US: Bethlehem Steel to terminate health and insurance benefits for 95,000 retirees

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Bethlehem Steel Corporation has announced it will terminate health care and life insurance benefits for 95,000 retired workers and their dependents by March 31. The cuts are part of the $1.5 billion purchase agreement initially reached by Bethlehem with the International Steel Group (ISG), agreed to in December and finalized on February 5, in an effort to bring Bethlehem out of bankruptcy.

The Asset Purchase Agreement, in which ISG will purchase assets and shed liabilities such as workers' health care, insurance and pensions, will make the investment group the largest integrated steel producer in North America. ISG was founded in April 2002 by bankruptcy restructure specialist W.L. Ross. Bethlehem Steel Corporation's board of directors unanimously approved the Asset Purchase Agreement on February 9 and it will be submitted to the US Bankruptcy Court in New York in a matter of weeks for final action.

The consolidation will give ISG 16 million tons annual productive capacity, one third the capacity of the world leader—the recently merged, Belgian-based Arcelor. American companies, however, are acquiring a significant cost-cutting advantage against their European and Japanese rivals with the consolidation.

Bethlehem, formerly the second largest integrated steel producer in the US, filed for Chapter 11 bankruptcy on October 15, 2001. In 2002, it earned revenues of about $3.5 billion on shipments of about 7.5 million tons of steel products. Bethlehem has about 11,000 active steelworkers at mills in Burns Harbor, Indiana; Sparrows Point, Maryland; and Steelton and Coatsville, Pennsylvania. The company, which employed 300,000 steelworkers in the 1950s, shut down its flagship mill at its headquarters in Bethlehem in 1995.

Retired steelworkers have opposed the ISG buyout from the outset. More than 100,000 retired and elderly steelworkers and their dependents will be left facing insecurity and illness with company health care benefits eliminated and their pensions already turned over to the debt-strapped government Pension Benefit Guarantee Board.

Steel companies in North America have been filing for bankruptcy in record numbers over the last five years, using the bankruptcy courts to break their contractual obligations and impose draconian cuts or outright elimination of jobs, benefits, pensions and wages of steelworkers. ISG is a Wall Street creation with specialized expertise in collecting the assets and dumping the liabilities of bankrupt companies, and steelworkers' benefits are prime targets.

After the finalized purchase agreement with ISG, Bethlehem Chairman and CEO Robert Miller praised the deal and exposed the role of the Bush steel tariffs and the United Steelworkers union (USWA) in the destruction of steelworkers' jobs, wages and living standards, aimed at consolidating business entities able to compete on a world scale. Miller commented, "Completion of this sale will represent the most significant consolidation action thus far in the domestic steel industry. This dramatic turnaround in the prospects for the industry has been made possible by the innovative new labor agreement with the USWA, which will apply to Bethlehem's facilities, and by President Bush's courageous steel trade program initiated last spring."

The USWA, which struck over Wheeling-Pittsburgh's attempt to tear up a steelworkers' union contract through the bankruptcy courts in 1985, has been enthusiastically in favor of the ISG buyout and the "innovative labor agreement" the union signed with the investment group turned steelmaker. "We are greatly encouraged by this decision," said USWA President Leo Girard about Bethlehem's sale to ISG, "because it represents another major stride toward the humane consolidation of the American steel industry that our Union is playing such a central role in bringing about."

While over 100,000 lifetime steelworkers union members and families are robbed of their medical care and their pensions are placed in jeopardy, the boasts about the central role of the union in the deal with ISG. The USWA has signed a new contract for 11,000 active workers, which the union will try to police for the new corporate owner.

However, even the existence of a steelworkers' union is brought into question by the new $1.125 billion bid by AK Steel for bankrupt National Steel, made on January 23. The AK bid surpasses the $950 million bid by US Steel to purchase the assets of National. AK Steel has been a nonunion steel company and just ended an illegal three-year lockout of steelworkers at its Mansfield, Ohio mill. Nevertheless, USWA President Girard is ready to make a deal, saying he would keep an open mind towards union-busting and the robbing of workers' health benefits and pensions.

Jobs in the US steel industry fell from 453,000 in 1979 to a mere 168,000 in 1995. Wages, benefits and pensions had been slashed as well, in an effort by the US steel industry to reclaim a position as a healthy and dominant world competitor. Then came the Asian crisis of 1997-98, precipitated by the United States when it refused to go along with the Japanese plan to bail out the Thai bhatt and other endangered Asian currencies during rescue meetings convened in the Philippines.

Since April 1998, well over 2 million manufacturing jobs have been lost in the US, accounting for most of the jobs lost since then. In the steel industry, 33 companies—including most of the biggest integrated producers like LTV, Wheeling-Pittsburgh, Bethlehem and National—have gone bankrupt. Tens of thousands of jobs have been lost and now the companies are utilizing these bankruptcies to destroy the pensions and benefits of retired and active steelworkers.

The United States steel industry is being brutally reorganized in an effort to undercut its rivals and monopolize the world market, through an unending round of steel bankruptcies and consolidations. All this is being carried out on the backs of steelworkers, who have historically been one of the largest and most powerful sections of the organized labor movement in the US.