

“They want to take away what generations struggled to achieve”

2,200 steelworkers still locked out by Allegheny Technologies

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After nearly two weeks, the lockout of 2,200 steelworkers by Pittsburgh-based specialty steel manufacturer Allegheny Technologies Inc. (ATI) remains in force. There have been no negotiations since ATI announced the lockout on August 14 and ordered workers out of 12 mills in six states.

ATI wants workers to accept thousands of dollars in premiums and co-pay for health care and the elimination of pensions for new hires. It also wants to greatly expand the use of outside contractors and impose work rule changes that would essentially turn workers into casual laborers.

ATI is using the plunge in steel prices and the fall in demand from China and other so-called emerging economies, to justify its ruthless cost-cutting drive.

On August 10, US prices for hot-rolled band steel fell to \$522 per metric ton, the lowest level since the depths of the 2009 recession. This is down from a recent high of \$970/ton in March 2011, and down from the peak of \$1,203 in July 2008.

The decline in China has been even worse, with prices for equivalent steel falling to \$282/ton, the lowest inflation-adjusted price in over thirteen years, and a decline of more than 61 percent since the peak in 2008.

The company has made \$7.5 billion in gross profits over the last decade, an average of \$750 million a year. The economic slowdown, however, has reduced its profits, with the company taking in \$97 million in the third quarter of 2014.

The decline is also due in part to a \$1.3 billion investment in a new hot strip mill ATI's Brackenridge, Pennsylvania facility in 2008, when steel prices were at record highs. ATI financed the entire plant itself,

diverting some funds that would otherwise be profit toward paying off the mill.

Under these circumstances, executives and wealthy investors at ATI and the entire steel industry are anxious to slash labor costs and make workers pay for the global economic crisis they did not create.

A locked out worker at ATI's Baghdad plant in Leechburgh, Pennsylvania told the WSWS, “We are victims of corporate greed. The CEO received a 70 percent, \$4.7 million, pay raise. Why did he get that if the company is in so much trouble? They preach everyone here is one big family and call on us to sacrifice, so why does he get such a big raise?”

The demands by ATI are setting the precedent for the draconian concessions US Steel and ArcelorMittal want to extract from 30,000 workers whose contract expires on September 1.

Far from defending the embattled workers, however, the United Steelworkers (USW) union is committed to defending the profits and global competitiveness of the steelmakers at the expense of the workers it claims to represent.

The USW worked to prevent any struggle by workers against ATI, begging the company to accept its offers of tens of millions of dollars in concessions. Since the lockout began, the USW has isolated the workers and promoted the fatally complacent view that the company will not be able to operate without bringing the locked-out workers back. The USW asserts that ATI will be forced to return to the bargaining table eventually if workers just hold out “one day longer.”

In its latest article on the lockout, dated August 22, the USW writes, “ATI apparently seems more interested in bussing out-of-state replacement workers

into our facilities than they are in bargaining a fair contract with our union. The USW remains available to meet with ATI management to continue bargaining and reach a fair and equitable agreement.”

In fact, ATI has been preparing for this confrontation for years. Management sees any temporary loss in profitability as a down payment on future profits it will gain from a lower-paid, more highly exploited workforce.

ATI has hired a small army of private security guards, along with a contingent of strikebreakers and salaried employees to continue production throughout the lockout. Although it will likely be months before the strikebreaking workforce is able to run the plants at full capacity, the company is well-prepared for a waiting game.

Workers at ATI’s Brackenridge plant report that the company has stockpiled enough steel to last perhaps six months or a year, and that the construction of this stockpile was a major reason for the large amounts of forced overtime in the lead up to the contract expiration. This was all accepted by the USW even in the face of clear evidence that a confrontation was being prepared.

Moreover, the steel bosses are well aware that the USW will do nothing to mobilize workers against the corporations’ demands. This has been demonstrated over nearly 40 years of union-management collusion, and most recently in the deliberate policy of the USW to isolate striking oil refinery workers and to help the oil giants starve workers into submission by withholding strike benefits.

Workers at ATI’s Baghdad plant in Leechburgh denounced the lockout and expressed their determination to defend their jobs and living standards. One veteran worker said, “We want people to know that this is bigger than health care, it is about everything. The company wants to destroy everything generations of steelworkers struggled to achieve.

“They want to contract out jobs: crane repair, water treatment, furnace work, and the storehouse. They want to take away pensions for new employees. They want to be able to work you 16 hours one day and tell you not to come in the next. The monthly premiums for health care is one thing but they also don’t tell people about the out-of-pocket expenditures.

“Right now we don’t know our schedule from week

to week. Now they want us to work day to day. As it is, people have to sacrifice their family life to work here. Now they want the whole workforce to be part-time. This is not just here but all over the country.”

Greg Jubic, an electrical engineer with five years at the Baghdad plant, pointed out the high skill level of the ATI workforce. “A lot of us are not just steelworkers. We are skilled technicians with degrees and are close to engineers. My background is electrical engineering. I worked in the medical and pharmaceutical industries. My father and brothers all worked for US Steel.”

Alan Braden, with eight years, said, “This is affecting the whole community. We bring a lot of business to these communities and this is really going to hurt the economy with these mills shut down. There are a lot more people than just us that depend on these jobs. I come from a long line of mineworkers and steelworkers and we can’t let the company get away with this.”



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