

US judge approves shutdown of LTV Steel

7,500 jobs eliminated, retirees' benefits cut

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A US bankruptcy judge has approved a plan that permanently closes all LTV steel mills, throwing thousands of steelworkers out of their jobs. The shutdown also cuts many benefits and paves the way for the elimination of health care for more than 50,000 retired and laid-off workers.

The plan, an agreement between LTV and the United Steelworkers of America (USWA), was presented to US Bankruptcy Judge William. T. Bodoh in Youngstown, Ohio at a hearing on December 19. Two weeks earlier, Bodoh had approved an LTV request to idle mills in Cleveland, Ohio and Northwestern Indiana and coke making facilities in Warren, Ohio and Chicago, putting 7,500 steelworkers on the unemployment lines.

The company also won approval from both the bankruptcy judge and the USWA to cut supplemental unemployment benefits in half and to completely terminate them at the end of February. In addition, the company will no longer fund retraining programs and job search assistance for its laid-off workers.

Most importantly, the company will no longer pay into a trust fund set up in 1994, after LTV emerged from its first bankruptcy, to fund medical benefits for more than 45,000 retired workers and their families. The fund, with about \$85 million on hand, will run out of money some time over the summer.

The 7,500 workers who just lost their jobs will lose health insurance coverage on March 1. The average cost of health insurance is over \$8,000 a year for a family. However, due to the average age of laid-off and retired workers, in addition to a higher rate of preexisting conditions, most former LTV workers will end up paying much more.

A large proportion of these workers already suffer from lung, liver and heart ailments as a direct result of years of work in the steel industry. In addition to poisons, smoke and fumes, steelworkers are exposed on an almost continuous basis to such toxic substances as tar, benzene and hydrochloric acid, to name only a few. Many workers will be forced to use whatever savings they have or sell their

homes to cover monthly health insurance bills.

Judge Bodoh's decision follows a December 7 ruling that allowed LTV to stop all steelmaking operations. Under that ruling, LTV had to maintain its blast furnaces and coke ovens while it tried to obtain additional loans to resume operations. Under the new agreement, LTV can now officially close its mills, but must maintain them until the end of February while it looks for a buyer.

So quick were the layoffs carried out following Bodoh's December 7 decision that LTV management pushed a shopping cart full of layoff notices outside the courthouse, handing them out to steelworkers who had rallied there to oppose the shutdown. In Chicago and East Chicago, Indiana, many workers only learned of the layoffs one hour before their shift ended. Others were never officially informed, only discovering they no longer had a job when their names disappeared from the work schedule. Many only received a phone call at home and some even reported to work on their next shift only to find they no longer had a job.

LTV has been operating under bankruptcy since December 29, 2000 and has been cutting jobs over the last several years. Over the past year, 900 white-collar workers at LTV national headquarters in downtown Cleveland were terminated with no severance pay or benefits. Many of these employees were escorted from the building after being given only a few minutes to collect their personal things and say goodbye to friends and co-workers.

The treatment received by LTV retirees, workers and office staff stands in sharp contrast to the treatment given to top management. Earlier this year, Judge Bodoh granted LTV's request to pay \$112 million to 111 top executives. CEO William Bracer collected a \$660,000 bonus just before he resigned on December 1. In addition to his \$700,000 annual salary, Bracer received \$1 million intended as a retaining bonus and a \$200,000 sign-on bonus when he was hired by LTV last December.

In addition to the destruction of 7,500 jobs at the LTV mills, the closures will have a devastating effect on the communities where the company has operated.

The chief economist for the Greater Cleveland Growth Association estimates that in addition to the 3,200 workers who will lose their jobs at LTV's Cleveland mill, another 8,300 jobs throughout Cuyahoga County will be lost and 22,670 workers statewide will either lose their jobs or see their hours cut.

The loss of tax revenue will also result in cuts in education and other government services. In Cuyahoga County, taxes on LTV's real estate and personal property, not including the income taxes paid by workers, amount to \$13 million a year. The company stopped paying taxes last year when it first filed for bankruptcy.

Some 2,700 workers will lose their jobs at LTV's Indiana Harbor mill in East Chicago and several times that number will be laid off in the region among contractors and suppliers. Already struggling with financial problems, East Chicago will now face an even greater challenge. The mill closing could mean a loss of up to \$23 million in tax revenue for the city and Lake County, Indiana.

"LTV represents about 18 percent of our total revenue," said Tim Raykovich, a special assistant to the East Chicago mayor. "We'll lose one out of every five dollars coming into the city." East Chicago is already reeling from a decision earlier in the year ordering the city to pay another steelmaker, Ispat Island Steel, \$60-85 million in taxes after the company had its property assessment drastically reduced.

The steel industry has been in severe crisis since 1997. A global drop in demand, coupled with the Asian financial crisis and the strong dollar, have made US exports more expensive and foreign imports cheaper. In the past few years, 29 steelmakers have filed for Chapter 11 bankruptcy protection, including Bethlehem, National Steel and Wheeling-Pittsburgh. Many companies—such as Edgewater, Great Lakes Metals, Trico and Northwestern Steel and Wire—have ceased operations completely.

Overall, steelmaking is currently running at 64 percent of capacity and steel prices are at a 20-year low. Steel analysts say that even under the best of circumstances the US steel industry needs to cut 20 percent of capacity to return to profitability.

Last month US Steel, the nation's largest steelmaker, announced it was in merger talks with Bethlehem, National and Wheeling-Pittsburgh. Company officials stated that the merger would be dependent upon concessions from the union and an agreement from the government to fund health care benefits for its retired workers.

The four companies have more than 100,000 retired workers and fewer than 30,000 active workers. Bush administration officials have made it clear they will only support the merger and a partial takeover of retirees' health benefits if the union first agrees to major concessions.

For its part, the USWA stated it would support a merger and is prepared to work with companies on operating-cost reductions. The union has made perfunctory statements that jobs, wages and benefits must be protected. However, the reality is that a merger will only benefit the steelmakers if they can drastically cut costs through eliminating jobs and cutting wages and benefits, and the USWA bureaucracy is well aware of this.

The union has mounted no opposition to the layoffs and job-cutting over the recent period, but instead has worked to divert the anger and frustration of workers through a nationalist campaign blaming the crisis on foreign imports. In a statement issued following a meeting of USWA officials earlier this month, union officials made clear they would support concessions if the companies agree to help pressure the Bush administration for protectionist measures.

In October, the US International Trade Commission (ITC), acting on a complaint filed by the USWA and many of the steelmakers, ruled that foreign steel was hurting the US steel industry. Earlier this month, the ITC voted to recommend the White House impose tariffs on foreign imports ranging from 10 to 40 percent while the industry reorganizes.

The Bush administration must decide by February on the ITC findings. The Bush administration has made clear that any help to the steel companies will be conditional upon industry restructuring and the destruction of massive numbers of jobs, along with further concessions by workers on wages and benefits. According to news reports on trade negotiations taking place in Brussels, the administration has pledged to cut US steelmaking capacity by 20 percent.



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