

Trump considers asset stripper Wilbur Ross for commerce secretary

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Billionaire asset stripper Wilbur Ross is a leading candidate to be President-elect Donald Trump's commerce secretary, according to an anonymous "senior transition official." The two met a week ago at the real estate mogul's golf course in Bedminster, New Jersey. Asked by the press whether he was interested in the post of commerce secretary, Ross responded, "Time will tell."

As in many of Trump's cabinet decisions, loyalty appears to be a major factor behind his preference for Ross. Ross was an early supporter, announcing in March he would support the then Republican primary frontrunner if he became the nominee, and denouncing Trump's prominent Republican detractors such as former Presidential candidate Mitt Romney. Ross went on to endorse Trump in June.

The consideration, let alone selection of Ross as the top commerce official reveals far more about the true character of the incoming administration than all the crocodile tears Trump shed on the campaign trail about coal miners, steelworkers and other workers devastated by deindustrialization and wage-cutting.

Dubbed the "king of bankruptcy," Ross is a corporate raider who built his fortune, estimated at nearly \$3 billion, through the takeover of struggling companies, the wiping out of the jobs, wages and pensions of hundreds of thousands of workers and then "flipping" entire industries, whether in steel, coal, auto parts or textiles—like a real estate speculator does houses. Ross was directly implicated in the death of 12 coal miners in the 2006 Sago Mine disaster in West Virginia by ignoring safety violations at the mine owned and operated by his International Coal Group.

After spending 24 years at Wall Street's Rothschild Inc. as a bankruptcy specialist, Ross founded International Steel Group (ISG) in 2002. ISG purchased LTV Steel (2002), and Acme Steel (2002) during bankruptcy. With the full collaboration of the United Steelworkers union

(USW), Ross offloaded nearly \$2 billion in pension obligations for 80,000 retirees and workers onto the government-run pension rescue fund, the Pension Benefit Guaranty Corporation (PBGC).

Ross then purchased Bethlehem Steel (2003), Weirton Steel (2004), and Georgetown Steel (2004), imposing similar cuts. All told, Ross claims to have removed \$15 billion in retiree pension and health obligations from the books of ISG. \$6.4 billion of these obligations were transferred to the PBGC, which is now projected to be insolvent by 2025.

In addition to attacks on union workers, ISG cut \$680 million in medical and life insurance benefits for 28,000 Bethlehem Steel white-collar retirees and spouses. Retirees recovered only \$131 per person in a lawsuit.

Ross cut and outsourced hundreds of positions, and increased the use of non-union labor. ISG also linked pay to output as a speedup mechanism. "At the mill level, we are totally cost-competitive with Mexico," Ross boasted.

Speaking of the wrecking operation at ISG mills, USW negotiator David McCall argued, "It's been a good arrangement for Wilbur Ross and his return on investment, and it's been a good deal for us."

After gutting pensions, jobs, and retiree medical care, ISG turned a profit of \$1 billion in 2004. These profits were further bolstered by rising global steel demand particularly from China. In a token gesture, ISG set aside \$185 million for retiree prescription drug benefits, just over 1 percent of the obligations the company had offloaded in the previous three years.

Less than three years after initiating this wrecking operation, Ross sold ISG to Mittal Steel Co., owned by Indian Billionaire Lakshmi Mittal. Mittal subsequently purchased European steelmaker Arcelor in 2006, making the new ArcelorMittal the world's largest steel producer. Mittal immediately set about further attacking the jobs and living standards of workers in the US and

internationally. The closure of Baltimore's Sparrows Point mill alone destroyed 2000 jobs and an additional 1000 dependent jobs.

Thanks to the operations of financial parasites like Ross, the steel industry, which provided over 500,000 jobs in the 1970s, today employs only 150,000 workers, with dwindling pay, benefits and job protections.

In 2004, Ross formed the International Coal Group (ICG) after he bought four non-union mines owned by Horizon Natural Resources during a bankruptcy auction. Horizon ripped up the labor contracts at its remaining six unionized mines without any resistance from the United Mine Workers (UMW).

In January 2006, a fatal methane explosion at the Sago mine, purchased from Horizon, instantly killed a coal miner, while the eleven others were trapped two miles into the mine, left to slowly die of carbon monoxide poisoning over two days. One worker was rescued alive. Ross admitted to being well aware of the mine's flagrant disregard of safety regulations, with over 208 safety violations in 2005 alone, including 16 seen as immediate hazards to safety. He lamely assured the press he had been told the situation was "under control."

In response to the disaster, Ross set aside an insulting \$2 million compensation fund for the families of the deceased. Amounting to less than \$170,000 per family, this was less than 2 percent of the appraised value of Ross' current art collection, conservatively valued at \$150 million. Trump, whose Atlantic City casino empire survived the 1980s real estate downturn largely due to assistance from Ross, contributed \$25,000 to the fund.

ICG was repeatedly fined for environmental violations, including dumping pollutants into streams and rivers in Kentucky and West Virginia. A June 2011 study published in the journal *Population Health Metrics*, found that all of the eight counties in Kentucky where ICG operated mountaintop-removal mines were among the bottom 10 percent of US counties in terms of life expectancy, with all but two seeing a decrease in life expectancy over the previous 10 years.

In 2011, ICG sold its assets to Arch Coal for \$3.4 billion, giving Ross even more money.

Alongside his wrecking operations in steel and coal, Ross played a similar role in the auto parts and textile industries, with the explicit aim of destroying retiree pension and medical obligations in bankruptcy court. "There are clearly going to be more labor-intensive companies going bankrupt," Ross boasted in 2005.

Ross formed the International Auto Components Group

in 2006 when his private equity firm W.L. Ross & Co. LLC and investment fund manager Franklin Mutual Advisers LLC merged the interiors business of Lear Corp. with Collins & Aikman Corp. Ross then bought other parts makers around the world, building an empire of 79 manufacturing facilities across 18 countries.

The auto parts industry is notorious for poverty level wages and the brutal exploitation of young workers in particular. Last year, Ross appointed former Delphi CEO Robert "Steve" Miller as CEO of IAC. Miller became notorious for destroying the jobs, wages and pensions of workers when he threw the former General Motors parts division into the bankruptcy courts in 2005 with the active collaboration of the United Auto Workers union (UAW). At the time Miller complained that workers were living too long after retirement and were costing US industries too much in health and pension expenses.

Trump's consideration of a corporate gangster like Ross for a top cabinet post exposes his lying claims about protecting American workers. At the same time, Ross is an ardent supporter of trade war, calling for heavy tariffs on Chinese goods, and an end to the "bondage" of "bad trade agreements." His economic nationalism serves two purposes: first, boosting the profits of US-based corporations against international rivals and second, perpetrating the myth, supported by the unions, that US workers have more in common with their billionaire bosses in America than with their class brothers and sisters internationally.

The incoming Trump administration will be dedicated to escalating the decades-long war, backed by both big business parties, against the working class. His promises to "make America great again" mean turning the historic clock backwards and returning to the darkest days of industrial slavery.



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