

United Steelworkers union pushes concessions at US iron ore producer Cleveland Cliffs

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The United Steelworkers union (USW) is seeking to push through a concessions contract with Cleveland-Cliffs steelworkers that will cut into health benefits and keep wages stagnant. Most importantly, the deal continues the USW's strategy of dividing iron ore miners from workers at US Steel and ArcelorMittal as the union attempts to push through major concessions at the two steelmakers.

The union and company are deliberately keeping secret the details of the four-year contract, which was reached in last minute negotiations over the weekend. The USW hopes that it can push through the deal at union meetings later this month without workers having had a chance to study, discuss and debate its contents.

The USW is working to suppress the anger of workers at Cliffs, US Steel and ArcelorMittal who have not had a pay raise in over three years and have been forced to accept massive cuts to benefits from the last USW-backed contracts in 2015–16. The USW is refusing to call a strike at US Steel and ArcelorMittal despite the fact that the over 30,000 steelworkers voted unanimously for strike action.

With 1,800 steelworkers, Cliffs is the smallest of the USW-organized producers whose contracts have expired. The USW is hoping to push the deal through to further isolate workers at US Steel and ArcelorMittal and to use the sellout contract to set the pattern for further concessions at the two steelmakers.

According to a USW press release last week, Cleveland-Cliffs backed off its demand for increased premiums for health care coverage for active employees but said nothing about its push for coinsurance or cuts to health care for both new and retired workers.

Coinsurance payments have been introduced throughout the health insurance industry over the past

decade. Along with premiums, copays and deductibles, they are a means of shifting the cost of health care onto the backs of workers, and they can quickly add up to thousands of dollars.

Under coinsurance plans, workers and their families are required to pay a percentage of the cost of most services, usually 10 or 20 percent, up to their maximum out-of-pocket amount, which is often \$3,000 for an individual and \$6,000 for a family.

Companies especially like coinsurance plans in addition to monthly premiums as they force workers to pay a percentage each time they go to a hospital, buy a prescription and get needed tests. In 2016, the USW forced workers at Allegheny Technologies to accept a contract with a 10 percent coinsurance plan after being locked out for nearly eight months.

USW President Leo Gerard praised the company for “bargaining seriously to reach a fair agreement.” He declared that Cliffs “acknowledges the sacrifices of our members during recent tough times and now that the industry is prospering, looks to give its dedicated workforce its fair share.”

By the “sacrifices of our members,” Gerard is referring to wage freezes and benefit cuts that the union pushed through during the last contract. The Cliffs contract falls far short of restoring wages. If inflation continues at its current 3 percent rate, steelworkers at Cliffs would need at least a 20 percent raise just to make up for inflation since their last pay raise more than three years ago and the projected inflation rate over the next four years.

Last year, Cliffs made \$367 million in profits, and it is expected to pull in more this year as demand and the price of steel continues to grow.

Cliffs CEO Lourenco Goncalves boasted that the new contract “provides Cliffs a competitive cost structure

for future success.” Stressing the role of the USW in boosting the company’s profits, Goncalves added, “This agreement once again reinforces that we have more in common with the USW than we have differences, and we look forward to continuing our strong partnership.”

Formally Cliffs Natural Resources, headquartered in Cleveland, the company changed its name to Cleveland-Cliffs last year. It is the largest manufacturer of iron ore pellets in North America. Currently, the company produces 44 percent of the iron ore pellets which are used in the making of steel. Cliffs operates iron mines and pellet plants in Minnesota and Michigan.

In a drive to cut costs and boost profits, the company closed mines in Canada in 2014. In 2015 it sold its coal mines in West Virginia, and earlier this year the company closed and sold its mines in Australia, ending its Asia Pacific operations.

US Steel is the second largest steel producer in the United States, and ArcelorMittal, while the largest steel producer in the world, is the third largest in terms of domestic US production. All three companies have benefited highly from 25 percent tariffs imposed by the Trump administration along with the huge corporate tax cuts passed last year by Congress.

The USW is among the strongest backers of the Trump administration’s tariffs and trade war measures. Its only criticism is that these measures have not gone far enough in protecting American steelmakers. In their statements, the USW boasts that their support for the tariffs and their imposition of a wage freeze and other concessions in the 2015–16 contracts are responsible for the current profits of the steelmakers.

As was the case during the massive shutdown of steel mills and the reorganization of the industry in the 1980s and 90s, which left over one hundred thousand steelworkers without jobs, healthcare and pensions, the USW is using nationalism and chauvinism to pit workers in the US against workers in Europe, Asia and Latin America.

At the same time, the USW is intensifying its “partnership” with the steel bosses to impose even greater concessions on steelworkers. The USW settled with Cleveland Cliffs—the first time this has been done with an iron ore producer before the major steelmakers—in order to set the precedent for deep concessions at US Steel and ArcelorMittal.

The WSWS urges workers to form rank-and-file factory committees to take the conduct of the struggle out of the hands of the pro-company USW. These committees must demand that steelworkers have the right to see the entire contract, not just the union’s summary, with adequate time to review, discuss and debate its details.

Furthermore, these committees should draw up their own list of demands and set a strike date to fight for them. These demands should include:

- An immediate 40 percent across-the-board raise and restoration of COLA payments.
- All health care and pension benefits to be paid for by the company, regardless of labor grade.
- A reduction of hours with no reduction in pay.
- Workers’ control over production, including output speed and health and safety.

In opposition to the USW strategy of dividing steelworkers, these committees will work to unite all steelworkers in the US and internationally. They should also reach out to teachers, UPS workers, autoworkers and other sections of the working class to prepare a common counteroffensive against the corporate and financial elite.

The industrial mobilization of the working class must be combined with a new political strategy in opposition to both big-business parties and based on the international unity of the working class and the fight for socialism. This is the only way to oppose the relentless wage-cutting demands of the transnational corporations, to unite the entire working class against war and transform the steel industry into a public enterprise under the democratic control and collective ownership of the working class.



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