At the beginning of 1999, the latest Pension Fund Report that USX had released was from 1996. This allowed the company to conceal the enormous growth in the fund that must have accrued from the nearly 30 percent annual run-up in the stock market that has occurred every year since 1996. Nevertheless, according to the 1996 Fund Report, there were $9.75 billion in assets in the pension fund. This was an increase of $1 billion from the year before, yet the fund paid out only $868 million in benefits.

The report indicated that $12.7 million was expended by USX in administration costs, a figure that the retirees' organization estimates is five times larger than standard pension administration costs for a fund of this size. The retirees also estimate that the fund has accumulated a surplus of $5 billion after the payment of benefits over the last five years.

Last March, 400 USX management employees retired and received a company buyout of $1 million apiece. The union retirees point out that it would take the average retiree—earning $700 a month—119 years to earn $1 million.

The pension fund which steelworkers have paid into for decades has also regularly been used to boost the company's bottom line. The *Pittsburgh Post-Gazette* recently noted in an article about USX's second quarter earnings, "US Steel rebounded from a first-quarter loss, its first quarterly loss in five years, thanks to pension fund income and a pension-related gain from an early retirement offer. However, its steel operations posted an operating loss of $9 million, or $4 per ton of steel shipped." US Steel and Marathon Oil [also owned by USX] recorded second quarter profits of $189 million.

The retirees put forward their demands for pension improvements at a convention of SOAR (Steelworker's Organization of Active Retirees) and they campaigned for them during the 1999 contract negotiations. SOAR distributed a leaflet to the union negotiators saying, “We were forgotten in the last two negotiations. We have to be heard this time.” They listed four demands: First, every retiree must receive $1,200 a month minimum pension. Second, surviving spouses must receive half of the pension or $600 a month. Third, full medical coverage for all retirees. Fourth, life insurance coverage must be increased to $6,000. Hundreds of retirees and SOAR members demonstrated for pension improvements at USX corporate headquarters in Pittsburgh on May 20, 1999.

The USWA leaders promised retirees they would improve their pension benefits in this contract. The SOAR convention that elected former USWA President Lynn Williams to head the organization passed a series of resolutions calling for improved pension benefits in the new contract. The SOAR Executive Board, which includes current USWA President George Becker, adopted a resolution calling for the minimum $1,200 pension and other improvements for retirees in the 1999 contract.

At the July 1 SOAR meeting in western Pennsylvania, nearly 100 retirees turned out to hear what was in the tentative agreement. According to the *Post-Gazette*, one worker, Chris Filotei, was so angry over the treatment of retirees in the contract he tore up his dues statement for SOAR and said, "It is an insult. Why should we pay dues and get no service, get no representation?"

Others wrote letters to the local newspaper. Eddie Stanko, who worked 43 years at USX, wrote, "The five year contract negotiated by the United Steelworkers of America President George Becker and District 10 Director Andrew 'Lefty' Palm is a disgrace and a big joke."

John Ingersoll, secretary-treasurer of the Duquesne/McKeesport SOAR chapter, wrote, "Becker, Palm and Williams made commitments to the retirees for the last five years to fight for the older retirees. These commitments were not honored. All that we heard was whining about what it would cost the company. They are men who will have a comfortable retirement and do not have to depend on promises made and broken and contract negotiations between the USW and USX."

The income received by the retirees and their survivors is particularly crucial because of the precarious economic situation in the Pennsylvania, Ohio and Indiana towns where hundreds of thousands of steelworkers lost their jobs since the early 1970s. With little but low-paying jobs to replace work in the steel mills, a retiree's benefits are a vital source of income.

The USWA bureaucracy's abandonment of the retirees is only the latest chapter in the union's long-standing record of collaborating with management to the detriment of active and retired workers and their families. Far from opposing the continual erosion of workers' living standards, the union's major preoccupation during the course of the recent negotiations has been to run a joint campaign with the steel companies to press the Clinton administration for restriction on steel imports.