As Trump ramps up trade war, US Steel to idle three blast furnaces in the US and Europe

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On Tuesday, United States Steel Corporation announced that it would idle three blast furnaces worldwide. The mills affected are USS Gary Works in Gary, Indiana; USS Great Lakes Works in Ecorse, Michigan; and USS Košice in Košice, Slovak Republic.

The Gary Works mill operated four blast furnaces, capable of producing 7.5 million tons of steel per year, and will now operate just three. Its Great Lakes Works mill, which operated three blast furnaces and can produce 3.8 million tons of steel per year, is now down to two furnaces. The Kosice mill produced 4.5 million tons annually and will now operate two blast furnaces instead of three effective this week.

US Steel said that it based its decision on the fact that prices of its steel product were falling and sales were slowing. Its stock price has fallen over 50 percent year-over-year, from $36.91 on June 18, 2018 to $14.55 on June 20, 2019. Its second-quarter earnings forecast are projected to be around $250 million, below expectations of $291.1 million.

Because of the furnace shutdowns, hundreds or maybe thousands of workers could eventually lose their jobs worldwide. While no layoffs have yet been announced, the trend is clear.

The announcement comes just over ten months since US Steel announced that it would invest $750 million into the Gary Works, its largest facility worldwide, which sprawls over one mile of shoreline on Lake Michigan and employs about 3,800 workers. Earlier this year, the corporation was negotiating $47 million in tax breaks from the city of Gary and state of Indiana. The mill is a linchpin of the economy in the impoverished Gary region that has suffered from decades of deindustrialization at the hands of the corporate oligarchs—with the poverty rate in Gary standing at 35.8 percent, more than twice the rate of the US as a whole.

The steelmaker's decision to shut down production in some of its mills comes less than one year and four months after President Donald Trump announced in March 2018 that he would place punitive tariffs on steel and aluminum entering the US from China, and expand those tariffs in June 2018 to include Canada, Mexico, Japan, and European countries.

The tariffs are already having an overall adverse effect on the US economy. As Dan Kadrmas, President of TrueNorth Steel said of the second round of metals tariffs: "The current U.S. capacity cannot meet the demands of the United States, so we would need imports pretty much in every situation."

The recent announcement of US Steel's blast furnace shutdowns underscores the advanced decay of the world capitalist system and the fundamental contradiction at the root of that decay: the conflict between the nation-state system and the globalized means of capitalist production.

The Trump administration touted the tariffs as a blow struck on behalf of the American working class, promising that they would protect jobs and add new ones with higher wages and benefits. His actions were backed by Republicans and Democrats, who promoted economic nationalism as a way to save the sinking ship of American capitalism, whose world hegemony was threatened by the expanding economy of China, which threatens to overtake the US as the world's leading economic power.

When the political representatives of the ruling class criticized Trump's trade war agenda, they did not do so out of concern for the impact that the inevitable job losses and wage cuts would have on working-class families worldwide. Their sole concern was to defend

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the profits of American corporations. Some, like Democrat Elizabeth Warren, even attacked Trump from the right on the tariffs, saying that they were not punitive enough.

Predictably, the tariffs sparked backlash from international leaders. Both the European Union and China pushed through their own countermeasures, further deepening the conflict between individual nation-states in the global capitalist economy.

In the United States, the United Steelworkers (USW) union has long been one of the most vocal supporters of Trump's trade war measures, lining up US steelworkers behind the steel bosses while pitting American workers against their working-class brothers and sisters overseas. For their total subservience to the steel bosses USW leader have been well rewarded, including President Leo Gerard, who took in $208,000 in salary and benefits in 2018. The USW reported $1.08 billion in assets for the year 2018, up from $963 million in 2017.

The USW brushed aside massive strike authorization votes to push through sellout contracts at ArcelorMittal and US Steel this past autumn, imposing wage increases below the rate of inflation, sanctioning the creation of new tiers with lower wages and few benefits and with no guarantees against layoffs or for improved safety and health measures.

The production cuts announced by the USW are being driven by the insatiable profit demands of Wall Street, which is seeking to drive up share prices by squeezing more profit off the hides of workers in the face of falling demand and cutthroat competition.

Despite its sales slump, USS remains extremely profitable, with $1.1 billion in net earnings in 2018. Its shares, however, continue to slump, reaching $14.67 this week, about 1/3 of its February 2018 high of $43.

The program of the USW of lining up American workers behind the trade war measures of Trump is utterly bankrupt. It is not a question of making the nation-state system "work" but taking up the fight for a socialist reorganization of society based on the fraternal cooperation of workers around the world and planning of production to meet human need, not private profit.

As the shuttering of blast furnaces at US Steel demonstrate, trade war measures are ultimately aimed against the working class, as each gang of rival capitalists attempts to offload the impact of the global economic crisis onto the backs of its rivals.

Leon Trotsky, the founder of the Fourth International, writing just five years before the outbreak of the second World War, warned in the midst of the Great Depression: "Attempts to save economic life by inoculating it with virus from the corpse of nationalism result in blood poisoning which bears the name of fascism." [1]

The same holds even more true today. The methods of the ruling class to resolve its crisis lead to fascism and war. The needed radical changes must come from a movement of the working class, in the striving to break free from the capitalist system and establish international socialism, and an opening up of the global economy based on international cooperation to serve the needs of the working class, not the profit interests of the wealthy few.

The first step in waging a successful fight is for steelworkers to break free from the unions and the Democratic and Republican parties, which are subservient to the corporations and steeped in nationalism, and to form their own independent organizations—rank-and-file committees of, by and for the workers. These committees must link up with workers in North and South America, Asia, Europe, and Africa, to confront the global capitalist system and fight, based on a socialist program, to take control of banks and basic industries like steel and run them under the democratic ownership and control of the working class.

If you are a steelworker and want to learn more about how to form these committees, we encourage you to contact us today.

[1] Trotsky, Leon. "Nationalism and Economic Life." *Financial Times*, April 1934.

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