Minnesota's Iron Range hammered by steel industry layoffs

A correspondent
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Nearly 7,000 workers have lost their jobs on northern Minnesota's Iron Range in the past year as a result of the collapse of the global steel industry, according to state government data. Among these are 1,990 direct layoffs from mining companies and another 4,700 from firms that directly supply or contract with the iron mining industry.

More than 2,300 of the unemployed are currently without benefits, after the Minnesota legislature adjourned for its winter recess in December without approving an extension.

The Iron Range (or Mesabi Range) is a belt of small cities and towns that follows a 120-mile stretch of ore deposits in remote northern Minnesota, near the Canadian border. Taconite ore is sent via train to large ore freighters at harbors in and near Duluth, Minnesota, at the head of Lake Superior. The freighters carry the ore to steel mills in Milwaukee, Chicago, Gary, Detroit, Cleveland, Pittsburgh and Buffalo.

U.S. Steel, based in Pittsburgh, has handed out layoff notices to 700 iron miners at its Minntac facility near Virginia, Minnesota, and 412 at its Keetac mine in Keewatin. The cuts are part of a nationwide cost-cutting campaign launched by the largest US-based steelmaker in the past two years that has resulted in thousands of job losses. On March 8, the company announced it would idle its Lorain, Ohio, steel mill, putting another 300 workers out of work, after laying off a similar number last year.

Last November, Cliffs Natural Resources announced it would suspend operations at its North Shore Mine facility at Babbitt, Minnesota, as well as its connecting rail system and port at Silver Bay, north of Duluth. The closure meant 500 layoffs.

Magnetation, a firm that reprocesses discarded ore tailings, has shuttered three of its four Iron Range facilities and scaled back operations at its fourth, a plant in Grand Rapids, Minnesota. In nearby Nashwauk, Essar Steel has indefinitely scrapped plans to construct a $1.8 billion facility that had been anticipated to create 350 permanent jobs.

The closures are having a devastating impact on the regional economy. According to one 2012 study at the University of Minnesota, Duluth, iron mining accounts for roughly one third of all economic activity in northeastern Minnesota, and 5 percent of the state's economy overall.

Like parts of Australia, Brazil, and other regions that produce such basic commodities, the Iron Range rebounded from the 2008-2009 economic crisis due to heavy government expenditures on infrastructure in China, and the promotion of easy cash for financial speculators by the US Federal Reserve and other central banks. These policies created a boom in iron ore and other commodities, and employment on the Iron Range actually increased between 2010 and 2014, as it did in neighboring North Dakota, due to surging oil prices.

The rapid slowdown in China's economy has created a situation of overcapacity in both iron ore mining and steel milling. Global ore prices have, in recent months, fallen below $50 per ton, lows not seen since 2009, and down from 2011 highs of $200 per ton. Exacerbating the problem, the oil industry—one of the largest consumers of steel products—is also in free fall.

True to form, the United Steelworkers (USW) and politicians in the Democratic Party (officially named the Democratic Farmer Labor party in Minnesota, or DFL) have responded by blaming China for "illegal dumping" of finished steel products on the US market.

"We are going to push on the issue of restricting foreign steel imports," Minnesota governor Mark Dayton, a Democrat, recently told reporters.

Democratic congressman Rick Nolan, who represents the Iron Range, has called for new tariffs on steel imports, without which "our jobs, our economy and our national security are being put at enormous risk."

"Minnesota's iron ore and steel workers can compete with anybody in the world on a level playing field," said Democratic senator Al Franken. "But the industry has been shaken by foreign competitors who are flooding American markets with illegally dumped steel."

On February 26, Democratic presidential candidate Bernie Sanders delivered the same message at a campaign rally in Hibbing, the largest town on the Iron Range. "I do understand what is going on here on the Iron Range with the loss of many, many hundreds of good paying jobs because cheap Chinese steel is being dumped in the United States, and together we are going to end that," he said, while wearing a United Steelworkers Local 1938 jacket.

Franken and Nolan have joined with the state's other Democratic US senator, Amy Klobuchar, in pushing legislation that would make it easier for US corporations to claim that Chinese competitors are "dumping" and beef up customs inspections of steel shipments.

The Obama administration has responded by imposing an order on customs officials requiring cash deposits be placed for duties on certain steel imports from China, as well as Russia, Brazil, Japan, India, Korea and Britain.

No serious observer can claim that such measures will reverse the collapse of the steel industry. They are a nationalist and right-wing diversion aimed at keeping workers lined up behind the USW and the Democratic Party, and to pit them against workers in China and elsewhere. The USW is, in fact, complicit with US Steel and ArcelorMittal in the attack on steelworkers' wages, benefits and working conditions. It substitutes attacks on Chinese workers for any serious defense of the American steelworkers it nominally represents, refusing to call coordinated strike action even as layoffs mount.

In reality, the layoffs among iron miners and steelworkers do not prove that US workers are in competition against workers in China or anywhere else, but just the opposite. Like every other commodity, steel is the product of social labor carried out on a global scale. But though steel is an essential component of modern society, the steel industry is the plaything of powerful financial interests who view it as a source of profit—or loss. The falling price of steel foretells social misery spreading among workers not just in Pennsylvania, Ohio, Indiana, Illinois and Minnesota, but in China and the world over.

In late February, the Chinese government announced a staggering 500,000 layoffs in its steel industry, and a further 1.3 million in the attendant coal industry, as the government of President Xi Jinping cuts back on capacity in heavy industry.

In Australia, the mining industry has shed 2,300 jobs so far in 2016. On March 1, it was announced that iron mining giant Rio Tinto would lay off a further 500-700 miners in its West Australian operations. In Mexico, ArcelorMittal and other steel firms last summer announced layoffs of some 10,000 workers. More than 7,000 jobs have been lost in Europe's steel industry in the last year. In all of these countries, unions and politicians are demanding protective measures to target foreign imports in order to protect the profits of "their corporations."

On Saturday, March 5, more than 3,500 workers at the ArcelorMittal plant in the port city of Lázaro Cárdenas in Michoacán, México, went on strike against the world's largest steelmaker, in part against layoffs.