

New layoffs in devastated Pennsylvania steel town

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One hundred sixteen steelworkers, employed at what remains of a once nearly two-mile-long mill in the Monongahela River steel town of Monessen, Pennsylvania, are being laid off. ArcelorMittal, the world's largest steel producer announced in May that it would close its coke-baking ovens this month, leaving only a few dozen maintenance workers in a facility that once employed more than 7,000 people.

The shutdown of the coke ovens is yet another blow to the already devastated town, located 25 miles south of Pittsburgh. In a statement, the company says that the shutdown is due to the drop in demand for steel, but that it plans to do repair work on the mill and will reopen it when demand for steel picks up. Workers at the mill, however, said that the company has been stockpiling coke for months and now has enough to last nine months to a year.

The layoffs at the mill began July 5, and a company spokesperson said that they would be spread out over a two-week period.

US steel production, currently running at only 40 percent of capacity, has dropped drastically as a result of the collapse in demand for cars, appliances and construction. Tens of thousands of workers have lost their jobs over the past 9 months.

U.S. Steel, the nation's largest steel producer, has already idled four steelmaking facilities and laid off more than 6,000 workers. The company has cut production at its flat-rolled facilities, and its production as a whole is down more than 60 percent. In addition, the company has announced plans to lay off 1,500 workers at two facilities in southern Ontario: finishing and coking operations at its Hamilton Works, and steelmaking and finishing operations at its Lake Erie Works.

The firm has also announced plans to idle its Fairfield, Alabama, steelmaking operations, which will affect more than 1,700 hourly workers, as well as an undisclosed number of salaried employees.

In April, U.S. Steel reported a \$439 million first-quarter loss compared to earnings of \$235 million a year ago in the same period. Sales for the first quarter totaled \$2.75 billion, down from \$5.2 billion a year ago.

For its part, ArcelorMittal, in addition to eliminating jobs in Monessen, has announced layoffs of almost 1,000 workers at its Indiana works. The steel giant also said that it will keep a plant that it owns in Minnesota closed through the first quarter of next year.

In May, AK Steel announced that it would idle its Ashland, Kentucky mill in late July or early August, laying off 750 hourly

workers, as well as management.

Severstal Wheeling (formerly Wheeling-Pittsburgh Steel), which owns mills along the Ohio River in eastern Ohio and West Virginia, has also made deep cutbacks in production.

Second-quarter revenue and profits reports are due in the next few weeks for the steel industry, and analysts are generally predicting they will show a continued drop in demand and massive losses, prompting even more layoffs.

Monessen mill workers speak to WSW

The *World Socialist Web Site* spoke to workers at the ArcelorMittal-owned mill in Monessen.

Lee Pascoe, who has worked at the mill for 13-and-a-half years, spoke with the WSWS shortly before the job cuts were set to take place. "The layoffs are supposed to be by seniority, but they are keeping younger guys who have special training. I asked why I couldn't be trained, and they told me nothing.

"This is a company-run union [the United Steelworkers]; they are not going to do anything for us. They are laying off all the older guys and keeping the ones they want. This is a very bad time to lose your job, nobody is hiring anywhere in the [Mon] Valley. A lot of my neighbors and friends have lost their jobs, or the places they work have cut back.

"Just last year, there were places that needed truck drivers or machinists, but now there is nothing."

Bart Walker, with nine-and-a-half years at the mill, told us, "These layoffs are terrible. We knew it was coming. We are down to pushing just 12 ovens a shift. The company is just pushing the coke onto the ground. They don't need it, and nobody is buying it. They will keep a few people working because they still want the byproducts, they are still selling the chemicals, but nobody wants the coke. They are going to shut this down, they are not going to fix this place and reopen it."

The Monessen mill was originally built during World War II by the Pittsburgh Steel Company, as a fully integrated steel producer, stretching the entire length of the town along the Monongahela River, making coke, steel and finished steel products. In 1968, the firm merged with Wheeling Steel to form Wheeling-Pittsburgh Steel, one of the nation's top 10 steel producers.

In the late 1970s, Wheeling-Pittsburgh began building one of the most advanced rail mills in the country, which it completed a few years later. The rail mill used the new method—at the time—of a continuous caster to produce rails hundreds of feet long.

However, the recession of the early 1980s and the decision of the corporate elite to disaggregate the industry by shifting production to non-union areas and mini-mills, meant the end of the mill in Monessen. Wheeling-Pittsburgh shut the facility down in 1986, throwing thousands of workers out of their jobs. Wheeling-Pittsburgh went bankrupt in the mid-1980s.

With the full collaboration of the United Steelworkers, which ruthlessly suppressed membership opposition, the corporation pioneered the use of the bankruptcy court to rip up the union contract, cutting wages and benefits for workers at its other mills, and scrapping healthcare and pensions for laid-off and retired workers.

This pattern of union betrayal and bankruptcy court intervention to cut wages and benefits and eliminate retiree health and pension benefits was then repeated throughout the steel industry and the airline industry. This tactic is now being used by the auto industry and the United Auto Workers to cut “legacy costs”—retiree healthcare and pensions.

In 1988, Wheeling-Pittsburgh sold the mill to Sharon steel, which operated it with a vastly reduced workforce. Sharon steel also went into bankruptcy, and in 1995, sold the facility to Kopper Steel. Kopper’s ran the coke ovens until 2008, when it sold them to ArcelorMittal for \$160 million.

Separately, Bethlehem Steel bought the rail mill for the sole purpose of keeping it closed. At the time, Bethlehem, then the nation’s number-three steel producer, had one of the only other such mills in the country and wanted to keep any rival operation off the market. The rail mill was eventually dismantled and moved to South Africa.

A town in Depression conditions

Monessen has long been a depressed community, never recovering from the collapse of the steel industry in the 1980s. Government census data, registering the situation before the 2008 economic meltdown, showed that the Monessen population had declined from more than 15,000 in 1970 to fewer than 8,000. The median household income is \$33,123, about two thirds of the national average. More than 15 percent of all residents live below the official federal poverty line, and more than a quarter of all children live in poverty. These numbers do not fully convey the severity of the economic circumstances in Monessen.

In any event, the figures on income and poverty are no doubt worse now. One indicator of the impact of the current crisis is the fall in housing values. The median home price for a house sold in Monessen fell from \$75,000 in 2006 to \$51,000 in the last quarter of 2008. Monessen has the highest percentage of abandoned homes in Pennsylvania.

Michael Kyle, 38, told the WSWs, “Things around here are not

so good. There are no decent paying jobs around here; all the manufacturing has closed down. I have been a welder for 15 years. I was working in one place for 8 years, and then it closed in 1999.

“Right now, I work for Skid Technologies. I have been with them for a year and a half. It is a small shop. They have laid off three people in the past three months and cut off all overtime. I expect soon that I will get laid off, too. It has been a real hardship, we can’t go on vacation, we can’t do any of our home improvements, and we are just waiting to see what happens.

“We build piping systems for gas companies. We had a lot of orders canceled, we even had jobs that we were working on...and the company called and said to stop the work, and put them on hold.

“Monessen is a blue collar town. People are leaving, there is no work for them.

“I think the whole situation is terrible, the CEOs of these banks that got us into this mess are being paid millions of dollars in bonuses, the government is giving them billions or trillions of our money, but there is nothing that’s going to help the working man. They are still getting bonuses. How is that right to give them bonuses when they have created this mess?

“There are a lot of abandoned homes in Monessen, I live across the street from an abandoned home and there are five more down the block. People can’t afford their homes; nobody will buy them, and they just up and leave. I don’t even know where they have gone. Things are going to get much worse.”

Wendy Wade works in the Monessen Library. She said, “Things are terrible, Monessen has really gone downhill. We used to have entertainment here, a movie theater, restaurants and ball games at the 9th Street Park every Saturday or Sunday.

“I worked for Westinghouse for 23 years, until 1997 or 1998 when they went down. I was out of work for a while until I started working here at the library.

“There are no jobs in Monessen for the people. Lots of people come in here, they use our computers to look for work. They go to jobs.com and monster.com, but there are no jobs here in Monessen for them to go to.

“We have no stores, the downtown is crumbling, and there is nothing for young people to do. The city park does not have a pool, not all young people have access to a car to ride 30 minutes to go to the movie or something.

“When people do find a job, it pays the minimum wage. You can’t support a family on \$7.15 or \$7.50 an hour. Most of the young people move away. When the parents die, the houses go vacant because nobody wants to buy them and the kids can’t move back. We have five abandoned homes on my street. This is not something that is just happening in the black neighborhood, it is happening throughout the town.”



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