

As US Steel and ArcelorMittal announce booming profits, the United Steelworkers pushes sellout deals

Our reporters
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The United Steelworkers (USW) reported a tentative contract with ArcelorMittal Friday as workers at US Steel prepared to vote on a sellout deal previously announced by the USW. Both companies enjoyed substantial third-quarter profits. US Steel reported earnings of \$291 million, nearly double the profits of the previous quarter, as the company's revenues rose to \$3.73 billion. ArcelorMittal, meanwhile, reported net earnings of \$899 million in the third quarter, down slightly from \$1.2 billion one year ago.

US Steel officials also approved \$300 million in stock buybacks and redeemed an estimated \$356 million in debt, which may lower operating costs. These buybacks are expected to further pump up share prices and stock portfolios. Goldman Sachs estimated earlier this year that US corporations would spend a record \$1 trillion on stock buybacks this year, with different sectors seeing 50 to 150 percent larger buyback purchases as compared with last year.

Overall, corporate profits have soared to record or near-record highs in 2018. Earlier this week, General Motors reported a 25 percent spike in its third-quarter profits to a record \$3.2 billion. But the surge in earnings, fueled by relentless cost-cutting enforced with the assistance of the unions, along with pro-business tax cuts, will not satisfy Wall Street. The investors want even more.

In the midst of this profit bonanza, unions like the USW, working on behalf of corporate management, are shamelessly telling workers it is they who must give back. After announcing that it had reached a tentative deal with US Steel on October 15, the USW is concealing the full scope of the givebacks contained in the agreement. It has been reported that the contract proposal will include an insulting 14 percent wage increase over four years—barely above the annual inflation rate of 2.9 percent, which could go higher during the life of the contract—for workers who have already suffered a three-year wage freeze. This is in addition to expected cuts to health care and other benefits for

current workers and retirees.

Reports indicate that the deal the USW reached with ArcelorMittal is patterned on the US Steel settlement. The proposed 4-year contract covers 15,000 US workers employed at the transnational steel maker. Like the US Steel contract, the proposal reportedly includes a \$4,000 signing bonus aimed at bribing workers into ratifying the agreement.

In a letter to steelworkers urging ratification of the settlement at US Steel, the USW bargaining committee boasted that the deal “puts the company in a position to meet increasing demand and to continue along its current path of success.” In other words, the contract will do nothing to impinge on the profits of the steel giant while leaving workers' demands unmet.

In a display of the growing militancy in large sections of the working class both in the US and internationally, workers at US Steel and ArcelorMittal voted unanimously to authorize a strike after their contracts expired last month.

On Tuesday, reporters from the *WSWS Steelworkers Newsletter* handed out copies of the statement “Vote no on the USW-US Steel Concessions Contract!” to workers at US Steel's Gary Works in Northwest Indiana and spoke with workers about their conditions and the issues in the contract fight. Names have been changed to protect workers from potential retaliation by the company and the union.

Reports indicate that US Steel's Northwest Indiana steelworkers, which produce flat rolled steel, including those employed at the Gary Works, made the company a whopping \$305 million profit this quarter, largely offsetting a loss in tubular steel.

Lee, a veteran worker in the blast furnace, told WSWs reporters, “I've been in this mill for 20 years and I'm fed up with them. Our union representatives seem to forget that the members pay their salaries. They're sending out a ballot to us this week for something that's probably already been signed.

“I'm more fed up with the union than I am with the

company. I feel like the union is exploiting us as badly as, if not more so, than the company. They're taking my dues and they're doing an extremely poor job."

Lee felt that workers should be in control of health and safety measures in the mill. "All of the safety rules in the plant are there not because the company cares about workers. They only exist so that they can make themselves look good in the papers and avoid fines."

He agreed with the call by the *WSWS Steelworker Newsletter* for the formation of rank-and-file committees to oversee negotiations and ensure safety in the plant. "I agree with that completely. I think they (USW officials) do a crappy job."

Adam, a maintenance worker, said he had not yet received the mail-in ballot and summary of the contract from the USW. Like many steelworkers, he works very long hours: "I work on average 70 hours per week here; everyone does. We joke about how we spend more time here than we do with our families. But it's true."

Adam worried that the company may try to cut health care benefits. "The company keeps saying that it wants to save money. If they take the health care away, we'll never get it back."

Since the last contract in 2015, the USW has collaborated with management in attacking conditions in the mills. The union did nothing to fight mass layoffs in the American steel industry between 2015 and 2016, which resulted in longer working hours and speedup for the remaining workforce. US Steel laid off thousands of workers in Northwest Indiana alone, with the largest group coming from Gary Works. This was on the advice of the corporate consulting firm McKinsey & Co., brought on by former CEO Mario Longhi to direct the cuts.

To divert workers' anger, the USW has lined up with the anti-Chinese trade war program of the Trump administration. It has sought to prevent a united struggle by workers in the US with their brothers and sisters internationally.

In February 2015, ten thousand workers at the state-run Wuyang Iron and Steel Co. in Henan Province, China, struck against low pay—the equivalent of \$330 per month in US dollars—and management mistreatment. The USW said nothing about this struggle.

Instead, the union tries to paint foreign workers as enemies. In reality, workers all over the world face similar conditions and challenges, often from the same corporations.

During the 2015 contract negotiations, the USW kept workers at ArcelorMittal and US Steel isolated from workers at specialty steelmaker Allegheny Technologies, Inc. who were locked out for seven months. The lockout ended with the union forcing through a concessions contract.

During that time the USW refused to call a strike against US Steel and ArcelorMittal, and instead forced through concessions contracts that included a three-year wage freeze and cuts to health benefits and safety measures. The consequent deterioration in working conditions played a major role in the death of Jonathan Arizzola, a 30-year-old father of two who was electrocuted at Gary Works in 2016.

The *WSWS Steelworker Newsletter* calls for workers at US Steel and ArcelorMittal to elect rank-and-file committees in every mill and facility. These committees should establish lines of communication between plants and draw up a list of demands based on what workers need, not what is supposedly affordable for the steel giants. This should include a 40 percent wage increase for all workers, the restoration of the cost of living allowance (COLA) and fully funded health care and pension benefits, a reduction of work hours with no loss of pay, and the establishment of industrial democracy through workers' control of production.

These committees should demand access to the full contract, not just the bogus summary, which the USW uses to hide the truth. They should institute rank-and-file oversight of the voting process, including requiring that the ballots be submitted in person and counted in front of representatives elected by the rank and file.

Preparations should begin for strike action by workers at US Steel, ArcelorMittal and the rest of the steel industry. Rank-and-file committees must link up with the widest sections of workers—United Parcel Service workers, teachers, autoworkers and Amazon workers—to form a national network in preparation for a general strike. This industrial offensive must be linked up with the development of a powerful political movement of the working class to fight for a socialist alternative to the profit system, which would include the transformation of the banks and corporations into publicly owned enterprises that serve the needs of the working class, not private profit.

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