Mass layoffs at northwest Indiana steel mills

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Under the impact of falling oil prices and the global economic slowdown, layoffs have begun in northwest Indiana—a major center of the US steel industry. Last week, US Steel announced the idling of its tin mill in East Chicago, Indiana, laying off 369 workers. ArcelorMittal, the world's largest steel producer, also announced the closure of a portion of its massive Indiana Harbor complex, the Long Carbon facility, which will affect 300 jobs.

The layoffs are likely only the beginning, as a combination of factors in the world economy lead to reduced demand internationally for steel. West Texas Intermediate (WTI) crude oil, a major benchmark for oil prices, has fallen from $110 per barrel in the summer of 2014 to $45 per barrel at present. The collapse of oil prices has reversed the rapid growth of American shale oil and Canadian tar sands production and led to mass layoffs, with 16,000 job losses in Texas and North Dakota alone announced in January.

Shale oil production, using the process of hydraulic fracturing, or fracking, relies on a large quantity of steel pipe to pump fluids and sand into a well and pump oil out. With the collapse of shale production, steelmakers are pulling back on so-called oil country tubular goods, which had been a large growth segment of their production.

Every week brings more announcements of layoffs at US Steel, where job losses have now surpassed 1,300. In the first week of January, it announced the idling of its plant in Lorain, Ohio, leading to 614 layoffs. Another 142 workers in Houston, Texas, also lost their jobs. More recently, US Steel announced it would significantly scale back operations at its Fairfield Tubular Operations and Fairfield Works in Fairfield, Alabama, as well as its Lone Star Tubular Operations in Lone Star, Texas. Both facilities produced pipe and tubes for the oil and gas industry, and as many as 1,918 workers will be affected by those layoffs.

In East Chicago, US Steel is idling its tin plant, which makes tin-plated metal largely for canned foods. US Steel also warned it would permanently close is coke-making operations at its Granite City, Illinois, works, near St. Louis, laying off 176 workers. Aside from falling oil prices and production, there is also falling demand globally for steel and a supposed glut of production. Asia, especially China, has been a major market for steel, but China's growth rate for 2014—at 7.4 percent—is the lowest since 1989. The stagnant Eurozone economy offers no outlet for steel production. Steel and the raw materials that make it are plummeting in price; iron ore is trading at its lowest level since 2009.

ArcelorMittal's Indiana Harbor Long Carbon plant makes steel bars that are primarily used in the auto industry. Formerly run by Inland Steel, the mill was originally opened in 1901, shut down temporarily in 2009, and reopened in 2010. ArcelorMittal officials claim the facility has lost money since 2011 and that it can produce its steel bars more cheaply in Germany and Canada.

The 246 unionized workers at the mill—members of the United Steelworkers of America (USWA) Local 1101—and 58 salaried employees are being affected by the closure. In December 2014, ArcelorMittal also idled the Indiana Harbor West No. 2 galvanizing line as production was transferred to a plant in Alabama. In both cases, the company has claimed workers will be transferred to other facilities in Indiana Harbor complex, which is the largest integrated steel mill in North America, employing approximately 4,850 people.

The USWA has not even made a pretense of opposing the layoffs. Instead it is engaged in a reactionary, chauvinist campaign against the "dumping" of cheaper steel by foreign countries, particularly Korea. Allied with steel company executives and Democratic Party

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politicians in the Alliance for American Manufacturing, the USWA is demanding protectionist measures in the name of defending "national security" against China and other countries.

The USWA, along with other unions like the United Auto Workers, used such nationalist "Buy American" campaigns in the 1970s and 1980s to prevent a struggle by workers against the corporations and the capitalist system responsible for plant closings and layoffs. These campaigns, which sought to drive a wedge between American workers and their international brothers, never saved a single job.

In any case, US Steel and ArcelorMittal are both global corporations that seek, with the assistance of the unions, to pit workers against each other in a race to lower costs.

With an increasingly dire world economic outlook for steel demand, these are likely not the last steel industry layoffs in northwest Indiana, which has several large ArcelorMittal and US Steel mills. A significant amount of total production goes to the auto industry, and any drop in auto sales will ripple back. Additionally, the new Ford F-150 pickup truck, the best-selling vehicle in America, is using a mostly aluminum body instead of steel.

Northwestern Indiana has already been devastated by the long-term loss of industrial jobs. East Chicago had a population of 29,698 in 2010, down from a population of 57,669 in 1960. The Census Bureau's five-year (2009-2013) survey estimates a poverty rate of 35.7 percent for individuals and a median household income of $27,500 in the city on the Indiana-Illinois border. The latter figure is barely half of the national mean income.

One neighborhood, Marktown, is surrounded by plant closures and is already pockmarked with boarded-up homes. On its southwest border, the US Steel tin plant will close. To the southeast, the ArcelorMittal Long Carbon plant will close. Across from that lie acres of the Indiana Harbor complex that were abandoned long ago. Indiana 912/Cline Ave, an abandoned elevated highway, is nearby, partially demolished. Some four-lane concrete roads are already empty of traffic, even during a weekday.

To the northwest of Marktown, there is the massive BP Whiting Refinery. The global energy giant is pointing to the drop in oil prices to justify freezing the wages of its non-union workforce at the refinery and demands for concessions from the USWA after the current labor agreement runs out January 31. More than 2,800 construction jobs were lost in northwest Indiana in 2014 as construction wound down from the refinery's expansion.

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