

US: AK Steel lockout enters second week

Jerry Isaacs
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AK Steel's lockout of 2,700 workers at its Middletown, Ohio, mill entered its second week Thursday as evidence mounts that the company's provocative actions and its sweeping demands for job cuts and wage and benefit concessions are aimed at making it more attractive to a potential buyer.

On March 1, after the expiration of its labor agreement, AK Steel locked out the entire hourly workforce at its Middletown mill—members of the Armco Employees Independent Federation (AEIF)—and brought in management personnel and newly hired replacements to resume production. In a brief meeting March 7—the first talks since the lockout began—management rejected the union's offer to resume work under the old agreement.

According to reports in the *Pittsburgh Post-Gazette*, industry giant US Steel has been involved in ongoing talks to acquire AK Steel and has already made a monetary offer. The purchase of AK Steel would create the sixth-largest steel company in the world, strengthen US Steel's position as a leading supplier to the auto industry and remove AK Steel as a target for acquisition by international competitors.

The global steel industry has seen a wave of mergers and acquisitions over the last several years. After slashing jobs, forcing union workers to accept major concessions and dumping billions of dollars in pension obligations on the government, bankrupt US steel companies—such as LTV, Bethlehem, National and Wheeling-Pittsburgh—have been swept up, particularly as steel prices and profits have risen. While steelworkers and their families have suffered, billionaire investors like New York financier and International Steel Group owner Wilbur Ross and Lakshmi Mittal, the owner of the world's largest steelmaker, Mittal Steel, have made hundreds of millions from the purchase and sale of steel mills.

In recent years, the *Post-Gazette* commented on

March 3, “AK Steel has been viewed as the next ripe piece of fruit to be plucked. The only drawbacks have been the \$3 billion in unfunded retiree benefit obligations on its books and labor agreements that place AK Steel at a competitive disadvantage with US Steel and Mittal's US operations.”

“For years, that's been a big impediment to buying AK Steel,” industry analyst Chris Olin told the newspaper.

AK Steel's top executives are clearly determined to remove any such obstacles with their demands for a “new-era” labor agreement. This involves the freezing of pensions, forcing active and retired workers to pay more out-of-pocket health care expenses and reducing the number of job classifications from 1,200 to 5. In particular, the company is seeking to slash so-called legacy costs—i.e., the health care and pension payments owed to its 32,000 retired workers. For example, a retiree who presently has fully funded medical insurance would be forced to pay \$600 a month in health care premiums and annual \$9,000 deductible—a *de facto* one-third cut in overall pension benefits for retired steelworkers.

In 1999, when AK acquired Armco Inc., it locked out 600 members of the United Steel Workers of America (USWA) at Armco's Mansfield, Ohio, mill for 39 months in a bitter contract dispute that was resolved in late 2002. Having imposed a humiliating defeat on the Mansfield workers, who were left isolated by the USWA, and then gaining cost-cutting contracts from the USWA at other facilities in Ohio, Kentucky and Indiana, AK Steel is determined to achieve similar labor-cost reductions at its largest mill in Middletown—as well as at other factories in Zanesville, Ohio, and Butler, Pennsylvania, where contracts expire over the next several months.

That the Middletown workers can expect nothing but treachery from the union bureaucracy was made

apparent in the recent comments of USWA officials concerning the AK Steel lockout. David McCall, the director of the USWA in Ohio and chairman of the Mansfield negotiating committee, told the *Associated Press* that an extended lockout could be avoided if AEIF workers were willing to accept a contract similar to the one the USWA imposed on their co-workers in Mansfield.

“Our labor agreement was one that the membership overwhelmingly ratified, and it turned out to be a pretty decent labor agreement,” McCall declared. “We gained wages, benefits—pensions were status quo—and we redesigned and restructured the workforce to be more efficient, as we have all across the industry.” McCall added that the USWA had no problem with AK’s demand to drastically reduce job classifications, saying, “We’ve broadened people’s responsibilities, and we are far more productive than we used to be.”

As for the “new-era” contract the USWA agreed to at AK Steel’s Ashland, Kentucky, plant—which contains no workforce guarantees—Local 1865 President Tim Imes said, “Initially, there was some apprehension and anxiety. As time’s gone by, those issues are smoothing out.”

In contrast to the pro-company statements of the labor bureaucracy, locked-out steelworkers and their supporters in Middletown, a city of 51,000 people halfway between Dayton and Cincinnati, expressed their determination to defend jobs and living standards in comments made to a *World Socialist Web Site* reporting team.

One worker on the picket line said, “Each time we get an increase in pay, our benefits package is reduced. We use our raises to pay for the benefits. This time they have gone too far. The union won’t give us any specifics, but we hear that the increase could be as much as \$200.

“The company owns the local paper. So, most of the coverage has said that we want more money. But, a poll said that 55 percent of the public supported us and 27 percent was against.”

Speaking about the conditions inside the plant, another worker said managers were “forced by top management to write us up, based on a quota system. You’re not considered a good manager unless you write up at least one worker per month.”

“We tried to give the company the benefit of the

doubt,” another worker added. “We really hoped this would work out. We think the company wants to declare bankruptcy, eliminate legacy costs, and then sell. All the other steel companies have done the same.

“It’s happening everywhere in the world. Our city cannot survive without AK Steel and these jobs. Our families are scared and so are we.”



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