

# US steelworkers continue voting on ArcelorMittal contract

**Evan Winters**  
**17 June 2016**

Some 12,000 ArcelorMittal workers will finish voting next Tuesday on a tentative contract announced by the United Steelworkers (USW) and the company on April 27. The limited information released by the company and the USW in the immediate aftermath of the announcement makes clear this is a major betrayal that attempts to shift the crisis of the steel industry onto the backs of workers.

The vote is being conducted by mail ballot. According to USW Local 6787, workers were scheduled to receive a contract summary and mail-in ballots around May 23, with June 21 the last day to mail in ballots, and votes to be counted June 23.

Even the USW's self-serving contract highlights reveal major concessions in the three-year agreement, which would expire in September 2019. The agreement freezes wages. In addition, workers and retirees face steep increases in health care payments that could reach up to 10 percent of health care costs.

The contract includes several provisions that tie the welfare of workers and retirees directly to company profitability. Company contributions to the union-controlled retiree healthcare fund, a Voluntary Employee Beneficiary Association (VEBA), would change from a fixed contribution into a variable contribution of five percent of company earnings before interest and taxes. The contract does not include any wage increases, but instead includes a quarterly bonus if the price of hot rolled steel, which this year has stayed between \$300 and \$350/ton, rises above \$600/ton.

The global steel industry is in a deep crisis facing massive overcapacity, due primarily to a slowdown in Chinese steel demand. ArcelorMittal, the world's largest steel manufacturer, with operations in twenty countries on five continents, has been deeply impacted

by this crisis, reporting losses of \$7.9 billion in 2015, primarily due to falling steel and iron ore prices.

In exchange for these major concessions the USW secured minor gains in pension funding, health care coverage, and child care programs for active workers and retirees. These improvements, however, are much than offset by the givebacks. In addition the USW is touting the company's promise to invest \$2.5 billion in capital expenditures, even as it idles production in the US and internationally.

This sellout is of a piece with concessions contracts imposed on 18,000 workers at US Steel and 2,200 workers at Allegheny Technologies Inc. (ATI). The contracts for all three companies expired in August-September 2015, together with contracts for 140,000 auto workers, 39,000 telecommunications workers, and hundreds of thousands of municipal and other workers.

The USW worked together with the United Auto Workers, the Communications Workers of America, and the rest of the trade unions to keep these struggles separated. ArcelorMittal workers were ordered to remain on the job while Allegheny Technologies workers were locked out in a bitter struggle that lasted from August 2015 through March 2016. Just days after imposing a concessions contract on 18,000 US Steel workers, the USW proposed a contract with "innovative cost savings" at ArcelorMittal. 2,500 USW-represented workers at Cliffs Natural Resources have been without a contract since September. 450 workers at Sherwin Alumina remain locked out after more than a year and a half, as the company uses bankruptcy courts to offload its obligations.

The ArcelorMittal betrayal is a product of the nationalist and pro-capitalist program of the USW. From the outset, the USW offered its services to help ArcelorMittal offload its financial problems onto the

backs of workers while pushing for further trade war measures against imported steel, particularly from China.

An April 27 USW bargaining update stated, “Recognizing the challenges facing our industry—mainly the result of historic levels of unfairly traded imports and a depressed market for our products—we committed very early in this process to address the company’s needs while protecting future generations and without burdening current or future retirees with unnecessary expenses.”

In the previous bargaining update, published on February 24, the USW declared, “When we started, the company proposed a contract with no wage increases. We recognized the need for fixed cost stability and offered a contract with a system of lump sum payments based on Hot Band pricing. Our solution is not a perfect one, but frankly, if pricing does not return to the market, our industry will not recover from the attack of unfair trade in steel.”

Meanwhile, the USW has taken the lead in numerous Department of Commerce trade lawsuits against steel imports, particularly from China. The promotion of trade war against the economic rivals of the United States is aimed at diverting workers anger against their brothers and sisters overseas while covering up the real root of the attack on jobs, which is the capitalist profit system.

The USW has officially endorsed Democrat Hillary Clinton in the 2016 Presidential race on the basis of economic nationalism. USW President Leo Gerard introduced Clinton at a June 14 rally in Pittsburgh Pennsylvania. Gerard touted Clinton’s commitment to trade war policies, claiming she would “push back against those who destroy our jobs by cheating against agreed upon trade rules.”

Gerard has also worked closely with the Obama administration’s efforts to improve the “competitiveness” of US industry on the backs of workers. He is a member of the White House’s Advanced Manufacturing Steering Committee, together with the head of Alcoa and numerous industry executives. In July 2015, Gerard met with Obama and other union officials to coordinate a strategy to prevent a “wages push,” i.e. a unified struggle by the hundreds of thousands of workers whose contracts expired in Summer and Fall 2015.

In exchange for the USW’s services, steel companies are rewarding USW bureaucrats through a variety of mechanisms. The USW has been given partial or full control of VEBA funds, which they use as investment vehicles. In addition, the companies finance USW payroll with numerous union-management partnerships.

In a remarkably candid admission, the USW contract highlights include “Improved hiring preference for relatives of USW employees.” In other words, the USW bureaucrats are more than happy to trade away the hard-won gains of generations of workers and retirees in exchange for jobs for their relatives.

We call on workers to reject the nationalist, pro-company orientation of the USW, vote down the sellout contract at ArcelorMittal, and form rank-and-file committees to carry the struggle forward, establishing lines of communication with workers in the steel, auto, telecom and other industries.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**