US Steel job cuts continue as it lays off workers in Indiana

Jessica Goldstein
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An undisclosed number of nonunion employees have been cut at US Steel's Gary Works in Gary, Indiana and its Midwest plant in Portage, Indiana. The salaried workers held managerial and professional positions and the layoffs were implemented as a part of CEO David Burritt's restructuring plan, which aims to save $200 million in operating costs by 2022.

It is not known if the corporation will retain enough employees in the state to meet the threshold for state economic incentives for its $750 million investment into the Gary Works mill. The Indiana Economic Development Corp. requires US Steel to retain a minimum of 3,875 employees in the state to qualify for the $10 million incentive package, in addition to the $35 million package received from the city of Gary over a 25-year period.

In order to maintain these incentives while maximizing profit at the expense of the working class, US Steel may plan to replace those jobs with low-paid temps and contract workers earning few if any benefits.

The mill is a linchpin of the economy in the impoverished Gary region, which 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.

US Steel will also lay off half of its 300 workers at its East Chicago Tin Mill this month and the number of nonunion and union layoffs there remains uncertain. Previously, Gary Works employed a total of 3,800, while the company has not released any information on the total number of workers at the Midwest Plant before the layoffs.

East Chicago Tin will be idled this year with no date announced for reopening. Due to a decreased demand for tin products globally, some metals industry analysts expect the plant to shut down entirely, which will further devastate the working class in the impoverished area.

The recent layoffs at US Steel come at a time of crisis for the global steel industry, with corporate managers and stockholders in a rush to extract as much profit as possible in the face of competition from emerging technologies in recycled steel production and the aftereffects of punitive tariffs levied by the Trump administration in early 2018.

The crisis of the US steel industry itself is part of a wider slump in manufacturing in the US. Bloomberg reported last week that total industrial production in the US dipped by 0.8 percent in October following the historic 40-day strike of General Motors workers in the US, the greatest decline since May 2018.

In 2016, US Steel laid off 750 managerial workers at Gary Works as a part of its massive cut of nearly 25 per cent of its salaried workforce worldwide.

US Steel had previously laid off 250 workers at its Great Lakes Works plant in Ecorse, Michigan by the end of September, after announcing that it would idle a blast furnace at the plant as a part of a global plan to cut production costs.

In October, US Steel purchased a minority stake in Osceola, Arkansas-based Big River Steel for $700 million, as an initial step toward acquiring the company over the next four years. Unlike US Steel, which manufactures steel from raw iron ore, Big River Steel manufactures steel by melting down recycled scrap metal. The recycled steel industry has long encroached on the market share of raw steel manufacturers, with lower production and labor costs.

Along with the attacks on the working class through layoffs, the purchase of the minority stake in Big River represents the company's foray into the recycled steel

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business in an attempt to offset its financial decline and satisfy the demands of Wall Street investors and the global banks.

US Steel profits fell by $84 million during the third quarter of 2019, compared with the same quarter in 2018. The corporation's stock price has fallen by 75 percent since reaching a high of around $45 per share in February 2018.

Production by major steel producers in the US has been falling as a result of backlash from the 25 percent tariffs levied against steel imports to the US by the Trump administration. Stock prices initially shot up for US Steel and its major competitor in the raw steel manufacturing industry in the US, Luxembourg-based ArcelorMittal, the world's largest steelmaker, as steel prices rose following the rollout of the tariffs.

ArcelorMittal has seen its stock price fall over 60 percent in the past year, down from a $36-per-share high in January. The company is coming under increasing pressure by the global financial markets to slash jobs and other production costs. Both US Steel and ArcelorMittal cite falling prices and lowering of global demand for automobiles, a major market for the steel industry, coupled with a rising demand for cheaper imported metals, as factors behind their declining financial performance.

To illustrate the global character of this decline, the UK's second-largest steel producer, British Steel, announced its impending collapse in May of this year, threatening 25,000 jobs connected to the industry. The company was kept afloat by a £70 million deal with Chinese firm Jingye, coming at a cost of 1,000 jobs out of the original 5,000 set to be slashed by the steelmaker.

These events are further proof that trade war measures are ultimately aimed against the working class, with each gang of rival capitalists around the globe pitted in a race to offload the impact of the global economic crisis onto the backs of its rivals.

The corporations have been able to carry out these measures due to the impotence and bankruptcy of the trade unions.

The United Steelworkers (USW) pushed through a series of concessions contracts at US Steel and ArcelorMittal in 2018 that offered no protections against layoffs and provided a meager 14 percent wage increase over four years after a three-year pay freeze even though some 30,000 workers voted unanimously to strike.

The USW blocked resistance to thousands of layoffs US Steel carried out nationwide before contracts expired in 2015. It then signed new three-year contracts that imposed wage freezes, cuts to health care benefits, and sanctioned layoffs the company said were necessary to stay "competitive" while isolating workers at ArcelorMittal and US Steel from locked-out workers at Allegheny Technologies, Inc.

The USW leadership emerged as an early supporter of the Trump presidency and has hailed the trade war measures of the Trump administration. Its America First nationalism pits workers in the US against their class brothers globally and is preparing the ground for escalating military conflict.

Workers have no interest in defending the outmoded nation-state system. Instead workers must mobilize to fight for the socialist reorganization of society based on the global cooperation of workers to plan production to meet human need, not private profit.

The existing trade unions, based in the outdated framework of the nation-state system and subordination of labor to capital, cannot be reformed. Completely new organizations of working-class struggle—rank-and-file committees—are needed to defend the right to full-time jobs, stop the plant closures and reverse the wage cuts that are devastating working-class communities worldwide. These committees will link all sections of workers, in all countries around the world in a common struggle against capitalism.

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