# STEEL UNION LOCALS IN CRISIS:

## LABOR'S RESPONSE TO THE RESTRUCTURING OF A BASIC INDUSTRY

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# ABSTRACT

Two theoretical paradigms describing responses of organized labor are assessed within the context of the decline and restructuring of the American steel industry. United Steelworkers of American local unions in the "Calumet Region" (Chicago and northwest Indiana) were studied prior to the negotiations for the 1986 contracts in basic steel. These contracts were the first to be conducted after the termination of traditional pattern bargaining which had characterized the industry since the 1950's; and the first to be submitted to USWA rank and file ratification. Research findings suggest that the "sectoral-rationality" model, which holds that workers are divided in their interests and calculate their responses accordingly, more accurately describes locals' responses than the "union leadership conservatism" model, which holds that a militant rank and file are pitted against a conservative central leadership in the creation and implementation of policy and contract negotiation strategies.

## Résumé

Deux modèles théoriques décrivant le comportement des travailleurs syndiqués sont examinés dans le contexte du déclin et de la restructuration de l'industrie de l'acier américaine. Nous avons étudiés des sections locales des Métallurgistes unis d'Amerique de la "Calumet Region" (Chicago et le nord-ouest de l'Indiana) avant les conventions collectives de 1986 dans l'industrie de l'acier primaire. Ces conventions étaient les premières après l'abolition de la "négociation type" traditionelle employée depuis les années cinquantes, et les premières soumises aux syndiqués de la base pour ratification. Les résultats suggèrent que le modèle "sectoral-rationality" est plus fidèle au comportement des sections locales que le modèle "union leadership conservatism". Ce dernier maintien que les syndiqués de la base sont en désaccord avec la direction centralisée et conservatrice quant à la stratégie et l'application des négociations. Selon le modèle "sectoral-rationality" les travailleurs ne sont pas un bloc aux intérêts homogènes et leur comportement en est le reflet.

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## Chapter 1

## AMERICAN UNIONISM AND INDUSTRIAL RESTRUCTURING

The ongoing transformation of America's industrial base has been accompanied by a drastic reduction in its unionized labor force. From 1980 to 1986 the percentage of workers employed under collective bargaining agreements dropped five and a half percentage points from 23 to 17.5%. (Bureau of Labor Statistics, July, 1986) Those segments of the American workforce that have traditionally provided the core of its labor movement, workers in the basic manufacturing industries, continue to be threatened by the closure of outmoded facilities and the introduction of less labor intensive production methods (Barnett and Shorsch, 1983; Crandall and Barnett, 1986). This research is intended to assess organized labor's response to the restructuring of the basic steel industry within Chicago and northwest Indiana. This area, at the southern end of the Great Lakes, known as the "Calumet Region" contains the remaining core of integrated steel production in the United States.

In this era of economic transformation, scholarly attention has been turned to issues of industrial policy and the effects of plant shutdowns and displacement of workers and industrial communities (Reich, 1984; Bluestone and Harrison, 1985; Barnett and Shorsch, 1983; Bensman and Lynch, 1987). However, with a few exceptions, notably the work of Phillip

Nyden (1985) and Staughton Lynd (1982), little attention has been paid to industrial restructuring from the perspective of union organizations.

The bulk of recent writing on worker behavior has been written from a socialist perspective and assumes that workers have some common overriding interest in undermining capitalism (Aronowitz, 1973; Pfeffer, 1979; Nyden, 1985). Within this tradition of writing, North American unions are typically treated as institutional supports of capitalism embodying a set of class compromises that serve to delay the attainment by workers of the overthrow of capitalism that would be in their real interests. Aronowitz (1973) argues that union leaders' betrayal of American workers is epitomized by collective bargaining and all that it entails.

> "By focusing on narrowly defined economic bargaining, union negotiators provided corporations with their best hope for retaining control over the labor force while dissipating the more radical elements in the union" (Aronowitz:229).

Nyden (1986) has noted that the degree to which unions have become an institutionalized part of labor management relations is particularly obvious in large bureaucratic unions which distance leadership from individual workers and shop floor concerns. The hierarchical structure and centralization of the largest unions like the United Steelworkers of America, parallel these trends in American corporations. No strike clauses, centralized and bureaucratized grievance procedures, dues check-off, and long term contracts so complex as to be indecipherable to the workforce are all instruments of control that union leaders have relinquished to management (Aronowitz, 1973). Shop floor control won through rank and file activism, such as Sec. 28 of the Basic Steel contracts negotiated during the 1950's which provided for protection of local workrules, was too often rescinded with the approval of International USWA officers (Nyden:48).

According to Aronowitz, class conflict has been constrained and limited through such collusion of union leadership and corporate management. The frustration of rank and file efforts for workplace control has been mirrored in a failure to gain political control beyond the workplace. Those activists who have sought to mobilize radical sentiment where it could most naturally be initiated--within the union organization--have had to overcome the superior resources of an entrenched and centralized leadership at the international level.

Such impediments to organizational change were initially theorized by Roberto Michels. Although Michel's "iron law of oligarchy" has been repeatedly qualified empirically, it has maintained a core theoretical and empirical durability (Nyden, 1985; Lipset et al, 1956; Freeman, 1982). Lipset delineated what has come to be the generally accepted interpretation of Michelsian theory among American sociologists: by controlling organizational resources (e.g. political skills and formal means of communication) union officials have a near monopoly of power. This is particularly true of large union organizations since bureaucracy is associated with increased size.

> "The price of increased bureaucracy is increased power at the top and decreased power among ordinary members. With increased power at the top, the sources of organized opposition are controlled or reduced" (Lipset et al, 1956:8).

While researchers applying Michelsian theory have concluded that the "iron law" is not ineluctable and that organized opposition can successfully challenge entrenched bureaucratic leadership (Lipset, 1962; Nyden, 1985; Freeman, 1982), some have also acknowledged the difficulty in sustaining rank and file reformist efforts at lasting democratization of union organizations (Nyden). Writing in this tradition, then, stresses the shared class interests of workers in the replacement of capitalism and identifies unions as obstacles to securing that outcome. Consequently, writers like Aronowitz and Nyden stress two aspects of worker protest. First, its most effective expression they claim is at the shop floor level, where the union bureaucracy is weakest. Second, there is an undercurrent of tension between workers and union that is, from time to time, transformed into overt conflict.

An alternative approach to worker protest stresses the schisms among workers. This approach can reasonably be described as Weberian. William Form (1986) found that workers are divided in their political behavior in the contexts of electoral voting patterns and workplace protests. Foremen, artisans, and skilled craftsmen, the "aristocrats of labor", remain distinct from the mass of manual workers in earnings, social status, and politics. Contrary to the Marxist prediction that a unified labor movement would lead to working class political mobilization, he found that workers' political beliefs and behavior reveal a continued orientation toward traditional bread and butter issues while their commitment to other political goals is uncertain. Although voter participation is highest among the "aristocrats of labor", so too is political independence and ticket splitting. In contrast, the non-skilled and unionized industrial workers vacillate in voting participation and party allegiance. The non-skilled and non-unionized workers in the economic periphery of secondary industries and labor markets are the most committed to the economic and political programs of labor but cannot be relied upon to consistently vote their convictions (225, 256). Form concluded that the "most important social, economic, and political split in the working class is that between the skilled and the non-skilled" (85).

The highly influential role of craftsmen in the evolution of the British working class (Bauman, 1972; Crouch, 1982; Littler, 1982) has been paralleled in literature on the American working class whether written from a neo-marxist (Aronowitz, 1972) or Weberian (Form, 1986) perspective. Calhoun (1981) described British craftsmen as "radical conservatives." Crouch agrees that craftsmen's relatively high level of participation in union activities has been motivated by a desire to protect their own narrow self-interests. Like British craftsmen, skilled American workers sometimes have been radical in that they have been militant and well organized in protecting their own interests. Form points out that American craftsmen have joined with other workers only when such cooperative efforts have furthered their own ends. They are "essentially a defensive and conservative group, seeking to protect and maintain their advantage against management's unending drive to reduce their skills through mechanization, automation, and job redesign" (261). He adds that skilled American workers do not have a political program for labor or American society. Nor does he see a foreseeable change toward purposive class action through a linking of the strata comprising the American working class. While predicting an increased liberal drift for American unionism due to changes in sex, ethnic, and industrial composition, he also sees traditional patterns remaining in that old craft unions will be the most conservative, industrial unions will follow close behind, while unions in government, education, and services will represent a new and stronger left.

To say that neo-Marxists have emphasized the dichotomy between capital and unions on the one hand and rank and file on the other is not to suggest that they have ignored differences within the rank and file on the basis of ethnicity (Aronowitz, 1973), seniority (Stone, 1975; Ruberry, 1978) and skill (Aronowitz, 1973, Hinton, 1973). Aronowitz has noted the conservative and self-serving tradition among the crafts throughout the history of the American labor movement.

However, his analysis never loses site of the premise that the crafts' pursuit of narrow self-interest demonstrates a cooptation by the capitalist system similarly demonstrated in the behavior of unions. Thus Aronowitz has argued that this lack of class consciousness can, nonetheless, be overcome by tapping the socialistic sentiment among those 'other' workers who constitute disenfranchised minorities (e.g. unskilled production workers, women, ethnic minorities).

In recent writings from the left some divisions within the working class have been stressed that identify particular categories of workers as repositories of revolutionary (or pre-revolutionary) sentiment. First, Aronowitz has put considerable stress on age. He argues that young workers are more likely to be radical than their elders. Because of increased levels of education and because they did not experience the depression, young workers, it is claimed, are less willing to tolerate alienating work. Consequently they are much more likely to protest and less likely to be deterred from doing so by the union bureaucracy. Based upon the increasing percentage of younger and more educated workers in the labor force during the 1960's he projected an increase in class consciousness and militancy (406-407). He contends that the tedium of production work has added to the alienation and militancy of younger, better educated workers. Second, Mallet (1969)--amongst others, also writing from a social revolutionary perspective--holds that the more highly skilled (if not the more broadly educated) technicians will comprise a new and more militant "working class" because of their increased control over the production process. (See also Gaille, 1981; Low-Beer, 1978.)

The writing on North American unions and workers, then, takes two broad positions. One (e.g. Aronowitz), claims that unions (too frequently) stand between workers and their real interests; the other, treats the observed divisions between workers (based on skill, ethnicity, age, position in the technical division of labor, or whatever) as relatively unproblematic reflections of divisions in their real interests. It should be clear that the underlying issue here is, 'what constitutes rational conduct for workers'? In recent writing largely inspired by Mancur Olson's seminal work, there has been an attempt to address this issue directly.

Olson tried to show that the growth of unions was seriously impeded by the "free rider problem". To the extent that there are personal costs involved in the formation of unions, workers have an interest in allowing their fellow workers to incur those costs (payment of union dues, reprisals from the employer) since, once established, the benefits provided by the union will not be withheld from workers in a plant, whether they incurred the costs of unionization or not. The wage increases and workplace regulation provided by the union are, in other words, collective goods.

To Colin Crouch (1981), the divisions between rank and file and union leadership are not the result of ideological betrayal but rather due to the pursuit of differing interests calculated relative to their costs and benefits. Crouch extended rational choice theory to a deeper analysis of union behavior than Olson. He observed that Olson had ignored the importance of unionism at the shop floor level in the relationship between shop stewards and the workers they represent. Crouch also analyzed the differing behavior of groups within union organizations, rank and file, local leaders, and top hierarchy, on the basis of the calculated interests of each. He explained union leadership's preference for defensive and limited goals by their comparative attainability. As the position of organized labor within the social system becomes more tenuous, the tendency to pursue goals which are less desirable but involve less risk should be increased. New goals will be adopted in place of old only when their relative attractiveness is very high, because unions will set a high price on the risk of novelty when they perceive their position as social actors to be weak. This explains why the most militant responses are often aimed at holding ground against the erosion of wage and benefits won in past struggles, a classic example of a conservative inclination that Lenin contemptuously referred to as "economism". If stripped of ideology, Lenin's analysis is similar to rational choice theory. Capitalists exploit unions' economistic instincts by conceding to labor's demands in such a way that parameters are set to benefit capital in future negotiations. Capital chooses strategies which maximize its self-interest, while worker's in a capitalistic system, commensurate to their weaker social position, choose low risk, defensive goals.

Crouch's analysis, then, to some extent, provides a reconciliation between the approach to unions of writers like Aronowitz on the one hand and Form on the other. It attempts to show how consecutive, rational choices can produce apparently conservative union policy. In my view, however, it continues to involve an undefended assumption that the long run interests of labor lie in radical social change.

Hinton's description of an industrial dispute on the Clyde during World War I reflects the way in which defensive goals preempt "revolutionary" goals (in this case the take over of a plant and demand for nationalization of the munitions industry). It also provides a case study in which the differing behavior of union leadership, radical rank and file activists, and conservative craftsmen is explained using rational choice analysis. Despite a volatile atmosphere conducive to risk taking, the union chose to protect the plant craftsmen against dilution of their skills rather than to support more militant goals. As noted earlier, the tendency for union leaders and craftsmen to favor traditional goals and strategies has been a reoccurring pattern throughout many advanced industrial societies (Form, 1986). There is, for instance, a general scholarly consensus that leaders of British and U.S. unions are more concerned with substantive (wage) than procedural (job control) issues. When procedural issues become a bargaining priority they tend to be concerned with protecting traditional craft skills from dilution rather than with recouping or extending control over all phases of the production process (Form, 1986; Aronowitz, 1974; Crouch, 1982). Militant workers, like those on the Clyde, may more broadly interpret job control to include co-determination of all work relationships. However, workers who are so "radically" inclined may nonetheless comply with union leaders' traditional strategy of trading-off "control" for wages by demanding a high price for the exchange of job control. The tendency toward those lower risk goals that are accepted as normal trade-offs in the established labor-management relations system was forged during periods in which companies could afford to protect managerial prerogatives at the price of higher wages (Borrus, 1983; Nyden, 1985). It will be shown in later chapters that wages and benefits won at the expense of job control was a pattern repeated in each of the basic steel contracts negotiated in 1986.

The industrial dispute at Clydeside demonstrates that defensive goals become particularly attractive when issues are highly complex. The union's advantage in the potential to cripple wartime industrial mobilization with a prolonged strike over a "radical" demand could be exercised only at the high price of sabotaging the war effort. The choice of a lower risk goal (the protection of crafts' workrules rather than a demand for nationalization) could well have been motivated by a reluctance to play the role of treasonous saboteur. Similarly, in a period of industrial restructuring to reverse the decline of a basic industry, the potential to cripple an individual company warring against domestic and international competition must be weighed against the company's possible (perhaps probable) demise.

Admittedly, the Clydeside dispute is strikingly dissimilar from the situation confronted by workers and unions in the Calumet region in the 1980's. On Clydeside, the workers could exploit the opportunities provided by a buoyant demand for what they produced. USWA workers had been in the opposite situation.

In such an atmosphere, demands which are considered excessive or extreme may hardly be revolutionary but, at best, defensive (e.g. refusals to grant additional wage and benefit concessions). This speaks to the degree to which the types of options chosen by management and labor are dependent upon the total economic and political environment. The complexity of the contract negotiation process is increased by broad economic and political considerations under such cataclysmic conditions as war and industrial restructuring.

In an environment where complexity is increased, rational choice will be bounded by the amount of information available to all involved in contract negotiations. As Hicks (1963) has noted, the decision to strike may be based upon the concerned parties' limited knowledge of their relative positions in a dispute. Ashenfelter and Johnson (1969) give the example of the strike as a mechanism employed by union leadership to "bring home" the hard reality of labor's position to a militant rank and file membership. This would suggest that the degree to which various groups within a union organization are able to make rational choices depends upon the extent of their knowledge about their position vis-a-vis management.

Given the tendency to rely upon defensive goals, workers whose positions within the social system are further weakened by the decline of basic industries such as steel should be more likely to rely upon familiar strategies aimed at preserving wage and benefit levels. While desperate workers may have an attitude that there is nothing left to lose, the very fact of their desperation suggests that they have little leverage to succeed. From the perspective of rational choice theory, this recognition would mitigate against the choice of risky militant goals and strategies. In regards to the present research, the weakness of workers in basic industries during the 1980's is readily documented....

<u>The affects of union decline</u>

The shrinking U.S. manufacturing base has resulted in a continual decline in union membership since 1950 (Bureau of Labor Statistics, July, 1987). Given the following trends there is little likelihood of recouping that loss:

- Growth in manufacturing has been in the high-technology industries that have low rates of unionization.
- There has been an occupational shift to white collar and technical workers traditionally resistant to unionism.

- There has been a demographic shift in the workforce to higher percentages of women, younger, and more educated workers, who are also resistant to unionism.
- There is a high level of employer resistance to unionism and the practice of union avoidance has become a sophisticated business.
- Public policy has affected union organizing, job rights, and security so that areas in which unions were the sole providers of benefits have been expanded through legislation and court hearings (Juris and Roomkin, 1980).

Despite these debilitating trends, some forsee the possibility of a revitalized labor movement inspired by economic diversity (Leovy, 1980). But others are more tentative in their projections (Ruttenberg, 1980). Ruttenberg contends that the failure of traditional, defensive strategies could create an impetus to social reform and a shift of tactics away from collective bargaining toward political bargaining. However, although the collective bargaining structure has become more fragmented and the dominance of large pattern relationships has declined in industries such as steel, there has been a continued emphasis on bread and butter issues (194). In addition, recent efforts to democratize decision making and to improve the quality of worklife through union/management codetermination in the form of quality circles and labor management participation teams, face the resistance of local union leadership. Thus, "American unionism has a long way to go before it approaches the model of shared responsibility of day to day business decisions now emerging in Europe" (186-187).

In a summary of papers presented to a conference on the future of American unionism, Hervey Juris and Myron Roomkin (1980) concluded that a new political coalition led by unions is unlikely.

"An interesting though highly speculative question is whether unions will try to use the political arena to offset declining effectiveness in organizing and collective bargaining. In the past, when faced with threats by their enemies, unions have merely intensified their legislative activities against them rather than becoming overtly political organizations. Some believe, however, that this traditional, narrow response is destined to failure. These people argue that only a clear departure from the past, such as the creation of a labor party, can succeed in achieving labor's economic agenda. Chances are slim that a new political coalition led by unions will emerge. If mutuality of interests remain the currency of political cooperation, individual unions and the AFL-CIO will join specific groups to pursue narrow objectives... Perhaps the most viable of these expedient combinations will be those between employers and unions for the purpose of brokering government policy" (208-9).

They ended their summary with the projection that collective bargaining would remain the classical paradigm of

American industrial relations and union involvement in politics would be as an extension of workers' and union's interest in job security and economic stability and not as an effort to transform society. As a result, the 1980's would be much the same as the '50's and '60's for American unionism with some differences. These differences would primarily be: additional conflict brought about by realignments of power and organizational effectiveness; conflict in general competition for new members; increases in employer's resistance to unions; greater militance in negotiating the changing character of internal union affairs and structure, and competition among unions and businesses for political influence.

## The Research Problem

Ideological analyses of unionism and the nature of working class consciousness done in the Aronowitz tradition leads to the expectation that the constraints of collective bargaining and all it implies splits organized labor so that workers tend to be more radical than their leaders. As a result, particularly in an atmosphere of industrial restructuring, more concessionary options will be favored by leaders than rank and file and those close to them (e.g. grievers).

Weberian writings (like Form's) lead to the expectation of significant segmentation on issues because of divisions among workers (such as skill and age). In addition, the ability of the "social actors" involved in contract negotiations and ratification to make rational choices within the context of a declining manufacturing base and plant rationalization is bounded by the information available for calculated decision making. This leaves much room for the influence of political leaders. As noted by Richard Hamilton (1984), political choices which involve highly complicated issues have much potential to be shaped by those in positions of leadership. This would suggest that the role played by leaders who are closest to the rank and file, namely local presidents, might be expected to be influential in determining the outcome of contract negotiations in the present era of economic transition and industrial restructuring.

While relevant literature identifies the variables of skill, age, technology and local leadership to be important to any assessment of labor's response to the restructuring of a basic industry such as steel, preliminary fieldwork conducted from 1985-86 confirmed the importance of these four critical variables as well as identifying two others: age of plant and company's financial status. The potential influence of these variables in shaping labor's response is considered in more detail shortly. Consider, first, the options available to workers.

Given the catastrophic conditions of industrial decline and restructuring facing the United Steelworkers of America (USWA) with the onset of the 1986 contract talks, preliminary research conducted from 1985-86 and relevant literature in industrial sociology suggested the following options from which the USWA response could be drawn:

1. The union could refuse concessions on all "negotiable" issues including wages, manning (particularly, in this context, the practice of contracting-out jobs to non-union workers), or technical change. Thi^ position had been taken in the past in the printing industry by the ITU, which held firm against concessions to weaker firms to reduce competitive pressures across the industry. (Lipset et al, 1956; Giebel 1982) It is also evident in the six month long strike of the Hormel Company's Austin, Minnesota plant by the Meat Packers P-9 local. Although the strike can be classified as "renegade" since it was opposed by the International and wage was the central issue, other negotiable issues relevant to "working conditions" had been paramount in the conflict. For over two years, Local P-9 officials refused "to give" on either wage or working conditions (taken from an interview with Jim Guyette, President of Local P9, Meatpackers, Austin, Minn. at the First National Rank and File Conference vs. Concessions, Chicago, Ill., Nov. 6, 1985).

2. The union could concede on one or another issue--wages, manning, technology, or a combination of these.

3. The union could try to segment the labor force as in the development of the U.S. steel industry in the 19th century, the two-tiered division of longshoremen in the early 1960's and, more recently, the two-tiered arrangement in the airline industry. (Elbaum and Wilkinson, 1979; Stone, 1974;

Fairley, 1979; Fruhan, 1985) Jill Ruberry has pointed out that the role of unions and worker resistance in developing structured labor markets in the U.S. has been underestimated and mentions the longshoreman and steel unions as specific examples of union involvement in the shaping of segmented labor forces (Ruberry, 1978:32-33).

4. The union could retreat from its traditional adversarial role in the event that either the second or third position is taken and an eventual contract signed, with acceptance of a form of the labor management participation concept.

The Labor Management Participation concept (LMPT) was incorporated as a "voluntary" program in the 1983 steel contract. It was intended to provide a new non-adversarial arrangement in which workers and management would cooperate to improve working conditions as well as productivity at the shop floor level. Labor Management Participation teams vary widely and little research has thus far been conducted to analyze programmatic differences and differences in outcome. To date, the long term implications of LMPTs have been entirely speculative (Cutcher-Gerschenfeld, 1984; Zipp et al, 1984; Kornbluh, 1984; St. Antoine, 1984).

5. Different levels of the union organization could take different positions on issues to be negotiated. The LMPT issue divided the international, district (whose director has voiced "ambivalence" toward the concept in an interview), and local organizations during the 1970's and early 1980's. Other

potentially divisive issues include demands by the company for concessions on wage, benefits, and remanning.

6. Within the local organization, different workers may take different positions on the issues of wages, benefits, manning, and technology as well as LMPTs--differences based upon skill level, age, and work division.

7. Attitudes held by workers and the union officials at local, district, and international levels could change over time. This research was directed to identifying the reasons for these shifts in attitude. As noted above, Ashenfelter and Johnson's model of strikes (1969) suggests that a strike may be used by union officials to induce more realism among the membership. In a time of industrial decline and restructuring, a strike may serve to bring "home" the realities of labor's bargaining position and an eventual agreement while dealing with the more militant elements within the trade union organization.

Preliminary field work, conducted from June to December 1985, suggested six major "contextual" variables which might be expected to shape responses at the local level[1] These variables were used to select the four locals to be compared in the proposed research. They included:

1. company diversification vs. specialization in steel production:

Because they have the option of shifting resources around and do not depend on cash flow from a single industry or plant, diversified companies might be expected to take a tougher position with their workers in negotiations than companies that are concentrated in one industry.

2. company financial status:

Although all of the companies involved in this comparison posted annual losses in 1985, long term projections for some (Inland and USX) were more encouraging than for others (LTV and Bethlehem). This suggests that the most (long term) financially troubled companies could demand greater wage and remanning concessions. These companies could also prove to be the most divisive for union hierarchy, local leadership, and rank and file in contract negotiations. It could be expected that in dealing with these companies local presidents and the rank and file they represent would be more militant in the fact of wage and benefit concessions than the USWA hierarchy who will be more concerned with possible corporate bankruptcy and the significant loss of members and the threat to their pension rights that it involves (Crouch. 1982).

3. age of plant:

Since older plants contribute to the over-capacity and inefficiency of the U.S. industry, they are more vulnerable in the current era of intensified competition. Workers at these plants will be more likely to face greater demands for wage and benefits, and possibly, work-rule concessions.

4. state of technology at each plant:

Since continuous casting has been recognized as the technology imperative to future steel production, those plants without continuous casters will be in a far less competitive position. Workers at these plants will find it more difficult to resist demands for wage and benefit concessions.

5. age of work force at each plant:

Although it has been suggested that younger workers are more likely to be militant in their response (Aronowitz, 1972), the current crisis facing all steelworkers and the increased age homogeneity of the workforce which has resulted from lay-offs of those with less seniority and early retirements of older workers, suggest that there will be little if any difference in the responses of younger and older workers.

6. political orientation of local administration:

The concept of bounded rationality suggests that the complexity of the current situation in steel will increase the influence of local presidents in determining response among rank and file workers. As a result, local unions with presidents who have been moderate in their dealings with management and supportive of the International USWA leadership will be more likely to ratify the 1986 contracts. Locals whose presidents have been confrontational in their approach to management and have generally opposed International USWA policies, will be more likely to reject their contracts.

In order to allow comparisons of the effects of these variables, I chose to study the USWA locals listed below, the characteristics of which differ.

. Local 6787 (Bethlehem Steel, Burns Harbor, Indiana)

. Local 1014 (U.S. Steel, Garyworks, Gary, Indiana)

. Local 1033 (LTV/Republic Steel, Chicago, Illinois)

. Local 1010 (Inland Steel, East Chicago-Harbor, Indiana)

A matrix delineating the differences among these locals for each variable appears at the end of this chapter.

Research Methodology

1. Data on the industry and companies:

The major U.S. integrated producers have followed similar strategies in restructuring their basic steel divisions, such as closure of non-productive facilities, reduction in capacity, and adoption of new technologies. However, strategies aimed at remanning such as contracting-out and job combinations, as well as attempts to introduce new approaches to labor management relations, have differed by company. In order to identify strategies specific to each producer and plant included in the study, in depth interviews of approximately 1-1/2 hours were conducted with management representatives at each of the four plants: LTV/Republic in Chicago; Bethlehem Burns Harbor in Portage, Indiana; Inland Steel in East Chicago Indiana; and the USX Garyworks in Gary, Indiana.

In addition, data was collected on profits and losses which trace the process of decline for each company. Interviews conducted with plant representatives (Bethlehem and USX companies) suggested that this profit/loss review should begin with the early 1970's since the effects of the industry's decline were not experienced at plants in the Calumet region before this period. This information is included in Chapter 3 within the individual company profiles. These profiles follow a description of the "state of the U.S. steel industry, in Chapter 2, which outlines the development of post war circumstances affecting all plants within the district including the effects of foreign competition; the late modernization efforts of American producers; the rise of the mini-=mill; shifting of the integrated sector from the East to Midwest; regional distribution of integrated sector from the East to Midwest; regional distribution of the integrated and mini-mill sectors of the industry; regional distribution of the unionized workforce within the industry, and regional wage differentials for unionized vs. non-unionized workers within the industry.

Company profiles include a description of the companies' positions in relation to the variables listed earlier; financial status, diversification vs. specialization, age of plants involved in the comparison, age of the "hourly work force" at each plant involved in the comparison, description of technology at each plant, and comparison of the competition facing each plant including competition of other domestic producers within the steel industry.

The following sources were used to provide a broad range of data for each profile: company's annual and quarterly reports on profits, losses, and investments; comparative analyses published by financial analysts such as Solomon Brothers and Paine Webber; studies of the industry that include specific information on individual companies such as

Hogan's five volume work (1971) and the annual reports of the American Iron and Steel Institute; interviews of plant managers; reports produced by plant public relations and research offices; reports of government and university sponsored research groups such as the Chicago Task Force on Steel and the Midwest Center for Labor Research; and historical materials on each plant in the holdings of the Calumet Regional Archives at Indiana University Northwest.

There have been a number of studies conducted of the American industry overall that have been particularly helpful. The works of Barnett and Shorsch (1984) and Barnett and Crandall (1986) of the Brookings Institute, Michael Borris (1983) and Hans Mueller (1984) provided much of the material for Chapter 2 which deals with the state of the U.S. industry to date. Hogan's work continues to be the only detailed historical study of the major integrated steel companies available in one collection. However, the last volume was completed in 1971 and so pre-dates the period of steel's decline in the Calumet region (mid-1970's to the present). As a result, interviews with plant representatives, companies' annual reports, and materials specific to each plant housed at the Calumet Regional Archives were imperative to constructing profiles which would focus on the last critical decade in the history of Calumet area steel mills.

While I had hoped to gain information on costs and profits and losses for specific companies and plants from their finance and personnel offices, it became clear that, as noted by Robert Reich (1984), managers were unwilling to share information which might make them vulnerable to criticism. This was particularly true in my research because the bulk of data collection was conducted during the period of preparations for impending industry-wide negotiations which began with the LTV talks in early 1986. Hopes for gaining access to substantive plant level data were frustrated by plant representatives' refusals to provide reports beyond the most superficial public relations materials.

Information on the technology at each plant and the major international and domestic competitors within the product lines of each was gathered in interviews with plant managers and supplemented by the reports of the Midwest Center for Labor Research and the Chicago Task Force on Steel. A study published by Purdue University's School of Civil Engineering (Patterson, 1985) contained an invaluable description of the technology currently in use in northwest Indiana's integrated steel mills. This was used in conjunction with an inventory of plant technology provided by the American Iron and Steel Institute and a directory of iron and steel plants produced by the American Iron and Steel Engineers. (See Chapter 3: Producing Steel in the 1980's.)

2. Data and sources for each local:

Data used to construct profiles of the four locals 1033 (LTV/Republic), 6787 (Bethlehem Burns Harbor), 1010 (Inland Steel), and 1014 (USX Garyworks) which appear in chapters 4 and 5 included a description of internal local politics;

identification of election procedures; description of local leadership's relationships with the district and international offices and rank and file organizations; and identification of reactions to rationalization policies.

Data sources for each local included: general membership and caucus meetings, local newsletters, personal interviews with local offices (1-1 and 1/2 hours), telephone interviews of grievers (30-40 minutes), personal interviews with members and chairmen of the contracting-out committees (1-1 and 1/2 hours), and archival materials for USWA district 31 housed at the Chicago Historical Society.

Unfortunately, the inaccessibility of some data at some locals did not allow for a uniform set of data across all locals. At Locals 1010 and 1033, for instance, I was denied access to general membership meetings by the local executive boards. At Local 1014, past copies of all of the local newspapers were not accessible. In these instances, a series of interviews were conducted with union officers and members identified by their fellow unionists as knowledgeable of the locals' history and the contemporary issues relevant to their membership. Such interviews were conducted with Jerry Legg, Frank Guzzo and Doug Nelson at Local 1033; Al Sampter and Larry Warman at Local 1014; Joe Geryko, Cliff and Jim Mezo, Randy Vasilak and Mike Olszanski at Local 1010.

I analyzed the data I had collected to assess the plausibility of the hypotheses listed earlier and also to provide more detailed contextual information to answer the following questions:

When did the problems of the industry become clear to the companies and local officials included in the comparison?

What were the early reactions of unions and management to the crisis? In particular, to the extent that labor costs were seen as a problem, was the source of this problem overmanning, wage levels, resistance to technical change or other factors specific to the labor force of each plant?

Profiles of the four locals were assembled to provide answers to questions specific to the influence of each organization's political history in shaping response in a time of crisis, including...

On to what traditional, potential divisions do the locals' current problems have to be grafted?

To what extent, in what form, and with what outcomes, did issues relevant to restructuring policies arise in the past?

Has there been a shift from wage issues to others (e.g. issues of workplace control) under catastrophic conditions?

Interview schedules:

The bulk of my data on locals came from interviews with local union officers, grievers, contracting-out committee members rank and file union members, plant managers and the staff of the Midwest Center for Labor Research. Interviews conducted with unionists, whether rank and file or local staff were semi-structured and contained the same core questions designed to assess attitudes toward LMPTs, continuous casting, contracting-out and job "speed-up". In all, approximately 125 interviews were conducted over the course of the two and one-half year research project. The managers' schedule included the same "core questions" asked of unionists. In addition, managers and unionists were asked questions relevant to wage and benefit concessions pending negotiations of the basic steel agreements in August of 1986. Additional questions varied in accordance with the respondents' identification as management or labor and their specific roles in either of these groups.

The personal interview schedules had a loosely structured format. While they all contained the same set of core questions pertaining to the crisis in the industry, and restructuring policies specific to each plant, interviews were "open" in that respondents were given as much time as they desired to give their unsolicited views on the industry, the company and/or the local. Very often the unstructured part of the interview provided an equal if not greater wealth of data. All personal interviews were taped and names used only with the respondents' permission. The 38 grievers' interviews were conducted by telephone, by again, using a loosely structured format.

Approximately 35 additional personal and telephone interviews were conducted with research staffs of the United Steelworkers of America, The American Iron and Steel Institute, The Department of Labor and The Midwest Center for Labor Research.

Finally, it is worth emphasizing that this research was initiated before the onset of the 1986 basic steel contract negotiations. This was done so that data could be gathered about attitudes toward the negotiations which would be uncontaminated by the tendency for those interviewed to rationalize their behavior "after the fact". This timing facilitated the realization of my two general thesis objectives:

1. To describe what happened in the 1986 contract negotiations, since we lack thorough accounts of such events.

2. To see how far the theoretical interpretations outlined above make sense of what happened.

Table I
MATRIX OF CONTEXTUAL VARIABLES

DISTINGUISHING COMPANIES AND LOCALS

| | Inland/Local 1010 | Bethlehem/Local 6787 | LTV/Republic Local 1033 | U S X Gary Works/ Local 1014 |
|---|---|---|---|---|
| Age of Plant | 1902 | 1964 | 1901 | 1908 |
| Age of active hourly work force (Range within which majority falls) | 35-45 | 35-45 | 40-55 | 40-55 |
| Plant Technology | 4 continuous casters | 2 continuous casters operating | No continuous caster | 2 continuous casters |
| Company Diversification/vs Specialization in Steel Production | Diversified | Specialized | Diversified | Diversified |
| Company's financial status 1985 | Loss | Loss | Loss in steel holdings and energy holdings resulting in Chapter 11 Bankruptcy summer of 1986 | Loss in steel holdings. Profit in non-steel holdings. |
| Political orientation of local presidents | Moderate/ Supportive of union hierachy | Moderate/ Supportive of union hierachy | Dissident/ Critical of union hierachy | Dissident/ Critical of union hierachy |
| Local ratification results of 1986 contracts | Ratified: 8,741 to 1,173 | Rejected: 3,624 to 666 | Rejected: 1,254 to 750 | Ratified (after work stoppage.) 2,690 to 717 |
| Corporate wide ratification results of 1986 contracts | Ratified: - - - - | Ratified: 11,600 to 8,368 | Ratified: 13,162 to 8,474 | Ratified (after work stoppage.) 19,621 to 4,045 |

## Chapter 2

## DECLINE AND RESTRUCTURING OF THE INTEGRATED STEEL SECTOR

This chapter and the one following it outline the economic and technological problems confronting the industry which underlay bargaining issues critical to both management and labor in the 1986 contract negotiations.

### The U.S. Steel Industry in the 1980's

In its 1985 Annual Statistical Report, the American Iron and Steel Institute noted that companies accounting for 81% of the nation's steel production had an aggregate loss in their steel sections of over $1.7 billion in 1985 compared to a loss of about $31 million the previous year. Industry steel segment operations reported their last overall profit in 1981. In the four subsequent years total losses for basic steel operations reached nearly $7.4 billion.

After an early post war period of preeminence (1947-1959) the U.S. industry had begun by the 1960's to lose momentum in the face of international competition. Analyses of its decline identified causes which became a familiar litany during the industrial restructuring of the 1980's: excess capacity, commitment to the open hearth furnace while foreign competitors adopted the more efficient basic oxygen furnace, reliance on North American sources of iron ore, late modernization and restructuring (Barnett and Shorsch, 1985;

Mueller, 1984), excessive labor costs (Mueller, 1984), ineffectual U.S. trade and industrial policy (Borrus, 1983) and the rise of the mini-mill (Crandall, 1984).

The degree to which blame can be laid sorely upon any one factor or set of factors in the making of the crisis in steel is admittedly questionable. The decline of the U.S. Steel industry is part of a structural change in the American economy which has severely affected all of the basic industries. That change is due to a highly complex dynamic euphemistically referred to by Daniel Bell as the development of a post-industrial society (1964). If Bell's discussion of post-industrialism seemed to have a highly abstracted and bloodless quality in the 1960's, by the 80's others like Robert Reich (1983) and Seymour Melman (1984) questioned the premise that advanced societies could write-off their basic industries in the name of economic progress. Melman suggested that corporate management had, in effect, adopted a policy of capitalistic determinism, accepting the inevitability of Bell's credo of post-industrialism and hastening the "end" of the country's basic industry through neglect that was hardly benign. Although few were willing to single out management as the perpetrators of industrial decline, most economic analyses of the American Steel industry included mismanagement, particularly late modernization and rationalization in the face of stiff competition from the mini-mills and foreign producers, and high labor costs at the top of their lists of reasons for the crisis in steel (Lawrence, 1982; Barnett and

Shorsch, 1983; Mueller, 1984; Fruhan, 1985). Depending on ideological persuasion, whether pro-free trade or government intervention, analysts decried protectionism (Lawrence, 1982; Mueller, 1984) or called for a coherent industrial policy under the rubric of the re-industrialization of basic industry (Reich, 1982; Melman, 1985; Bluestone and Harrison, 1982).

Barnett and Shorsch (1984) describe the erosion of the U.S. industry's preeminent international position as irreversible by the 1970's. They single out the industry's principle long term strategic error in the 1950's as the failure to target investment toward performance improvement despite slow growth in the home market. By the 1960's managerial options were constrained by excess capacity, commitment to the open hearth, and reliance on domestic sources of iron ore. Since the 1970's the industry has been caught in a cycle of decreasing demand, poor profitability, lagging investment, and high costs...

> "Instead of developing a strategy attuned to these realities, producers in the U.S. have responded defensively to their vulnerability on the cost front... have been slow to adopt the newest technology ...and have devoted a miniscule share of revenues to research and development. Finally, they have failed to grasp the absolute imperative of dynamic cost competitiveness" (Barnett and Shorsch:73-74).

While chiding the industry for mismanagement, economist Hans Mueller noted that labor's excessive wage demands which climaxed with the Experimental Negotiating Agreement (ENA), adopted in 1972 in anticipation of a lengthy boom in the steel market, had the effect of drastically raising the industry's hourly employment costs in exchange for the abolition of nation wide import inducing strikes. Mueller noted that in 1980, two years after the ENA was allowed to expire, the steelworkers premium over the manufacturing average was 92% (Mueller, May 1984:81).

Labor costs (the level of wages and benefits paid to the unionized workforce that comprised 98% of the integrated sector in the 1970's) resulted in a push for wage reductions in the 1983 basic steel contract.[1] The USWA conceded in return for promises from the companies that these savings would be used for capital investment in steel (plant modernization) and unemployment benefits.

With the approach of the 1986 contract negotiations, steel industry observers discussed labor's contribution to the restructuring effort less in terms of wage concessions than changes in work rules governing remanning, job combinations/eliminations and contracting-out. In an upbeat Forbes magazine article (March, 1986), published shortly before the 1986 negotiations began, Donald Trautlein, President of the American Iron and Steel Institute and past CEO of the Bethlehem Steel Corporation, contended that changing union work rules could save more than $1-2 dollars an hour on average. The article went on to describe management's concern with the issue of work rules in a pre-negotiations atmosphere in which labor had been taking a hard stand against further wage concessions. The same article quoted George Ferris, the chief executive of Wheeling-Pittsburgh Steel:

> "Hell--I'll pay $23 (an hour) if I can get the right kind of work. How much we pay isn't the problem. If we can get the work rules changed we'll make it" (Flint, 1986:86).

Ferris added that today even the union men are calling and suggesting where jobs can be saved. The article exulted that at Wheeling-Pitt the union had become part of the decision making process at every level. There was a profit-sharing plan and hopes to employ a Japanese style lifetime employment plan (86). Despite the positive scenario depicted in the article, Wheeling-Pittsburgh continued to face a dramatic downsizing of its facilities and workforce in the aftermath of its 1984 bankruptcy, including the sale of its rail mill built in 1982.

USWA President Lynne Williams countered that if management insisted that everything be done the Japanese way this should also include the Japanese trade-off of lifetime employment. Williams explained why union workrules which were frequently criticized as archaic remained sacrosanct for the USWA well into the 1980's:

> "What's the single greatest fear the American worker has? That he's going to be laid off. One of the ways to seek some measure of job security is to say you can't have anyone else do this job" (86).

Since the Japanese system is two-tiered with approximately 30% of its labor force guaranteed lifetime employment (Abegglen and Stalk, 1985), the quotes by both Ferris and Williams suggest an arrangement that has thus far been anathema to the USWA--institutionalization of contracting-out in conjunction with lifetime work for the remaining unionized workers in the aftermath of restructuring.

While the bread and butter issues of wages and benefits monopolized the pre-contract rhetoric from the earliest stages of this research, other issues of a more abstract nature were equally salient to the future of organized labor in steel. The work of sociologist Philiip Nyden (1984) and economist Michael Borrus (1983) focus on the long term relationship between management and labor in the throes of prolonged industrial restructuring. While Nyden viewed the survival of organized labor in steel solely in terms of the USWA's inter-organizational dynamics, Borrus tied the survival of organized labor and the industry to a tri-partite arrangement with government. According to Nyden, the options available to organized labor in steel include: decline, if the top leadership's strategy of merger and organizing drives predominates, or stabilization and possible growth, if rank and file organizations continue to establish networks with non-labor interests. According to Nyden, these alliances should be aimed at fighting plant closures and working toward protective legislation for workers, unions, and industrial communities (117). Nyden did not name the types of non-labor interest groups which would best fit this inter-organizational grass roots alliance, which made his suggestion reminiscent of references to "community involvement" that became a cliche' during the 1960's and '70's.

In contrast, Michael Borrus proposed government policy which would strengthen the most viable segments of the industry.

> "Government alignment with the mini-mills, specialty producers, and regional producers would be politically feasible only if labor and older steel making communities are brought into the coalition. The point of course is to undercut the existing alliance of labor unions and whole communities with the big steel producers, since that alliance has served to benefit only the major producers. It will not be difficult to draw labor and communities into a cooperative coalition if their interests are served in good faith." (102)

The data gathered for this research indicates that the suggestions offered by Nyden and Borrus fall somewhat short of the reality for organized labor in steel. Both analyses, Nyden's, tracing the evolution of the union (the established organization and rank and file groups) and Borrus's, tracing the demise of American steel, contribute to our understanding of the crisis faced by the industry and its labor force. However, Nyden's solution ignores the broader political context of the crisis and suggests that local union activists can successfully organize networks to manage a "change in the economic structure that, in his own words, "may be analogous to the shift from competitive capitalism to monopoly capitalism" within the vacuum that has been U.S. industrial policy (1984:118). Borrus's allusion to labor's cooperation in a tri-partite coalition, given that their "interests are served", ignores a reality recognized by Nyden--the "interests" of labor are not necessarily monolithic. What is good for the USAW as a "viable" labor organization in a period of restructuring is not necessarily good for its rank and file membership, as those who have lost their jobs because of remanning concessions agreed to in contract negotiations conducted by International USWA staff and management could testify. The degree to which the rank and file in 1986 were willing to reject contracts which they viewed as concessionary, despite the international leadership's prognosis that rejection could close their plants and in some cases bankrupt companies, speaks to the schism between the organizational levels of the USWA.

In the late 1970's with increasing steel plant closings the magnitude of the industry's long term problems became too apparent for federal policy makers to ignore. The Carter administration's trigger pricing mechanism, designed to control the flow of imported steel, actually served to discourage the adjustment necessary for the industry's revival by increasing prices and making outmoded plants artificially competitive. In the years following the enactment of the trigger pricing mechanism, the industry continued to depend upon government policy directed toward protectionist measures in response to international competition (Borrus, 1984:97). Under pressure from the Companies and union, the Reagan administration pulled back from its "free trade posture" to implement protectionist policy in the form of Voluntary Restraint Agreements. In the 1980's, the United Steelworkers of America had complied with the protectionist agenda in the hopes that steel jobs could be saved for American labor despite the reality that the decrease in domestic demand for steel had contributed to job loss as surely as the lower cost of foreign vs. American labor. By 1984, the Chicago and northwest Indiana plants' major customer, the auto industry (accounting for an estimated 35-40% of total regional steel production) would be using 7 million tons less steel in the production of automobiles than it had in the 1970's (Dubois, 1985).[2] Faced with a continued shrinkage of international market share and domestic demand, the USWA began to look to government policy for solutions beyond trade legislation. In its 1986 Basic Steel Wage and Policy Statement, the International USWA leadership called upon the government for programs to stimulate domestic demand for steel, primarily through the rebuilding and repair of the nation's infrastructure. The appeal would go unheeded during the duration of the Reagan administration.

The Mini-mill Phenomenon

The rise of the mini-mills and their invasion of the integrated producers' markets was another phenomenon that could not be redressed through the protectionism sought of congress and the president. Within a decade, the mini-mill would present the most pronounced structural change that had taken place within the contemporary steel industry. In 1984 the labor department associated the 50% drop in employment over a five year period for mills employing at least 250 with the substitution of lighter materials for steel, foreign imports, and the emergence of the mini-mill.

Rather than beginning the steel making process with iron ore, as does the integrated operation, mini-mills typically use scrap steel as raw input. The scrap is heated in electric arc furnaces producing molten steel which is cast and rendered into various structural shapes. Other mini-mills specialize in one or more of the steel making processes such as rolling or finishing. Mini-mills are less likely to be unionized than the larger (integrated) mills and less likely to be located in traditional major steel producing areas (the Northeast and Northcentral U.S.). While conventional integrated plants have employed more than 10,000, mini-mills employ fewer than 1000 (Bureau of Labor Statistics, Nov. 1984). Although in its latest report on the steel industry the Bureau of Labor Statistics (BLS) did not use the categories "integrated" and "mini-mill" per se; it did distinguish mills by size of workforce and regional location. (The fact that the previous report published in 1978 did not include a breakdown by size or region reflects the importance of the regional shifts in the industry that have taken place and the importance of the mini-mill phenomenon during the five years between the two reports.)

Table 2-A is taken from the Bureau's 1983 report. It shows a concentration of smaller mills (those more likely to be mini-mills) in the South. Although data was not available for size of establishment for the Western states, the category "size of company" suggested a concentration of smaller steel companies in the West.) The table also indicates the tendency

Table 2-A

## Average hourly earnings: By selected characteristics

(Number of production and related workers and average straight time hourly earnings[1] by selected characteristics, basic iron and steel establishments United States and regions,[2] August 1983)

| Characteristic | United States | | Northeast | | South | | North Central | | West | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of workers | Average hourly earnings | Number of workers | Average hourly earnings | Number of workers | Average hourly earnings | Number of workers | Average hourly earnings | Number of workers | Average hourly earnings |
| All production workers | 184,078 | $11 87 | 48,388 | $11 71 | 32 265 | $11 24 | 92 848 | $12 03 | 10,577 | $13 05 |
| Size of community: | | | | | | | | | | |
| Metropolitan areas[3] | 171 637 | 11 96 | 41,876 | 11 88 | 26 336 | 11 36 | 92 848 | 12 03 | 10,577 | 13 05 |
| Nonmetropolitan areas | 12,441 | 10 65 | 6 512 | 10 61 | 5,929 | 10 68 | - | - | - | - |
| Size of establishment | | | | | | | | | | |
| 100-999 employees | 46 746 | 10 37 | 14,705 | 10 85 | 15,851 | 9 71 | 13 104 | 10 59 | - | - |
| 1 000-2,499 employees | 29 225 | 12 26 | 14,941 | 12 00 | - | - | 12 136 | 12 54 | - | - |
| 2,500 employees or more | 108,107 | 12 41 | 18,742 | 12 17 | 15,370 | 12 74 | 67,608 | 12 22 | - | - |
| Size of company | | | | | | | | | | |
| 100 9,999 steel industry employees | 82,131 | 11 36 | 24,505 | 11 51 | 14,786 | 9 51 | 35 504 | 11 66 | 7,336 | $13 12 |
| 10,000 or more steel industry employees | 101 947 | 12 28 | 23,883 | 11 92 | 17,479 | 12 70 | 57,344 | 12 26 | - | - |
| Labor management contract coverage | | | | | | | | | | |
| Establishments with— | | | | | | | | | | |
| Majority of workers covered | 169 010 | 12 06 | 47,034 | 11 64 | 23 084 | 12 13 | 89 623 | 12 10 | 9,269 | 13 54 |
| None or minority of workers covered | 15 068 | 9 75 | - | - | 9,181 | 8 99 | 3 225 | 10 15 | - | - |

[1] Excludes premium pay for overtime and for work on weekends, holidays, and late shifts

[2] For definition of regions, see footnote 1, table B-1, appendix B

[3] Standard Metropolitan Statistical Areas as defined by the U S Department of Commerce through October 1979.

$9 495 minimum hourly wage and 14 7 cents-per-hour increment between job classes.

NOTE Dashes indicate that no data were reported or that data do not meet publication criteria

U. S. Department of Labor Statistics, November 1984, Bulletin 2221, (Pr.4) for mills in the South not to be covered by labor-management contracts.

The BLS noted a movement toward smaller mills and, to a lesser extent, toward non-union mills in non-metropolitan areas. The Bureau reported that in 1978-79 the USWA had contracts with plants employing 94% of the industry's workforce (Industry Wage Survey, May, 1980). In 1984 it reported that this figure had dropped to 92% (Industry Wage Survey, August 1983). However, it did not indicate the exact percentage of contracts which involved the USWA versus other (perhaps "company") unions. The most recent information on the percentage of the integrated producers represented by the USWA available from the union's research office (1978) indicated the figure to be approximately 90%. However, as noted earlier, the larger mills suffered the greatest job loss from 1978 to 1983 (50%). In addition, the USWA claimed to have organized approximately 52% of the mini-mill sector by 1984--a figure which was disputed by a representative of the American Iron and Steel Institute on the basis of the "arbitrary application of the term mini-mill which is sometimes used" (USWA, 1984; Anonymous Staff Member of the American Iron and Steel Institute, April. 1985). The fact that membership in the USWA had been reduced by approximately 50% by the time of its 50th anniversary in 1986 suggested that the strength of the USWA had been badly eroded in the integrated sector through job loss which had not been offset by organization of the mini-mill sector (Serrin, 1985; Raskin, 1986; Dinnen, 1986).

The BLS reported that 61% of the 15,068 establishments with a "minority" or "no workers" covered by contract were located in the South. Twenty-one percent were located in the Central U.S., which by 1983 had the highest concentration of steel production workers of any region in the country (50% vs. 21% in the Northeast, 17% in the South and 6% in the West). In addition to having the largest number of non-union workers, the South also had the largest number of smaller plants (less than 1000 employees) which are more likely to be mini-mills. Hourly wages for the small, non-unionized, southern plants were the lowest nationally, at $9.71 versus a national average of $11.87. While the stereo-type for non-traditional steel producing areas of low wages and non-unionization applied to the South, it did not apply to the West. Although only 6% of the establishments surveyed were in the West, all had a majority of workers covered by labor-management contract and the highest average hourly earnings ($13.05) of any region in the country. The relatively high hourly wage paid steelworkers in the West could be attributed to the boom economy of the region which did not experience a regional recession until 1986, a recession effected by a glut in the oil and energy markets. This BLS data reflects the movement of the integrated sector to the region of concern to this research (see Table 2-A) and the concentration of the mini-mill sector in the non-traditional steel producing regions of the South and West.

Future Projections for the U.S. Industry

Although still eating into the integrated producers' market share in 1985 the mini-mills began to face the same difficulties from foreign competitors and producers of substitute materials that had plagued the integrated sector throughout the previous decade (Marcus and Kirsus, 1985). Despite these difficulties, a Brookings Institute Report projected that by the end of the century, integrated steel mills in the U.S. will have lost 50% of capacity while mini-mills will have doubled their current out-put and capacity (Barnett and Crandall, 1986:114).

In 1984 the Mayor's Task Force on Steel in Chicago was established in conjunction with Northwestern University's Center for Urban Affairs and Policy Research. This group would predate the Reagan administration's presidential task force on steel by nearly three years. The Chicago group concluded that as the remaining core of the nation's integrated steel sector in a local economy which was highly dependent upon the basic steel industry, the Calumet Region mills' long term survival could be insured through the revival of the construction industry and the resurgence and retention of the area's capital goods industries. This could expand the market base of the local steel producers that had been dependent upon the shrinking demand of the auto industry. Anne Markusen, the task force consultant on the steel industry, suggested that internal industry changes should include investment in future technologies, and product innovation to balance the negative impact of process innovation on employment. (Markusen, 1985) Markusen's suggestions coincided with the USWA's appeal for government sponsored infrastructural repair projects to stimulate domestic demand for steel.

Crandall and Barnett (1986) of the Brookings Institute projected that the southern tip of the Great Lakes (Chicago and northwestern Indiana) would have the only integrated mills in operation after the year 2000. Three of these mills, Bethlehem's Burns Harbor, USX Garyworks and Inland Steel would be totally responsible for the nation's integrated steel production in the 21st century. (See Table 2-B.) These three plants have been included in the research reported here. Barnett and Crandall's projection was based largely upon the level of technology and relative modernization of the three plants.

At the federal level, the Voluntary Restraint Agreement implemented by the Reagan administration to curb imports had been criticized by management and union as ineffectual in combatting the import problem which had captured 24.6% of the U.S. market in 1985. (The American Iron and Steel Institute, 1985 Statistical Highlights) By late 1986, the Reagan administration's Restraint agreements would keep around a 20% lid on imports. (Taken from an interview with an American Iron and Steel Institute staff member, November, 1986.)

Table 2B

## EMPLOYMENT IN BLAST FURNACES AND BASIC STEEL INDUSTRY (SIC 331) IN 10 MAJOR PRODUCING AREAS
### ANNUAL AVERAGE EMPLOYMENT (in thousands) 1980 - 1986

| 1980 RANK | AREAS | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986* | 1986 RANK |
|---|---|---|---|---|---|---|---|---|---|
| | United States | 511.9 | 506.1 | 396.2 | 340.8 | 334.1 | 304.9 | 283.2 | |
| 1 | Gary-Hammond IN | 60.6 | 61.8 | 52.7 | 48.5 | 43.1 | 38.8 | 33.6 | 1 |
| 2 | Pittsburgh PA | 56.5 | 55.7 | 40.9 | 33.0 | 30.2 | 25.0 | 20.7 | 2 |
| 3 | Chicago IL | 31.2 | 26.9 | 19.7 | 15.6 | 16.6 | 15.5 | 14.8 | 4 |
| 4 | Beaver Co. PA | 23.0 | 22.4 | 14.7 | 9.2 | 9.2 | 6.5 | 3.8 | 10 |
| 5 | Detroit MI | 22.3 | 21.4 | 17.1 | 16.4 | 17.4 | 17.1 | 16.8 | 3 |
| 6 | Baltimore MD | 19.9 | 19.9 | 15.8 | 13.9 | 13.9 | 12.2 | 10.9 | 5 |
| 7 | Youngstown-Warren OH | 16.6 | 15.2 | 11.2 | 9.0 | 8.8 | 6.8 | 6.4 | 8 |
| 8 | Delaware Valley PA | 15.6 | 14.7 | 11.2 | 10.6 | 9.8 | 8.7 | 6.9 | 7 |
| 9 | Cleveland OH | 15.5 | 15.6 | 13.8 | 12.4 | 11.5 | 10.6 | 10.3P | 6 |
| 10 | Birmingham AL | 10.5 | 9.4 | 6.1 | 3.3 | 4.6 | 5.1 | 4.0 | 9 |
| | AREA TOTALS | 271.7 | 263.0 | 203.2 | 171.9 | 165.1 | 146.3 | 128.2 | |
| | PER CENT OF U. S. TOTAL | 53.1 | 52.0 | 51.3 | 50.4 | 49.4 | 48.0 | 45.3 | |

* 5 month Labor-Management Dispute at USX

P Preliminary estimate

Indiana Labor Market Review, Dept. of Employment and Training Services, 7th issue.

However, the companies which were losing any semblance of the oliogopolistic arrangement that had marked the post-war industry would continue to hold a uniform line on the issue of import quotas. Along with the USWA they continued to pressure congress for an "improved trade bill" in 1987.[3]

In 1986, attempts to strengthen protectionist legislation passed Congress but failed to pass the Senate. They were aimed at quotas on foreign steel and similar products (those taking the place of steel items to avoid the Voluntary Restraint Agreement) and prohibitions against downstream dumping of foreign steel (selling foreign steel below cost to other markets, which was then used in finished products and imported to the U.S.). The outlook for passage of a trade bill had improved in 1987 with the Democratic take over of the Senate. Senator Lloyd Bentsen, the in-coming Chairman of the Senate Finance Committee, was said to have made passage of the trade bill a top priority. The fixation upon the import problem was destined to be carried into the next legislative session (The Hammond Times, December 29, 1986).

A few months after LTV filed for bankruptcy in the summer of 1986, with Bethlehem Steel reported to be on the verge of taking the same action, Secretary of Commerce Malcolm Baldridge announced the creation of a Presidential Task Force on Steel to assess what appeared to be a growing trend among steel companies to file bankruptcy as part of their restructuring strategy (The Hammond Times August 18, 1986).

The Carter and Reagan administrations had refused to intervene in the rationalization of the steel industry. Both administrations had responded to the crisis in steel primarily through the external issue of trade-protection against imports (Carter in 1978, Reagan in 1985) and reduction of the dollar (Reagan in 1985) (Borrus, 1984; Commins, July 5, 1986; Neikirk, 1985). The tacit assumption that the crisis could be resolved externally through protectionism and monetary policy and internally through the efforts of the producers themselves began to give way in the last quarter of 1986.

In a report published for the new year, the U.S. Department of Commerce projected that the industry's slump would continue throughout 1987 due to the decline in the auto industry, a decline in steel consumption by the construction industry, and no new relief from limits on steel imports which had already been affected by Reagan's restraint program. In addition, the long term outlook for the industry was equally discouraging.

"The adverse trends buffeting the industry are likely to continue to keep steel consumption from rising much above current levels (The Hammond Times, Jan. 2, 1987).

Summary:

Federal administrations during the 1970's and 1980's that were faced with the down-side in the evolution of the American steel industry would focus upon circumstances external to an overall industrial policy or to the companies' efforts at corporate rationalization. Protection against foreign imports and devaluation of the dollar would remain the backbone of government response throughout the Ford, Carter, and Reagan administrations.

At the regional level, the Mayor's Task Force on Steel in Chicago (1986) proposed an economic policy geared toward perpetuation of the area's steel production which by 1985 had become the core of the country's integrated sector. Its report outlined a multi-focused plan incorporating the revitalization of the Calumet region's basic steel production plus development of Chicago's service industries and hi-tech potential. However, Anne Markusen, an economist and task force member who served as the group's consultant on steel, emphasized that revitalization of steel production in the Chicago area was tied to local market factors--the construction, capital goods, and auto industries which could continue in their prolonged slump without government stimulation of demand. In a report produced for the task force, Markusen agreed with critics like Seymour Melman that the basic industries and federal government had been increasingly geared toward defense production in a shift from products geared toward infrastructural repair (Winkley, Jan. 19, 1987).

The international USWA's most public response to its increasingly diminished role in the industry was presented in its Basic Wage and Policy Statement (January, 1986), which called for the type of government stimulation suggested by

Anne Markusen in the form of programs aimed at repairing the nation's infrastructure.

With two years remaining in his eight year presidency, and with two of the nation's largest producers near financial collapse (LTV and Bethlehem Steel), Ronald Reagan appointed his own task force on steel. Preliminary indications did not suggest that the role of Reagan's presidential task force would significantly change the role that had been assumed by past administrations, to refrain from interference with corporate restructuring strategies beyond an, as yet, unformulated approach to those filing for or close to bankruptcy.

## Chapter 2 Notes

[1]According to the USWA Research Department in 1978, approximately 90% of the integrated mills were organized by the USWA. Another 9% were organized by "other unions".

[2]The Midwest Center for Labor Research noted that this 7 million ton slippage from over one decade was somewhat over stated since more steel was being routed through steel service centers (warehouses/distributors) and the Steel Service Center Institute did not have precise data on how much steel from service centers was shipped to particular industry customers.

[3]Borrus has noted,

"Import relief actions had actually started at the end of the steel boom in January 1975, when United States Steel filed seven countervailing petitions with the treasury department against six European Economic Community (EEC) producers and Austria. The treasury department dismissed the steel petitions in June 1975 and U.S. steel subsequently filed suit in customs court under the court review clauses of the 1974 trade act (87). In July 1975, American Specialty Steel Producers and workers filed a petition with the International Trade Commission for special import relief for stainless and alloy steel producers in the EEC, Japan, Sweden and Canada. The ITC (International Trade Commission) ruled affirmatively in January, 1976 and recommended protectionist quotas. President Ford attempted to avoid outright protectionism by negotiating Orderly Marketing AGreements with the countries involved. Only Japan agreed and three year quotas were subsequently imposed on the other importers." (87) (1983, "The Politics of Competitive Erosion in the U.S. Steel Industry", Michael Borrus in John Zysman and Laura Tyson (eds.) American Industry in International Competition: Government Policies and Corporate Strategies, Cornell University Press, Ithaca, N.Y.)

# Chapter 3

## COMPANY AND PLANT PROFILES

### Corporate Specialization in Steel Production vs. Diversification

To unionists, the extent to which a company's assets were concentrated in steel by 1985 was a measurement of its commitment to the industry. Interviews held prior to the negotiations indicated that the USX, and to a lesser degree, the LTV Corporation were perceived as having long term interests in divesting their steel holdings in favor of more lucrative ventures, aerospace in the case of LTV, energy in the case of U.S. Steel.

Although the public image of LTV and USX is that both corporations are highly diversified, a study of their annual reports, as well as those of the Bethlehem and Inland corporations, suggests that the contextual variable of specialization in steel vs. diversification presented in Table 1 should not be treated unqualifiedly as discreet. According to the four companies' 1985 annual reports, the percentage of total assets held in basic steel are approximately as follows:

| LTV | Bethlehem | Inland | USX |
|---|---|---|---|
| 77% | 90% | 78.5% | 30% |

Clearly the two extremes on the specialization vs. diversification variable are Bethlehem, as a company with its production concentrated in steel, and USX, as a highly diversified company. After selling its steel service center, Tull Industries, to Inland in 1985, the balance of Bethlehem's non-steel holdings were in Kusan Inc., a plastics company. Since its acquisition of Marathon Oil in 1983 (Texas Oil and Gas was not acquired until after publication of the 1985 report), the balance of USX holdings were in the energy industry. Its other holdings included Cyclone Fence, American Bridge, USX Engineering Consultants, mining companies, a real estate business and several railroads including The Elgin and Joliet and Western railroads.

Inland and LTV are not so cleanly distinguished. Although both companies have approximately the same percentage of their assets in basic steel, LTV's holdings are diversified into non-steel related industries: energy, aerospace and defense. By 1985, Inland had divested all of its holdings which were not steel-related. In addition to its one integrated steel plant, the corporation owned Ryerson Inc., a steel service center (warehouse and marketer of steel products). It would acquire a second steel service center, Tull Industries from Bethlehem in 1986. Steel service centers are a separate sector of the industry and one which, though not in direct competition as producers (like the mini-mills), does compete with integrated mills in that it handles the marketing of domestic and foreign steel products of all types. Given this, I decided to treat Inland's steel-related holdings as an indication of diversification.

Corporate financial status

Table 3-A reflects the damage done to the domestic producers across the industry since 1982. It also reflects the comparative advantage of Inland and particularly the USX corporations during the U.S. industry's decline and restructuring.

While USX posted a 1985 loss in its steel division of $610 million dollars, it was the only company to post an overall net profit ($409 million), which was largely due to its energy segment. Although Inland Steel suffered its greatest loss during this ten year period in 1985, its relative strength is demonstrated by its consistent profits from 1975-82. During this same period, the other producers had each experienced severe slumps: LTV in 1977, USX in 1979, Bethlehem in 1977. The USX Corporations' loss of $293 million in 1979 was attributed to an estimated provision for steel operations shut-down liabilities. Bethlehem's loss of $448.2 million in 1977 was due to liabilities incurred from major operation shut downs as well as disrupted operations and property loss at the Johnstown and Lacawanna plants caused by a severe winter and spring flooding. This set-back, the greatest in its history, would handicap Bethlehem as it faced the worst of the industry wide decline from 1982-85. It would also be a harbinger of the problems with loss in market share that would plague the domestic industry into the 1980's. Barnett and Shorsch (1983) have pointed out that since 1975 imports increased their share in integrated markets more

Table 3-A

Corporate Net Income / (Loss) from 1975 - 1985

| | LTV | BETHLEHEM | INLAND | USX |
|---|---|---|---|---|
| 1975 | 13.1 | 242.0 | 83.3 | 559.6 |
| 1976 | 111.7 | 168.0 | 104.0 | 410.3 |
| 1977 | (54.7) | (448.2) | 87.8 | 137.9 |
| 1978 | 35.7 | 225.1 | 158.3 | 242 |
| 1979 | 173.5 | 275.7 | 131.1 | (293) |
| 1980 | 127.9 | 121.0 | 29.7 | 504 |
| 1981 | 386.3 | 210.9 | 57.3 | 1,077 |
| 1982 | (154.9) | (1,469.6) | (118.8) | (361) |
| 1983 | (180.7) | (163.5) | (116.9), | (1,161) |
| 1984 | (378.2) | (112.5) | (41.4) | 493 |
| 1985 | (723.9) | (196.0) | (147.4) | 409 |
| % assets in steel in 1985 | 77% | 96% | 78.5% | 30% |

Taken from Corporate Annual Reports of the (U.S. Steel) USX, LTV, Inland and Bethlehem Steel Corporations (1975 - 1985) drastically than in the U.S. market on a whole. When imports were combined with mini-mill shipments, the market share of the traditional integrated sector fell from 95% in 1960 to 60% in 1982. LTV's Republic Steel merger in 1984 could in retrospect be considered injudicious, if not disastrous, particularly in light of a string of annual losses resulting in its 1986 bankruptcy.

In summary, while the 1980's held much the same experience for the four producers, the degree to which corporate diversification helped to offset the decline within companies' steel segments can be seen most readily in the case of the USX Corporation which had the lowest percentage of its assets in steel and was the only corporation to post a net profit in 1985. In contrast, the highly concentrated Bethlehem Steel would post the second largest loss in its history. Unionists projected that the USX contract talks would be the most likely to lead to a strike, in large part because of the corporation's ability to absorb its costs. The precarious financial situations of Bethlehem and LTV would make them the least likely candidates for a work stoppage particularly given the USWA's formal recognition that both corporations merited "financial assistance" from labor to maintain their viability. Although Inland and LTV's percentage of holdings in steel were the same, Inland's consistent modernization and reinvestment in its one steel plant improved it's long term prospects. In contrast, LTV and Bethlehem were both strapped with heavy liabilities incurred by shutting down outmoded facilities in the late '70's and into the '80's.

While a comparison of profits and losses for each producer suggests similar difficulties in facing the 1986 contract talks, USX and Inland were in a comparatively stronger position than either LTV or Bethlehem. The general consensus among unionists was that USX would prove to be the toughest nut for labor to crack in the 1986 talks.

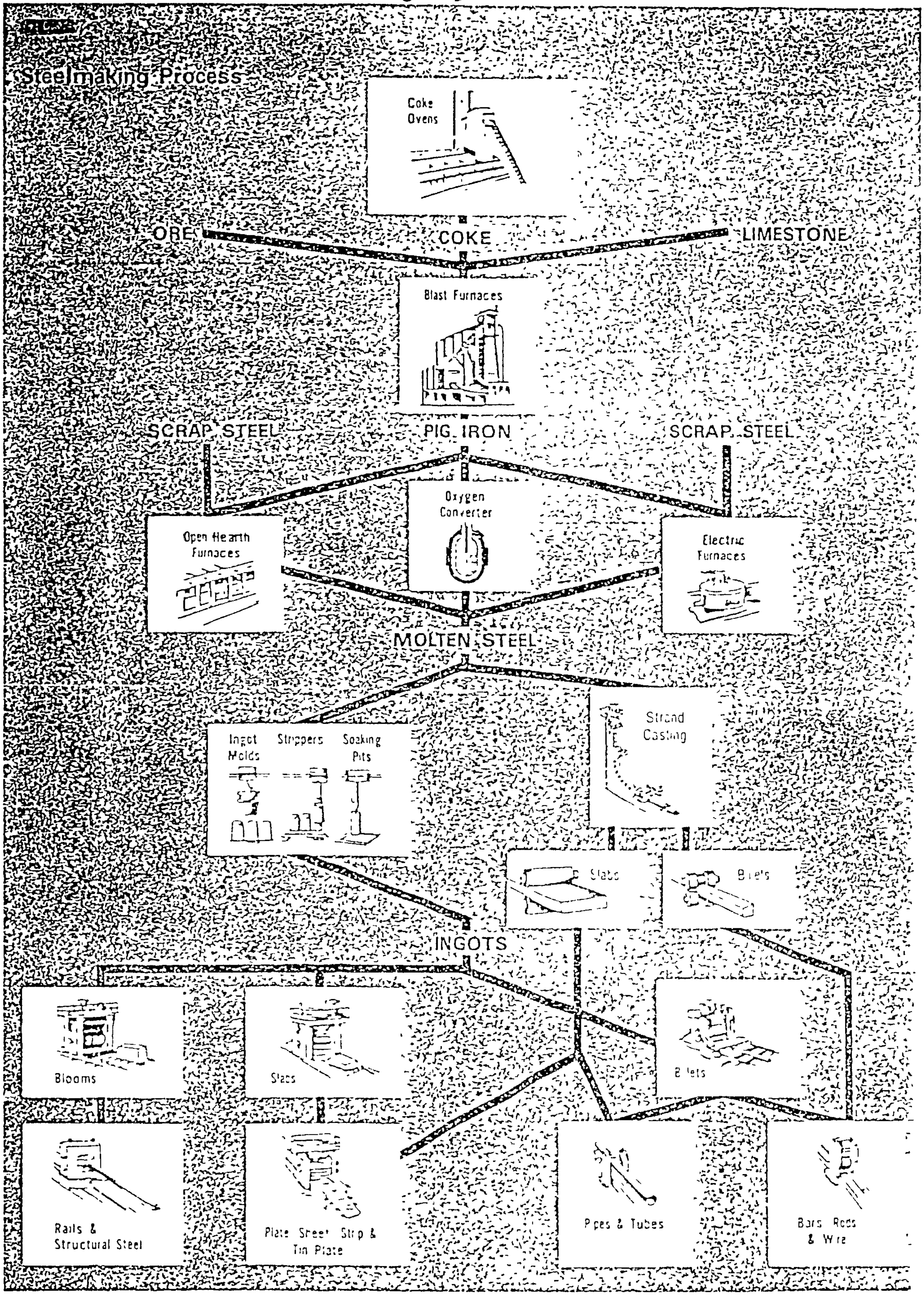
### Producing Steel in the 1980's: Technology, the Key to Future Viability

In what would become a classic study of the contemporary U.S. steel industry, Donald Barnett and Louis Shorsch (1983) assessed the causes of Japanese productive advantage over the United States in the integrated production of cold rolled steel and wire rod. They concluded that technological differences were the predominant cause of the superior Japanese productivity providing 70% of the net advantage enjoyed by the Japanese in 1980 (182). As a matter of fact, the research reported here indicates that plant technology and its effect upon profitability would be the most decisive contextual variable influencing the USWA international hierarchy's response to restructuring and their approach to the 1986 Basic Steel Contract negotiations. I go into some detail on this in Chapters 4 and 5.

The description of the steel making process which follows is critical to an understanding of the importance of technological innovation to the viability of integrated steel production. It is taken from a report on northwest Indiana's Steel Industry published by Purdue University's School of Civil Engineering (Patterson, 1985:10-18). Figure 3-A is a graphic representation of the process described below.

Coking, sintering, iron-making, steel making, rolling and finishing are the major activities involved in steel production. Coking involves heating coal in the absence of air and driving off some of the non-carbon constituents of coal. The sintering process aggregates fine ore particles into lumps that can be used in blast furnaces to increase productive efficiency. Iron is made in blast furnaces from ore and sintered iron bearing materials (scrap, coke and limestone) through which pre-heated air is blown which reduces the iron oxides, extracts the iron from the ore and combines it with other residual materials creating a slag which floats on the molten iron. To make steel with the desired properties (hardness, tensile strength, malleability, etc.) some of the trace metals and other materi 's must be removed and others added. This is done through the processes of the open hearth, basic oxygen, and electric arc furnaces, augmented in some cases by treatment in a ladle. In order to save heat, the molten iron is usually transferred directly from the blast furnaces into steel-making furnaces except in the electric arc process, the process used by mini-mill producers, which starts with cold pig iron and scrap together with whatever alloy metals need to be added. When the steel is made, the molten metal is cast into ingots or poured into a continuous casting

Figure 3-A


Steelmaking Process
Coke Ovens
ORE
COKE
LIMESTONE
Blast Furnaces
SCRAP STEEL
PIG IRON
SCRAP STEEL
Oxygen Converter
Open Hearth Furnaces
Electric Furnaces
MOLTEN STEEL
Ingot Molds
Strippers
Soaking Pits
Strand Casting
INGOTS
Blooms
Rails & Structural Steel
Plate Sheet Strip & Tin Plate
Pipes & Tubes
Bars Rods & Wire

machine which bypasses the ingot and primary rolling stages, directly producing blooms or slabs. In primary mills, ingots are converted to forms for further shaping in the hot finishing mills. Continuous casting is much more efficient than traditional milling of ingots since it produces very little scrap for recycling.

Of the three types of furnace processing, open hearth, electric arc and basic oxygen, the older, open hearth process is more flexible in the percentage of scrap it can be charged with (30-100%) but has a higher initial capital investment than the other two in relation to the quantity of steel it can produce in a given period of time.

The electric arc furnace is essentially a cold metal furnace unable to effectively use molten iron in the charge. Depending on the costs of electricity, scrap, and pig iron, the electric arc furnace tends to be a 100% scrap user except for the ore used to provide the oxygen essential to the process. The initial capital cost of electric arc furnaces is about 60% of the cost for the open hearth and no iron-making furnaces are necessary for use directly in connection with them. In addition, the quality of the alloys produced can be carefully controlled. (Scrap comes in varying degrees of purity and includes "tramp" metals--aluminum, copper, tin, etc.--which if left in the final alloy would give the steel undesirable qualities.) Since all steel production involves the use of some scrap and all of the "tramp" metals cannot be removed by oxidation, the residuals are removed by diluting in the final product. As a result of these advantages, by the 1960's electric hearth furnaces were beginning to replace many of the open hearth facilities.

The basic oxygen furnace (BOF), was initially introduced in Austria in the late 1940's. The BOF with oxygen blown in from the top continues to be the main type of basic oxygen furnace but the newer bottom blown furnace (Q-Bop), developed and promoted by U.S. Steel and others, claims advantages over the top-blown furnace--smoother blowing, higher yield and an ability to melt 5-8% more scrap. Its other advantages include: half the capital investment of the open hearth furnace; a high refining speed, and significant economies of labor and space.

When the steel leaves the furnace it is either conventionally cast or continually cast into blooms, billets, or slabs for finishing into various shapes, sheets, and strips to be sold to steel fabricators. For casting it may be subjected to vacuum degassing to reduce carbon, hydrogen, and oxygen content, improve steel cleanliness, and to enhance the mechanical properties of the steel. (Finishing is a complex group of operations because of the variety of products produced.)

Continuous casting is an important feature of newer integrated steel production. By using molten steel directly rather than reheated ingots it is more energy efficient, and, because the process is automated, less expensive to operate even though it requires costly, complex machinery. While hot-rolling is less expensive than cold rolling, cold rolling can produce thinner strips and finer surface qualities.

The three plants included in this study which have continuous casters, Bethlehem Steel Burns Harbor, Inland Steel, and USX Garyworks are all reported by their managerial representatives to be pursuing improvements in the continuous casting process. Some of the new techniques involved electro-magnetic stirring, moist cooling and the use of special refractories and slags. Such techniques should lead to the adoption of hot-connecting which would improve the continuous casting and hot rolling processes, insuring the improvement in the production of thinner strips and finer surface qualities. These are characteristics desired by the area mills' major customers, the manufacturers of automobiles and fabricated metal products such as containers, equipment, appliances, and machinery.

The Purdue report summarized the position of northwest Indiana's integrated mills as favorable in their ability to obtain raw materials and to deliver their principle products of sheet and strip to these major customers (19).

Products and Technology at each Plant:

Table 3-B which presents the products and technology employed by the four plants included in the comparison on which this research is based follows. It is drawn from information provided in the American Iron and Steel Engineers' 1984 Directory of Iron and Steel Plants, The American Iron and

## TABLE 3-B
### Plants' Products and Technology

| | LTV/REPUBLIC | BETHLEHEM BURNS HARBOR | INLAND | USX GARY WORKS |
|---|---|---|---|---|
| Products: | Bar | Carbon steel products: sheet, strip, plate | Structurals, sheet, strip, bar plate<br>coated and painted sheet | Sheet & strip galvanizing, tinplate, plate |
| Technology: | Raw materials production - 60 coke ovens | Raw materials & steel making<br>164 coke ovens<br>2 computer operated blast furnaces<br>3 computer aided basic oxygen furnaces<br>1 sinter plant | Raw materials production & steel making<br>7 blast furnaces<br>1 electric arc furnace<br>2 basic oxygen furnaces | Raw materials & steel making<br>* 342 coke ovens (Batteries 57)<br>5 blast furnaces<br>2 basic oxygen furnaces |
| Other: | 11" Bar mill | 1 Computer operated heat treating line<br>2 plate mills<br>1 slabbing mill<br>1 tandem mill<br>1 skin mill<br>1 temper sheet mill<br>26 annealing furnaces<br>1 electro-galvanizing line<br>2 continuous casters | 1 plate mill<br>2 bar mills<br>1 structural mill<br>1 hot strip mill<br>3 cold strip areas<br>4 continuous casters<br>tandem mills<br>pickling lines<br>continuous annealing<br>temper mills and<br>various finishing mills | 1 plate mill<br>1 hot strip mill 84"<br>3 cold strip mills<br>3 tin temper mills<br>2 tin cold red mills<br>3 sheet temper mills<br>66 box annealing furnaces<br>2 continuous annealing furnaces<br>3 continuous pickle lines<br>3 steel galvanizing lines<br>3 tin electolytic plating lines<br>2 continuous casters |

* 57 batteries
6 ovens in a battery

Steel Institutes' 1983 Steel Industry in Brief Data Book, and the 1985 Annual Reports of each company.[1]

A Comparative Summary of Product Mix and Technology for the Four Plants

Bethlehem Steel Burns Harbor, Inland Steel, and USX Garyworks have a similar product mix, including the full product line associated with integrated producers. As a result these plants compete for the same markets. They provide sheet, strip, plate, and bar products to the auto industry and other durable golds manufacturers and in the case of Inland and the USX plant, structural products to the construction industry. LTV/Republic steel supplied solely bar products and merchant billets to durable goods industries (primarily to automobile makers). A severe slump in the hot-rolled bar market, brought about by a recession in the auto industry in 1986, had a devastating effect on the Chicago plant. The LTV/Republic plant absorbed over 1/2 of the drop in domestic market share for hot rolled bar, which fell from 68% in 1985 to 58% in 1986 for the top four U.S. Producers, LTV, Bethlehem, Inland and USX. Although the LTV/Republic plant would prove to be the biggest casualty of the down turn in automobile manufacturing, all of the district's integrated producers were hurt by their dependency on the industry as a major consumer (Dubois, March, 1986:17).

The LTV/Republic plant, Inland Steel plant, and USX Garyworks are of comparable age, all having opened within the first quarter of this century. The Inland Steel plant and USX

Garyworks have benefitted from modernization during the 1980's. The Inland plant, in particular, had consistently undergone modernization, including a massive expansion campaign during the 1960's. Such efforts continued throughout the company's rationalization program in the mid 1980's. By 1986 Inland had four continuous casters in operation, accounting for 80% of its steel production--the highest percentage of any producer in the U.S. industry. USX Garyworks has been far less consistently modernized but has recently benefitted by the addition of a "state of the art" continuous caster, a much more sophisticated caster than its first which had been in operation since 1967 and was rebuilt in 1981.

Of the three older plants, the LTV/Republic plant is the least modernized. Although the plant did have basic oxygen and electric arc furnaces (the latter would have made the plant viable as a mini-mill), they were among the operations closed around the time that the company filed for bankruptcy in the summer of 1986. By 1986 only the 11" bar mill and coke furnaces would be in operation.

As the newest plant in the United States, Bethlehem's Burns Harbor plant, opened in 1964, is considered highly productive and "state of the art" by U.S. standards. It has two continuous casters, and along with the Inland plant, has the only heat treating line in the U.S., a facility which treats very thin but strong steel used by the auto industry. Other technologies include an electro-galvanizing line, also used in producing steel for the auto industry, which has been used to gain experience for a new, totally automated and computerized plant built by Bethlehem and Inland Steel in Ohio which is slated for operation in 1987. According to Burns Harbor plant representative, Mike Heaghy, the Ohio electro-galvanizing plant would be managed from the Burns Harbor facility. The raw materials and handling areas at Burns Harbor are also completely automated and computer controlled.

Joint efforts among producers, such as the Bethlehem-Inland electro-galvanizing plant, and research on more effective ways to convert domestic raw materials into molten steel conducted at Argonne National Laboratory under the auspices of the American Iron and Steel Institute (the association of American steel companies), have arisen in response to mini-mill and foreign competition during the 1980's. Other joint efforts have involved foreign competitors as well as the industry's chief customers. USX is jointly operating a sheet and tin mill plant in California with a Korean producer, Phang Iron and Steel, and is planning a two-sided electro-galvanizing line at the Ford Rouge plant in Michigan. Inland Steel has a joint venture with Ford to research and develop a think strip caster which will eliminate the hot strip mill used to convert slab to a much thinner strip for use in automobile production (AISI, May 1985; Interviews with David Burns, Bethlehem Steel Burns Harbor and Tom Ferral, USX Garyworks).

The joint effort by Bethlehem, Inland, and the USX corporations involve the three most viable producers in the integrated sector all of whom share some hope for the future on the basis of owning the three most modernized integrated plants in the U.S. industry--Bethlehem's plant at Burns Harbor, the Inland Steel plant at Indiana Harbor, and the USX Garyworks.

Management's Assessments of Plant and Overall U.S. Industry Viability

In the Winter of 1985 and Spring of 1986, interviews were conducted with representatives from each of the plants included in the study. These representatives included public relations directors--LTV/Republic, Bethlehem Burns Harbor, USX Garyworks, and Inland Steel; a director of Labor Management relations--USX; and a plant manager--LTV/Republic Steel. Management's responses indicated a general feeling that factors largely beyond the control of managerial policies were most to blame for the current crisis in the industry. All of the representatives identified continued loss of market share to foreign competition; the high value of the American dollar, high labor costs due to excessive wages, benefits, and over-manning as the three most significant problems faced by their plants and the industry on a whole.[2] Lack of modernization and companies' diversification policies were considered to be less significant problems during the current era of restructuring. Only David Burns of Inland Steel mentioned labor's resistance to technological change as a significant problem at his plant. In elaborating upon his response he said that there had been uneven cooperation from labor on some remanning issues. While labor had cooperated with remanning efforts involving small crews with multiple skills assigned to operate and maintain the new caster, workers had resisted remanning production units assigned to the plant's electric arc furnace. According to Burns, this resistance came from the rank and file rather than from the official local union leadership.

> "We can get conceptual agreement from the union leadership, but a union is a democracy and these kinds of questions have to be submitted to a membership vote. In a plant which is introducing a tremendous amount of new technology the remanning necessary to efficiently operate that new technology can be met with resistance from the membership" (Burns).

In comparing the responses of plant representatives interviewed to those of local union officers there was a great deal of unanimity of opinion on the issues identified as most significant to the future viability of respective plants and the U.S. industry. With only two notable exceptions, which will be discussed in Chapters 4 and 5, local officers ranked imports and the value of the dollar as the first, second or third most important factors influencing the future viability of their plants. As could be expected, labor costs were viewed as relatively insignificant while company diversification (in the case of the USX corporation) and lack of modernization (LTV-Republic and USX) were viewed as highly significant problems which continued to plague plants and the overall domestic industry. Only Maury Richards, president of

Local 1033 (LTV/Republic), and Mike Olszanski, Vice-President of Local 1010 (Inland Steel), did not give top rankings to the value of the American dollar and foreign imports. Both men indicated that emphasis upon these factors had succeeded in increasing American workers' hostility toward foreign workers while serving as scapegoats for both the companies and the "business unionism" practiced by the International USWA.

The finding that plant managers and local union officers agreed upon the importance of technology is most interesting given the recognition that technology decreases the labor intensity of steel production. The situation at Inland Steel described above suggests that although labor perceived technology to be critical to plant viability, there are still instances of behavior resistant to the inevitabilities of its adoption--the permanent loss of jobs.

## Chapter 3 Notes

[1]When this research began in December 1984, the LTV/Republic plant was still an integrated mill. In 1986 the plant's Q-Bop (basic oxygen) furnace was closed. While the 60 coke ovens are still operating, they are supplying the company's East Chicago Harbor plant which is completing the steel making process and continuously casting steel. Although the LTV/Republic plant has an electric arc furnace which would allow it to produce steel as a mini-mill, it too has ceased operation. The plant's heating treatment, blooming mills, rolling, pipe and seamless mills, finishing mills, and galvanizing line have all be closed. Along with its coke ovens, only an 11" bar mill continues to operate to date.

[2]At the time of these interviews, efforts had not yet been made by the U.S. government in concert with the international economic community to reduce the value of the American dollar which was negatively effecting the balance of trade and discouraging foreign and domestic consumption of American products.

Chapter 4

# THE BACKGROUND OF THE 1986 CONTRACT NEGOTIATIONS

The early to mid 1980's was a period in which the industry's continued downward slide threatened both management and labor regardless of company. However, the goals of rationalization would be a greater threat to some plants than to others. Chapters 4 and 5 present data on District 31 and each local organization which further describe the contexts for response to the 1986 contract negotiations in basic steel. Chapter 4 describes plant characteristics and identifies key organizational factors which are common to all four locals and those which explain differences in response. Chapter 5 presents brief historical profiles of District 31 and the four locals and relates political tradition to the bargaining issues of most significance to each local organization.

Chapter 4 begins with a description of the USWA constitution in theory and practice. It then describes the way in which contemporary politics within District 31 may have been affected by internal organizational factors: the differing racial and ethnic composition of each local and purges of the left. This provides a background to the separate sections on plant characteristics and how each local voted on the 1986 contracts. Finally, the major bargaining issues common to all four locals are identified and discussed in light of their relevant significance to each local and plant.

Locals' common historical origins and constitution

The four locals share a common origin in the Steelworkers Organizing Committee (SWOC) established in District 31 by the Committee (later Congress) of Industrial Organizations (CIO) under the direction of John L. Lewis in 1936. The United Mine Workers of America were instrumental in the organizing effort and much of the organizational structure of the United Steelworkers of America which would evolve from SWOC was borrowed from the UMWA.

Locals 1033 (LTV/Republic Steel), 6787 (Bethlehem Steel Burns Harbor), 1010 (Inland Steel), and 1014 (USX Garyworks) are plant level USWA organizations subject to the International USWA's constitution. They are located within District 31, the "Calumet Region", one of twenty-three such geographically delineated districts which are administrative units within the International organization.

The administrative structure of the United Steelworkers is a three tiered pyramid. The top tier consists of the International officers with headquarters in Pittsburgh; the second tier the district directors and their appointed staff, and the third tier the local union organizations. International officers, including President, Vice-Presidents of Administration and Human Affairs, Secretary and Treasurer are elected by the International membership at large for four year terms. The district directors are also elected for four year terms by the membership within their districts. These offices and the National Director of Canada comprise the International USWA Executive Board. The board is responsible for enforcing the constitution and carrying out the instructions of the International Conventions which are held biennially (1984 Constitution of the International USWA, Article IV).

Nyden (1985) has traced the process of centralization of authority at the top (the international) tier of the organization. The industry's efforts to modernize and reorganize from the 1960's through the 1980's, which involved holding down costs and generating enough capital to fuel modernization, was coupled with pressures on the union to centralize its bargaining functions to effect "more predictable and cooperative" labor relations during this period (47-48). Jim Balanoff, District 31 director from 1977-1981, has contended that this centralization of authority reduced the district directors to functionaries of the International Office dependent upon district staff appointed and controlled by the International Executive Board (Balanoff, 1983).

It is widely thought that control over the electoral process has been an important element in the centralization of power within the union. Access to union offices, an attractive option for those with leadership and/or organizational ability who aspire to exchange the routine and danger of millwork for the prestige associated with elective office and the safer environment of the union hall, is, in theory, constitutionally controlled. The elected position of teller is an important factor in this control. International tellers tabulate results from all USWA locals for international elections. Tellers are elected at alternate international conventions through means chosen by the International Executive Board. Local unions are involved in the nomination and election of the International Executive Board. The International Constitution stipulates the composition of local election committees who supervise the elections for international office at the local level and tabulate results. The four top local officers (president, vice-president, recording and financial secretaries) serve on the election committee with six other members elected by the local rank and file.

It is also widely believed that the International's control over this electoral process has been used to influence election results. In the case of one local involved in this comparison, Local 1014, opponents of the previous president suggested that his position as International Teller had provided him with the protection of the established USWA hierarchy despite allegations that he had abused the presidential office. According to one of his opponents, "He'd been international teller for some time. He knew where the bodies were buried." (Anonymous member, Local 1014) The expectation that elections were stolen at all organizational levels of the USWA was strongest at Local 1014 (USX

Garyworks), a local with a long tradition of contested elections.

This tradition suggests that although the centralization of power through the electoral process within the USWA is extensive there is "slack" in the system to allow for "varying" interpretations of local election guidelines. There is sanctioned election procedure for selecting local officers and candidate eligibility outlined in the International Constitution and in an election manual for local organizations published by the International. Despite such specificity, Dave Sullivan, past President of Local 6787 (Bethlehem Steel Burns Harbor), told me that the constitution and election handbook provide enough leverage so that "past practice" at each local significantly influences election results. Thus the importance of the electoral process to gaining and maintaining power for leaders at the international and local levels has resulted in compromise in the application of international guidelines within the context of locals' "past practices".

Nyden (1985) has described the USWA as a union which has avoided the reputation for corruption associated with other unions such as the Teamsters. However, the USWA has not escaped intimations and outright allegations of election fraud throughout its history. Local 1014, USX Garyworks, provides the most extreme example of this at the local level. A review of District 31 papers held by the Chicago Historical Society identified eight protested elections in Local 1014 between

1946 and 1965. Although two protests concerned grievers' elections which can be held any time there is a vacancy on a grievance committee, the remaining six protests were leveled against every local election held during the 19 year period.

Although 1014 is known for its tradition of protesting elections throughout the international organization, this illustrates the importance of political affiliation for those selected to count election ballots. The opportunity to "steal elections" makes the selection of tellers who are supporters critical to a candidates' election chances. The following story is an example of the way in which "past practice" and choice of election tellers can work to determine election outcomes at the local level. Dave Sullivan, previous President, Local 6787, recalled a grievers' election in which the president chose to ignore a prior arrangement with the opposing caucus to evenly split the number of tellers presented for nomination to the general membership. He instead presented only his nominees, ignoring challenges from the floor. His candidate would win the griever's position.

Intimations of rigged elections have been directed at higher levels than the local organizations. John Conway (1986), a Chicago journalist who had covered District 31 activities for many years, reported that he was told by David MacDonald (past International President) that MacDonald had helped steal two elections in the 1940's to keep District 31 Director Joe Germano in office. The "common knowledge" that manipulation of elections had occurred at higher levels of the organization was bourne out in the Sadlowski/Evett District 31 Director's race in 1974 which resulted in an investigation by the U.S. Labor Department that overturned Sam Evett's initial election victory. The second election was won by his opponent, Ed Sadlowski, who had appealed to the International to investigate on the basis of possible election fraud. When the International rejected his appeal, Sadlowski turned to the Labor Department with his protest--a move that would win him the district director's position and launch a reform movement throughout the USWA (Nyden, 1985).

While access to office can be determined by manipulation of election procedure, once having gained access, local offices may have difficulty remaining in office if they are vocal critics of the district and International hierarchy. The International Executive Board has the constitutional authority to unilaterally remove all of a local organization's offices and to appoint an administrator. Reasons justifying this action include correcting corruption and financial malpractice, assuring the performance of collective bargaining agreements, restoring democratic procedures or otherwise carrying out the legitimate objects of the international union (Sec. II, Article 9). In the Spring of 1986, shortly before the onset of contract talks, Article 9 would be used to remove from office Larry Regan, the president of Local 1014 and a critic of International policy. The events surrounding this action by the International hierarchy are discussed in the following chapter.

Finally, centralization of power in the USWA is evident in the structure of the negotiating teams that represent labor in basic steel contract talks. The teams which include international and district staff as well as local officers (generally presidents and chairmen of the grievance committees) are headed by a negotiations chairman who is appointed by the International Executive Board. Negotiation's chairmen are either district directors or International staff. (District 31 Director Jack Parton served in this capacity in the contract talks with Inland Steel.) A ten man committee composed of both management and labor is responsible for negotiating a contract's economic package as well as for overseeing all other aspects of the contract. The five USWA members on this committee include the negotiation's chairman, a USWA attorney, and technicians from the International office. Separate committees dealing with non-economic issues (e.g. contracting-out, overtime) are composed of local representatives, technicians and district field staff. Agreements reported out of these committees must be approved by the 10-man central negotiating team. The entire contract is then submitted to all presidents of locals within the corporation. Prior to 1986, contracts were ratified at this stage. With the 1986 contract, ratification requires approval of a corporate wide majority of the rank and file USWA membership.[1]

### Leftist purges in District 31

With the exception of Local 6787, established in the mid-1960's, the internal politics of District 31 locals have been marked to varying degrees by the anti-Communist purges of the 1950's. Although never considered a "radical" union, the USWA had a few large locals in the Chicago area in which left wing activists had won office. (Aronowitz 1973:245) However, like other unions in the U.S. during the late 1940's and 50's, the USWA was pressured to weed out Communist sympathizers. Such pressure led to the expulsion of the first president of Local 1033 (Republic Steel), Gus Yuratovac. Yuratovac was found guilty of distributing a handbill published by the Communist party at the plant gates and was suspended from union membership for five years. At the end of his suspension in 1954, Yuratovac again ran for the local presidency. District 31 leadership chose the slate which defeated him. District 31 Director, Joe Germano, closed an affidavit describing the Yuratovac case with the following comment:

> "With the help of (names of 1033 members) we were able to clean out Local 1033 of Communist trash" (Chicago Historical Society Holdings, July 29, 1954).

The district organization was sensitive to the threat of outside infiltration as well as the danger posed by the leftist element within the 1033 membership. In a memo to Joe Germano, District Staff Representative Norm Harris described a special meeting at the Local 1033 hall called to discuss the eligibility of candidates for local office.

> "Jim Krause, a Communist leader (a member of 1033) came to this local meeting with Communist supporters from the National Maritime Union and with their help disrupted the proceedings. Mr. Krause read on the floor a letter supposedly from David J. MacDonald (USWA International Secretary-Treasurer) concerning the eligibility of local union officers."

Harris described the rest of the meeting as a near fist fight between Krauses's supporters from the Maritime Union and "good local union members" who requested permission to throw Krause out the window (Memo to J. Germano from N. Harris, June 25, 1948).

According to Al Sampter, a local 1014 member since 1944, the attempted leftist purge took a somewhat different form at other district locals. Sampter had been one of seventeen witnesses subpoenaed to testify before the House of Representatives Sub-Committee on Unamerican Activities. Sampter described what happened during the investigation in 1955-59 as "a circus conducted during the McCarthy era."

> "The sub-committee came to the Calumet area to investigate USWA Locals. Seventeen witnesses were subpoenaed and eleven of these seventeen refused to answer. Four of us were cited for contempt of court by congress. The U.S. Justice Department indicted one of these individuals. The others were held up until after the initial indictment was appealed to the supreme court. The court overturned the indictment and charges against the other three people were dropped. No one lost his job or his union membership."

Sampter's explanation for "the rough time given some good and loyal unionists during those years" was that with the passage of the Taft-Hartley Act, top USWA leadership caved in to the pressure of the anti-leftist sentiment sweeping the country. He pointed to the irony of this since these

International USWA leaders had gone to the Communist Party locking for help in organizing the Steelworkers. "In fact, Gus Hall was one of those early organizers" (Sampter).

<u>Racial and ethnic comparison of the hourly workforce represented by each local</u>

As we will see in some detail later, the opportunity to recruit supporters on the basis of appeals to ethnic loyalty has also shaped the internal politics of District 31 Locals. Although the four locals chosen for comparison represent workers at integrated steel mills within a radius of 60 miles, Table 4-A indicates that the racial/ethnic composition of the hourly workforce at their respective plants is different.[2]

While white workers are a slim majority at three of the locals--LTV/Republic, USX, and Inland (approximately 50% at each plant), they are a clear majority at the Bethlehem Burns Harbor Plant (83.9%).[3]

Inland Steel and LTV/Republic have the largest percentage of Latin workers (23 and 17%). USX Garyworks and Bethlehem Burns Harbor have few Latino workers (4.2 and 2.11%).

The largest number of hourly Black workers are employed by U.S. Steel Garyworks (41.2%), while Bethlehem Burns Harbor has the smallest Black workforce (13.9%). Looking at each plant individually, Inland is the most balanced of the four with Blacks and Latinos evenly splitting a large minority group of 46%. USX Garyworks is split into a slim white majority (54%) and a large Black minority (41.2%). The Latino plus "others" (a group primarily composed of orientals)

Table 4-A

Ethnic/Racial Composition of the (Hourly)*
Work Force Within Each Plant - May, 1986

| | Bethlehem | LTV/Republic | Inland | USX |
|---|---|---|---|---|
| Black | 13.9% | 30% | 23.6% | 41.2% |
| White | 83.9 | 53 | 53.1 | 54.4 |
| Latin | 2.11 | 17 | 23 | 4.2 |
| Other** | | | | .001 |
| Total N | 6400 | 1550 | 13909 | 3371 |

Taken from plant Human Relations Department reports
Spring, 1986

* Data for Bethlehem's Hourly workers was not available. Percentages for this work force includes all workers, managerial and hourly.

**Unless separate figures are indicated the "other" category is included in the "white" percentage.

provide a "swing bloc" (4.2%) in local elections. The large ethnic minority at LTV/Republic (47%) is split between Blacks and Latinos with Blacks dominating the bloc (30%). Finally, Bethlehem's Burns Harbor Plant has a predominantly White workforce of approximately 84%.

Each of these plants reflects the racial and ethnic mix of the communities in which it is located. While the USX, Inland and LTV/Republic plants suggest the composition of industrial communities closer in proximity to the city of Chicago, the Burns Harbor plant reflects the predominantly white population of its location, Porter County Indiana. Although Porter County abuts Gary, a city with a Black population in excess of 70%, it is traditionally a rural area with a history of Ku Klux Klan activity that has contributed to its image as an area which is not receptive to residential or occupational integration. Ruth Needleman, Director of Indiana University Northwest's Labor Studies Center, told me that this reputation and the availability of work at USX Garyworks and the Inland Steel mill, two plants within closer proximity to Black and Latino neighborhoods, contributed to the racial imbalance at the Bethlehem plant. Needleman's historical research of the region's UWSA locals also led her to conclude that hiring practices at the Bethlehem's Burns Harbor plant had been consciously designed to recruit an indigenous rural workforce that would include a large number of workers who owned their own farms in Porter County. This would insure that the farmer/worker would feel stronger ties to the community and his property as well as having less time for involvement in the local union, thus insuring a more cooperative and less confrontational workforce.

## Plant characteristics and local response

### LTV/Republic Steel and Local 1033

The LTV/Republic Plant on Chicago's Southeast side is one of the older plants in the district. It has the smallest workforce and is the least modern of the four included in this study. The plant was purchased from the financially troubled Republic Steel Company by the LTV Corporation in 1984. It has no continuous caster and has not benefitted from LTV's modernization efforts which have focused on the company's Indiana Harbor and Canton Ohio Plants. Demand for its bar products has been lower than demand for sheet which is in the product mix of the other two plants (Statistical Highlights, American Iron and Steel Institute, 1985). Rumors that the plant was slated for closure had circulated throughout the district for months prior to contract negotiations. The plant, which had a workforce of 4000 in 1982, had a major lay-off in 1984 and another in 1985 that reduced its workforce from approximately 4000 to 1,700 (a 42% reduction).

In the face of reported losses since 1982, culminating in the corporation's largest net operating loss of $723.9 million in 1985, the newly elected President of Local 1033 voted against a majority of LTV local steel presidents to relinquish a 45 cent restoration of the wage cut promised in the 1983 contract. The membership at 1033 would be the first within the USWA to exercise the newly won right to ratify its basic steel contract. (Prior to 1986, ratification had been limited to Local Presidents.) Local 1033 voted against the 1986 contract which included a $3.60 cut in wages and benefits ("1033 News and Views", April, 1986).

The "no" vote ran counter to a majority of Eastern Locals that had also experienced massive operation closures, including closure of the corporation's Aliquippa, Pennsylvania, plant. Local 1033's vote also ran counter to the vote at the other LTV plant in the district, the flat rolled plant at Indiana Harbor, the most viable plant within the corporation's steel divisions. Its Local 1011 members joined the majority of LTV locals in ratifying the contract. Local 1033's anti-concessionary resolve, despite a context which could have influenced a less combative response, is explained in part by its local leadership--a point which will be more fully developed in the following chapter.

Bethlehem Steel Burns Harbor and Local 6787

With two continuous casters and other advanced technology, such as an electro-galvanizing line to produce a quality of steel preferred by the auto industry, the Bethlehem Burns Harbor Plant is considered to be "state of the art" by U.S. standards. In addition, it boasts the lowest man hours per ton (3.1) in the American industry.[4]

As indicated in Table 1, Inland and Bethlehem Steel have workforces which are somewhat younger than those at USX

Garyworks and LTV/Republic Steel. Although plant representatives at Bethlehem Burns Harbor and Inland verified the similarity in age range within which the majority of both workforces fell, the general perception among union leaders is that Bethlehem had a somewhat younger workforce than any of the integrated mills in the district. This perception is based on the fact that the Burns Harbor plant opened in 1964, fifty years after the other integrated mills in the area, with a cohort of young workers in their early 20's.

Despite its relatively modern plant and equipment, Bethlehem Steel reported its largest net loss of $196 million dollars in 1985 (Bethlehem Steel Corporation 1985 Annual Report). Since the company is the least diversified in the industry (over 80% of its operating capital is invested in steel) the loss was not off-set by non-steel segments.

Local 6787 maintained a firm stand against concessions regardless of the company's bleak financial picture and steel analysts' mixed projections. Shortly after the LTV bankruptcy announcement, Paine Weber's Peter Marcus and economist Donald Barnett were both quoted as suggesting that bankruptcy loomed in Bethlehem's near future. Salomon Brothers' analyst, Michele Galantier-Applebaum's diagnosis was not as negative but was at best tentative. She projected that Bethlehem would benefit from the import quotas on plate and structural steel--products in which it had been most vulnerable to foreign competition (The Chicago Tribune, July 20, 1986; The Hammond Times, July 18, 1986; Galantier-Applebaum, March 1986).

Despite the corporation's financial vulnerability, Local 6787 voted against accepting the 1986 contract with Bethlehem Steel with its $1.97 cut in hourly wages and benefits. However, as had been the case with the LTV contract, the Bethlehem contract was ratified with a majority of workers in the Eastern locals voting for its passage. The younger workforce at the Burns Harbor plant, the most viable of Bethlehem's steel mills, was more interested in maintaining the wage rate than preserving pension benefits which could be threatened by a bankruptcy proceeding. The wage reduction negotiated in the Bethlehem contract was smaller than the cut taken at LTV, a difference based upon LTV's greater financial difficulties. LTV's energy holdings which, along with its holdings in the aeronautics industry had once offset the losses of its steel division, had recently suffered from a depressed market. A few months prior to negotiations, the presidents of Bethlehem's USWA locals had voted against rescinding a wage rebate that had been agreed to with the cut taken in the 1983 contract. This was meant as a signal to management that they would at most consider a wage freeze. (The same issue had been voted on by the presidents of LTV's locals who had voted to give up their wage rebate given the corporation's financial status.) However, pressure from the company and the International USWA finally influenced presidents and rank and file at the Eastern locals to ratify another concessionary contract. Local 6787 would be the second local in District 31 (its ratification vote followed the LTV vote by a few weeks) to cast a minority vote against ratifying a 1986 contract.

Inland Steel and Local 1010

Inland Steel underwent an extensive expansion program from 1961 to 1966 ("A History of the Inland Steel Company," 1980). During this period, which corresponds with the opening of the Bethlehem Burns Harbor Plant, a number of younger workers were hired on. As a result, the age of the Inland workforce is younger, more like that of the Bethlehem plant than the LTV/Republic and USX facility in Gary. In addition, Inland's later restructuring program included deep cuts in salaried positions, so that, although younger workers at Inland had been affected by lay-offs, their numbers weren't reduced as severely as their counterparts at LTV/Republic and USX Garyworks.

The context at Inland Steel and Local 1010 effected a different outcome for its 1986 contract negotiations. Inland's performance in the past had been consistently stronger than its domestic competition. Its operating costs were lower and although its plant was much older than the Bethlehem plant at Burns Harbor, its continued modernization program and high percentage of continuously cast steel (80% of its steel would be continuously cast by 1986) led industry analysts to conclude that its yield and quality of steel would improve.

Inland's 1985 loss of $147,540 million was attributed to its late and massive rationalization program in 1985.

Inland's rationalization occurred during a period when costs and steel prices fell dramatically. The company's deep cut in the managerial ranks was identified as the major cause of its drop in quality and productivity (Inland Steel Company, Form 10-K, 1985; Galantier-Appelbaum, February 1986).

The USWA's 1986 contract with Inland Steel reflected the company's stronger long term financial situation. The Inland contract involved the lowest wage cut among the four companies. (Only the contract with National Steel would be considered a more advantageous contract for labor.) However, officers at Local 1010 who were most negative about the contract would view its Gainsharing program and the adoption of a Mobile Maintenance Unit as potentially serious manning concessions. The adoption of the mobile maintenance unit, a roving group of multi-skilled craftsmen, was an issue that had split Local 1010's Executive Board and rank and file for some time prior to negotiations. It was viewed by critics of President Bill Andrews as a validation of his conciliatory response to the undermining of work rules and job security. Although the Gainsharing Plan did not create as much of a conflict among the local leaders and membership, it too would be identified as a potential means for management to increase job combinations and eliminations. The plan allowed for the workforce to benefit financially from changes which resulted in increased productivity. One of its critics suggested that the plan should be referred to as the "remanning workforce" since it provided an avenue for remanning and work rule changes which would result in increased lay-offs (Mike Mezo).

Local 1010 was the only local among the four studied to accept a contract that "on its face" appeared to be non-concessionary given its wage freeze provision. (The fact that a freeze would be considered the best that the union could do in dealing with a less financially vulnerable steel company reflected the pragmatic attitude toward cuts that underlay the anti-concessionary posture at all of the locals). However, the USWA's 1986 contract with Inland Steel was the result of the company's willingness to "give" on wage cuts if it gained on the question of work rules and manning--issues related to job combinations and eliminations. In July of 1986, Local 1010, the only USWA local in the company, overwhelmingly ratified the 1986 contract with Inland Steel.

USX and Local 1014

USX Garyworks is one of the older integrated mills in the district. Like LTV/Republic, massive lay-offs at Garyworks (over 6000 jobs lost since 1981) have left it with a "graying" work force (Dubois, 1985). The plant's viability has been improved since 1983 because the USX Corporation had chosen it for modernization--notably, the installation of a state of the art continuous caster in 1986.

Of the four locals, 1014, USX Steel's Garyworks, was the only one to be involved in a work stoppage with expiration of the 1983 contract. Union leaders throughout the district had identified USX as the company most likely to be struck with the end of a pattern bargaining given its relatively strong financial situation in 1985 and its hard line on wage cuts and contracting-out. Although the corporation reported a profit in 1985, its steel division continued to operate at a loss (USX 1985 Annual Report). While the USWA called the stoppage a lock-out, the USX Corporation called it a strike. This distinction would determine whether or not workers could receive unemployment benefits in some states like Indiana, which denies benefits to workers involved in a strike but grants them in the case of a lock-out. Illinois makes no such distinction, denying unemployment benefits in either case.

Relations between labor and USX management had long been viewed as the worst in the industry by USWA officials interviewed throughout the district. They considered the company to be the most flagrant violator of contracting-out; the most hard line on job-combinations and other manning issues; and the most likely to use excessive overtime to meet productivity levels with severely reduced plant labor forces. The perception of USX management as the most hard-nosed in the steel business was epitomized by its CEO, David Roderick. Roderick had led the company further into diversification with the acquisition of Marathon Oil and Texas Oil and Gas corporations. In the spring of 1985 shortly before the onset of contract talks, he announced the decision to change the corporation's name from U.S. Steel to USX. The change was meant to signify the decreasing role of the corporation's steel division.

To further emphasize Roderick's decision that the corporation's steel division would have to 'hold its own', USX was the only steel company which refused to join the United Steelworkers' Crisis in Steel program and refused to open its books to the union as a condition for early contract talks. One week before the expiration of the 1983 contract, with talks at an impasse, Garyworks' managers and foremen received notification from USX headquarters in Pittsburgh that they were to shut operations down. On August 1, at expiration of the 1983 contract, work at the plant had stopped, its gates had been locked, and its work force had manned picket lines. The work stoppage, the longest in the history of the U.S. Steel industry, lasted for 6 months. On January 16, 1987 management and USWA negotiators agreed upon a contract which was ratified by the general membership in early February. The contract involved a $2.00 hourly reduction averaged over four years in wages and benefits, a gainsharing program, a profit sharing plan, and tighter restrictions on contracting-out.

During the work stoppage, the USX Corporation was the subject of a take over attempt by corporate raiders, most notably, Carl Icahn who had gained control of American Airlines in 1984 (The New York Times, November 11, 1986). The attempted take over was successfully blocked by a comprehensive corporate restructuring plan submitted by USX President David Roderick.

In summary, the overriding fact in the 1986 contract negotiations was that where wage cuts were proposed they were initially rejected by the rank and file, whether old or young, or whether there was a record of political dissidence. Only at Inland, where the company did not try to force a cut, was the contract ratified at first attempt. At the other two plants, where concessionary contracts were ultimately ratified (USX and Bethlehem Steel), ratification only came after pressure from the company and the International union. In retrospect, this finding could have been anticipated with the decision by the International USWA leadership to reverse themselves on an initial policy, announced after the 1983 contract, to refuse further wage concessions in basic steel contract negotiations. Locals 6787 and 1033 had rejected their contracts despite pressures from presidents of the Eastern locals and the International. Members of Local 6787 had carried a campaign for contract rejection to Bethlehem plants throughout the U.S. to no avail. The International was able to maintain the balance of power within the organization even though one of its largest locals from a district holding the core of the integrated steel sector had intensely lobbied against it.

The International leadership's control over the bargaining process, despite the newly won check of rank and file ratification, was also obvious in the contract with Inland Steel. Although the Inland contract included a minor wage cut it also had the potential to effect massive job combinations--representing a trade-off between wage and manning. While the company had agreed to accept a wage freeze, the union opened the door to future job combinations that had been bitterly fought by the crafts at Local 1010.

Finally, the USX situation was not one in which the union was able to win on either issue--wage or job security--without a long and bitter battle. The company took a hard line throughout the talks in the summer of 1986, asking for a $3.40 wage and benefit cut to be competitive with LTV while demanding union compliance with unrestricted contracting-out. Management would settle for a $2.00 hourly cut in wages and benefits averaged over the four year term of the 1986 contract, while allowing greater restrictions on contracting-out. However, the degree to which the USWA and management would agree on interpretations of the new contracting-out clause could determine whether or not it would afford greater job security in application.

The outcome of the 1986 talks indicates that in an atmosphere of prolonged and severe decline, a highly centralized union like the USWA, despite a badly weakened bargaining position, is still capable of determining which choices will be made in dealing with management and which trade-offs will be made with those choices. It also indicates that the issue of wage and benefit concessions drove the response of the USWA locals involved in the study. Although termination of pattern bargaining and the introduction of membership contract ratification was to have set the stage for contracts idiosyncratic to each producer and plant, the end products of the negotiations are strikingly similar, with the exception of differences in the size of hourly wage and benefit cuts. In the end, the union would trade wage concessions for a modicum of job security in the form of restrictions on contracting-out while locals' ratification votes reflected a preoccupation with the wage issue.

Bargaining issues facing the four locals

Prior to the initiation of contract negotiations, the USWA held a Wage and Policy Committee meeting to formulate its position on critical bargaining issues. In commenting on the 1986 Wage and Steel Policy Statement, USWA International President Lynne Williams emphasized the union's intention to coordinate its end of the bargaining in the pending basic steel contact talks despite the companies' unanimous decision to terminate coordinated bargaining. This determination was qualified by the union's willingness to consider granting early talks to those companies willing to join in a joint "Steel Crisis Program" designed to provide an industrial policy for the falling American industry. Williams also stipulated that the USWA would consider the companies' financial situations in the coming talks if their books were opened to union scrutiny. The stipulation would draw fire from local union presidents Richards (1033) and Regan (1014) in local newsletters and the area press. Both men had been vocal critics of the district and International leadership. However, the intention to coordinate labor's end of the bargaining process was accepted by local union officials as a sound strategy during an era in which rationalization had given rise to commonly shared concerns by local leaders throughout the industry. These common concerns were directed to the following issues pending negotiation in the 1986 contract talks:

-- wage concessions

-- job combinations and eliminations

-- overtime

-- labor management participation teams

-- contracting-out

-- job security guarantees

This list represents management policies which, although not new, had taken on a different character in the rationalization process to which the companies, fighting for a continually shrinking market share, had committed themselves.

As mentioned in the previous chapter, by 1986 the auto industry--the major consumer of steel produced in the Calumet region--was in a slump (American Metals, May 13, 1983). This would further weaken the bargaining power of locals in the district and further harden the companies' determination to seek relief with a contract that would lower labor costs while increasing productivity. A discussion of each of these bargaining issues will explain their relationship to that primary management goal.

Wage concessions

The 1980's had proven to be an era of concessionary steel contracts. There was a prevalence of individual plant agreements providing more substantial wage reductions than those included in the 1980 Basic Steel Contract which had been negotiated in coordinated bargaining. Such agreements were made with McLouth Steel, Weirton Steel and Wheeling-Pittsburgh Steel in 1982. All three companies were financially vulnerable. McLouth had filed for bankruptcy. Weirton Steel was to exit the industry on the basis of its agreement by selling its plant to its labor force in exchange for a 30% reduction in wages as part of the sales agreement. Wheeling Pittsburgh filed Chapter 11 bankruptcy in 1985, a move which led to a strike but also, eventually, to a further hourly wage reduction. This trend of negotiating separate plant level contracts undermined the purpose of a 30 year tradition of coordinated bargaining--the equalization of labor costs throughout the industry (Barnett and Shorsch, 1985:71). In 1985 the companies formalized the fragmentation of the industry by terminating coordinated bargaining. This trend was followed by another--the filing of Chapter 11 bankruptcy proceedings.

Chapter 11 allows for the restructuring of corporate debt, protection from creditors, and continued operation of business. In an article entitled "Chapter 11 Not So Chic Anymore," Business Week reported that an increasing number of firms had used Chapter 11 to restructure and avoid crippling labor contracts. "For awhile it seemed bankruptcy had become just one more management tool" (June 16, 1986). However, in a landmark decision, a federal appeals court denied companies the right to void labor contracts to unilaterally further reduce costs. They would now have to convince the court that they would collapse without further wage cuts. In June 1986, the LTV Corporation filed Chapter 11 and was later to ask the USWA to renegotiate the contract that had been signed one month prior to its bankruptcy announcement. In the weeks that followed, rumors in the popular and trade press reported that Bethlehem Steel would be the next company seeking relief through Chapter 11. By summer's end, the Reagan administration, concerned that other steel companies would resort to "the new management tool", established a presidential task force on steel. According to Commerce Secretary, Malcolm Baldridge,

> "If we are left in a situation where all the steel companies think they are better off going bankrupt than staying in their normal mode of business--we've got a terrible problem" (The Hammond Times, Aug. 18, 1986).

In interviews conducted prior to the early 1986 contract talks, District 31 union officials emphasized their determination that the cut taken at Wheeling-Pittsburgh would not be used to erode the wage of workers at financially healthy corporations. According to District 31 Director Jack Parton,

> "If U.S. Steel thinks they're going to get what a bankrupt company managed to get in the way of wage reductions, they're mistaken" (Parton).

Parton did not address the possibility that companies like LTV, in dire enough straights to file bankruptcy, might initiate a reopening of a newly agreed upon contract to negotiate a wage comparable to Wheeling-Pittsburgh's.

The Wheeling-Pittsburgh situation had weakened the bargaining position of labor while increasing the anti-concessionary fervor of local leaders newly elected to office in the Spring of 1985. Only one local president, Bill Andrews (Local 1010, Inland Steel) had been elected as an incumbent. Presidents Maury Richards in Local 1033 (LTV/Republic Steel); Paul Gipson, Local 6787 (Bethlehem Steel Burns Harbor); and Larry Reagan, Local 1014 (U.S. Steel Garyworks); had been opposition candidates.

In the aftermath of the 1983 Basic Steel Contract in which the companies had promised to use wage concessions to modernize plants but had continued to close or idle operations (or in the case of U.S. Steel, had embarked on major diversification programs), all candidates for local office in the district had run anti-concessionary campaigns. The fact that five of the seven newly elected officers had defeated incumbents suggests that the concessionary 1983 contract had negatively affected presidents holding office when it was negotiated.

However, the belief that a new local administration would hold the line against further concessions was tempered by contextual variables (age, plant technology, and company's financial status). According to the local 1033 grievance chairman at the outmoded LTV/Republic Plant,

> "We expected a wage cut. The question for us was 'how much'?" (Nelson)

This expectation did not preclude a determined stand against further concessions by the local after a campaign by

President Maury Richards and his supporters against contract ratification.

Contracting-out

In 1962 the National Labor Relations Board made sub-contracting decisions a mandatory subject of bargaining. Companies were made responsible for alerting union officers at the plant level to the existence of outside contractors (non-bargaining unit employees) within the plant (Miscimarra, 1983:24-25).

Although contracting-out had become a major issue in the 1980's, it had been a practice at some plants for years. In 1946 Local 1014 (Garyworks) accused U.S. Steel of launching a program of sub-contracting in the plant's sheet and tube facility that had resulted in the loss of hundreds of maintenance jobs (Chicago Historical Society Holdings, Local 1014 File). Contracting-out continued to be an issue dominating labor-management relations at Garyworks into the 1980's.

In fact, USX was identified by offices in all four locals as the most flagrant violator of past contracts relevant to contracting-out. However, the practice had become a major threat to the union industry-wide during the 1980's. Instances of sub-contracting that had been tolerated by workers and union in the past were increasingly grieved with continued lay-offs of bargaining-unit employees. The USWA tied the issue to the recall of laid-off hourly workers using the logic that work going to contractors rightfully belonged to the bargaining unit employees.

A report by the consulting firm Locker/Abrecht Associates used by the USWA in preparation for its Basic Wage and Steel Policy Statement, challenged managements' argument that outside contractors were necessary to lower labor costs, pointing out that managements' rationale was really more complex. By making labor a variable cost, the companies were free to hire and fire labor without incurring the obligation fo severance and pension benefits. The consultants found no independent documentation fo the actual costs and benefits of using sub-contractors.

> "Companies may avoid disclosure of this data, because outside contracting permits them to present a more favorable picture of productivity levels. This occurs because management does not include contracting-out work in calculating man hours per ton. According to one steel analyst, one-third of the man hours per ton claimed by U.S. Steel Corporation are due to the transfer of bargaining unit work to outside contractors" (Locher-Abrecht, 1985:10).

Salomon Brothers' financial analyst, Michele Galantier-Applebaum, noted that contracting out work would become the focal point in early negotiations since her estimation was that 5% of the 20% industry wide reduction in man hours per ton since 1979 was due to the use of non-union labor for maintenance and other service-oriented mill functions. In relation to the broader issue of manning, Galantier-Applebaum saw the practice as a more important source of cost savings for the companies than actual wage reductions (March, 1986).

As this suggests, craft workers (maintenance) had been affected by the practice, while the impact upon production workers had not been as great. However conversation with workers and owners of sub-contracting firms servicing USX Garyworks suggested that certain phases of steel production were increasingly being sub-contracted. U.S. Steel's policy in the late 1970's of attempting to limit its unionized workforce to those workers with "hands on steel" (production units) had been altered so that production too became fair game for the outside contractor (Taken from interviews with Alice Peurala and Larry Regan, Presidents of Local 65, USX Southworks and Local 1014, USX Garyworks).

In the past, sub-contractors who had been tolerated by the local unions were those called on to do work which demanded skills and equipment not available within the plant. For instance, vacuum trucks belonging to sub-contractors which come in to clear pipes of debris had been tolerated before the drastic increase in lay-offs. It was acknowledged that some types of jobs demanded outside equipment and skills--certain electrical and construction work. However, all local leaders, with the exception of Bill Andrews at Local 1010, had spoken of sub-contracting not only involving the installation of new equipment and its maintenance but also the maintenance of older equipment which had in the past been handled by plant workforces.

Andrews' contention that contracting out was less of a problem at his plant than others was seen by his opponents as a short sighted response to a long term managerial strategy. This was particularly the case since Inland's rationalization program had not been in progress as long as comparable programs adopted by its domestic competitors, indicating that the issue was a potential problem at the plant. However, there was general agreement among Local 1010 officers that unlike USX, Inland's managerial policy had traditionally favored in-house maintenance. The plant had a tactical maintenance team which handled jobs that were normally contracted out in other plants.

Inland's comparatively late rationalization was attributable to its consistent attention to the business of steel production. This was reflected in its continuous modernization efforts and more flexible approaches to filling customer demand. According to Local 6787 President Paul Gipson (Bethlehem Burns Harbor), Inland had always operated with a flexibility somewhat akin to a mini-mill by routinely supplying smaller orders of steel on short notice--a practice which other integrated producers in the area had traditionally refused as a diseconomy of scale.

However, Inland's heightened attention to rationalization since 1984 suggested to observers that its push toward sub-contracting had come, somewhat later than USX perhaps, but it had come (Dubois). While Inland remained unique in its minimal use of contracting-out, its management decided to employ another strategy to attain lower labor costs and greater productivity--the strategy of job combinations/ eliminations.

Job combinations/eliminations

In a survey of grievers in the integrated mills located in northwest Indiana prepared by the Midwest Center for Labor Research (Dubois et al, 1985), respondents were asked to estimate the percentages of job loss that they attributed to given managerial strategies.[5] Intensification of work through job eliminations, combinations, and pressure to work faster and longer were reported to have contributed to 31.6% of job loss in area mills from 1980-84. This represented a greater contribution to job loss than any other factor, including shutdowns (20.8%), contracting-out (20.8%) and change in product mix (17.7%).

In a survey conducted for this research in the spring and summer of 1986, a majority of grievers at the four plants chosen for comparison reported that contracting-out and job eliminations were the bargaining issues of greatest concern to the future job security of the men in their divisions. (See Table 4-B.) However, when asked which issues were more frequently grieved, grievers at two of the plants, LTV/Republic and Inland, identified more traditional shop floor issues. Seniority issues involving shift and overtime scheduling was ranked number one or two by seven of the ten LTV grievers while discipline and seniority related issues received a number one or two ranking by six and five of the ten Inland grievers interviewed.

Table 4-B

Results of Grievers' Survey
Bargaining Issues Identified as Most Important in 1986 Contract Talks

| LTV/Republic 1033 | N | Inland 1010 | N | Bethlehem Burns Harbor 6787 | N | USX Gary Works 1014 | N |
|---|---|---|---|---|---|---|---|
| Concessions (size of wage and 9 benefit cuts) | 9 | Job security (job eliminations) | 9 | Wage | 6 | *Job security | |
| 70/80 (Early) Pensions | 1 | Wage | 1 | Job Security· contracting-out | 4 | contracting-out | 6 |
| | | 70/80 (Early) Pensions | 1 | | | job eliminations/ combinations | 2 |
| | | Wash-up (Coke Plant) | 1 | | | *Two grievers (considered job combinations/ eliminations and contracting-out to be equally important) | |
| Total N = 10 | | Total N = 12 | | Total N = 10 | | Total N = 6 | |

Issues Most Frequently Grieved
(Ranking of 1st or 2nd)

| LTV/Republic 1033 | N | Inland 1010 | N | Bethlehem Burns Harbor 6787 | N | USX Gary Works 1014 | N |
|---|---|---|---|---|---|---|---|
| *Seniority Related Issues | 7 | Discipline | 6 | Contracting-out | 6 | Contracting-out | 6 |
| Contracting-out | 3 | Seniority Related Issues | 5 | Job combinations/ eliminations | 4 | Job combinations/ eliminations | 4 |
| Job combinations | 3 | Contracting-out | 4 | | | Seniority related issues | 2 |
| | | Job combinations/eliminations | 4 | | | | |

*("Seniority Related Issues" involve scheduling of shifts and overtime)

Job combinations and contracting-out were the next most frequently grieved issues at LTV (four of ten grievers gave these issues a first or second place ranking). The second most frequently grieved issue at Inland Steel was either contracting-out or job combinations, since four of ten grievers gave these issues a ranking of 1 or 2.

Bethlehem's most frequently grieved issue was contracting-out (six of ten grievers ranked it first or second) followed by job eliminations (with 4 first or second place rankings).

The gravity of the contracting-out issue at the USX Garyworks was reflected in its first place ranking by every member of the six member grievance committee. Job combinations (and eliminations) was ranked first or second by four of the six Garyworks' grievers. Two grievers gave these rankings to seniority related issues.

In summary, grievances at the Bethlehem and USX plants suggested that management strategies had involved contracting-out to a greater degree than had been the case at either LTV/Republic or Inland Steel. Grievances at USX in particular reflected a response to a practice which had become the norm. The number of disciplinary grievances at Inland was explained by the vice-president of its Local 1010 as related to the increasing pressure upon its relatively young workforce by a management in the throes of a massive rationalization program.

While contracting-out and job combinations had most affected the crafts in all four plants, job combinations were perceived as a greater long term threat to an entire workforce, craft and production workers.

Ironically, LTV grievers still indicated concern about job combinations even though their plant had experienced the most massive job combination program in the industry among its crafts in 1984--an issue which will be discussed in the following chapter. According to Local 1033 Grievance Chairman Doug Nelson, whose plant had experienced the combination of seven crafts into one several years earlier,

> "Contracting-Out is an issue that is talked about a lot and frequently grieved but job eliminations are more significant because they affect a greater number of workers throughout a plant."

Local 6787 (Bethlehem Burns Harbor) Grievance Chairman Paul Kaczocha agreed that although job combinations were less frequently grieved at Burns Harbor, they were a greater danger because they resulted in greater job loss. Although the Burns Harbor plant had opened with fewer job categories and so had less experience with combinations, there were recent indications that the plant's entire quality control unit had been earmarked by management for massive job combinations. In addition, at all plants with continuous casters, maintenance that might once have been handled by craft units were now the responsibility of operators.

The creation of a master craft in 1984 at the LTV/Republic Plant and the adoption of a mobile maintenance unit with ratification of the 1986 Inland contract suggested that job combinations would, at least in the short term, continue to disproportionately reduce the ranks of the skilled (craft) workers. The effect of technology on job loss was instead most keenly felt by production units. (e.g. The installation of a continuous caster displaces as many as 200 production workers involved in ingot production. Although the effect of continuous casting was less severe among the crafts, as mentioned earlier, companies had begun to train operators who could also maintain the casters they ran.)

As lay-offs due to operation closure and idlings reduced the labor force throughout the industry, management seized upon the opportunity to change work rules which had been protected in the past cyclical downswings. The prolonged decline of the industry disavowed the union argument that although workers might be considered temporarily redundant, job classifications were not. The opinion that archaic work rules had for too long inflated manning levels had become widely accepted by managers and the public.

Workers and grievers found themselves caught on the horns of a dilemma in grieving job combinations. Some grievers reported that the men in their divisions were reluctant to grieve a situation involving combining their jobs with a job of another worker who had been laid-off. Since combinations often involved position up-grading and pay increases, the grievers understood this reluctance (Bocien, LTV/Republic; Wagner and Serrano, Inland).

Even if the combination did not involve an upgrade, workers who continually saw co-workers permanently laid off were unlikely to grieve a combination if doing so would threaten their own precarious positions. Given these kinds of pressures, the frequency with which job combinations are grieved is surprising. (Job combinations were the second most frequently grieved issue at all four plants. Grievers tended to attribute this high percentage to their efforts to convince workers that the practice potentially threatened everyone's job security.)

Although the International USWA's Basic Wage and Steel Policy Statement (1986) published a few months before the first of the contract talks (with LTV and Bethlehem) devoted a lengthy section to the need for stricter provisions against contracting-out in the 1986 contracts, it devoted a single statement to the issue of job combinations.

> "Company plans for radically changing job content and work relationships should be examined with great care and thorough consideration for the long term effects on the membership."

The International's terse treatment of the job combinations issue suggested that it would bow to public opinion which blamed union work rules for lack of productivity and excessive labor costs. It instead chose to focus upon the issue of contracting-out, for which it had recently gained some favorable decisions from the National Labor Relations Board. Local 6787 President, Paul Gipson noted a significant victory won by his local in 1985 concerning the use of bargaining unit employees for peripheral work done on installation of the new caster at the Burns Harbor Plant. Grievers at USX Garyworks reported that the company had received contempt citations from the NLRB in early 1986 which had influenced quicker processing of the numerous contracting-out violations that had been previously bogged down within the grievance system (Gualandi and Gray).

The overtime issue

Of all the issues concerning the local leaders their responses to overtime were the most ambivalent. Whether or not overtime was recognized as a contract bargaining issue by local leaders depended less upon product demand than the degree to which the local leadership encouraged workers to refuse overtime under conditions of low employment. In addition, officers at USX Garyworks reported that management attempted to use overtime as a means of avoiding the costs of paying benefits to a larger workforce (Regan, McWay).

The use of overtime which had willingly been accepted by the USWA in periods of full employment became a point of contention as employment drastically fell off in the integrated mills. During the 1980's the USWA opposed overtime on the basis that the additional work could be given to those on lay-off. The extent to which managerial policy was aimed at reducing labor costs and increasing productivity by increasing overtime varied by company and plant. Level of demand and managerial policy geared to maintaining production levels while avoiding costs paid in benefits to a larger workforce were the most significant determinants of the perceived abuse of overtime. A griever in Local 1014, USX Garyworks, complained that some men in the coke plant were consistently working excessive overtime shifts (Gray). In contrast, the chairman of the Local 1033 grievance committee at LTV Republic Steel commented that orders had so fallen off for the plant's bar products that there was little overtime available (Nelson).

Like the job combination issue, overtime is a difficult one for grievers to handle. While some grievers acknowledged the attraction of overtime for workers facing the constant pressure of impending lay-off and future loss of income (USX, LTV/Republic), others like Local 6787 Grievance Chairman Paul Kaczocha criticized the Bethlehem contract because it didn't eliminate overtime completely unless laid-off workers were recalled. In recent years Bethlehem Burns Harbor workers in some work divisions had voluntarily refused any overtime unless those on lay-off were recalled. In contrast, although little overtime was reported to be available at the LTV/Republic plant, Local 1033 grievers indicated that many of their grievances were related to seniority rights in scheduling overtime and shifts. Yet none of the officers interviewed at Local 1033 identified excessive overtime as a significant bargaining issue. The LTV/Republic plant's remaining workforce, which had experienced drastic lay-offs cutting into the ranks of those with less seniority, was particularly sensitive to the seniority related issues of shift and overtime scheduling. In the words of one LTV griever, "All we have left is the crumbs." In an atmosphere rife with rumors of impending plant shutdown, the workers battled among themselves for those few crumbs.

Inland's Local 1010 grievers and officers did not report overtime to be a significant issue for the workers at their plant. Yet, as was the case at Bethlehem Burns Harbor, this was not necessarily due to a drop in demand. Bethlehem's workers reacted differently to the overtime issue than Inland's workers despite both plants losing less of their workforces to lay-offs than LTV and USX, in part, because Local 6787's leadership had made workers more sensitive to the issue. Another and equally significant factor was the lack of factionalism within the rank and file at Burns Harbor and the similar policy orientation of its two caucuses. These characteristics were influenced by the Bethlehem workforce's ethnic and racial homogeneity and by the plant's premier position as the most productive mill within Bethlehem Steel. The latter factor was recognized by all interviewed as added leverage in dealing with management.

In addition, Local 6787's history of turnover in leadership made the local's two caucuses sensitive to significant issues at the shop floor level as they related to the broader issues of the basic contracts. Finally, as noted by Needleman (see section--"Racial and Ethnic Comparison of Hourly Workforces..." in this chapter), the effect of the 1974-77 reform movement which began in the district when local 6787 had been organized for only a few years had strongly influenced both caucuses so that ties between the rank and file and local leadership had consistently been less attenuated at 6787 than at the other locals.

## The Labor Management Participation Program

The Labor management Participation Teams Experimental Agreement was negotiated with the 1980 Contract in Basic Steel. The LMPT clause provided for the programs to be voluntary and established with the cooperation of the local union and plant management (Statement of Sam Camens, Asst. to the USWA International President, before the U.S. House of Representatives, April 23, 1982).

The LMPT concept is not new to the industry. Attempts at incorporating such programs in the basic contracts were made in 1971, 1974 and 1977. Within the steel industry the concept has taken the form of plant committees at the level of the work division or department meeting with and advising management on ways to increase efficiency and promote the use of domestic steel (Siegle and Weinberg, 1982).

The 1980 plan was the brain-child of Sam Camens, Assistant to the International USWA President. It consisted of two organizational layers: "participation teams" at the departmental level or below and another team at the plant level which would provide coordination. The teams were to consider and decide issues relating to the use of equipment, quality of work environment, safety, health, scheduling, absenteeism, overtime, incentives, job alignments, contracting-out, energy conservation and transportation pools. Supervisors and workers were to agree on all decisions. Despite the seemingly far ranging authorization of such teams they were not to alter the terms of the basic contract or interfere with the grievance procedure. Prior to program implementation, those involved in the teams from both the labor and management sides were to participate in a training program in problem solving (Seigle and Weinberg, 1982: 128-9).

Seigle and Weinberg (1982) noted that the efforts made to begin the LMPT programs in 1974 were adversely affected by "the resistance of workers in the Chicago region to the program, in defiance of the national leadership." (129) They went on to say that the Chicago faction lost its fight against the established International hierarchy in the decisive 1977 election and speculated that this defeat would lead to reduced resistance to LMPTs in the future. (The "Chicago faction" is a reference to the Steelworkers Fightback reform movement initiated in District 31 in the mid 1970's. The Steelworkers Fightback candidate, Ed Sadlowski was defeated by Lloyd McBride for the International USWA Presidency in 1977.)

This research did not validate Seigle and Weinberg's projection. It instead found that resistance to LMPTs had continued unabated by the leadership of the four locals chosen for comparison. In addition, as noted by Nyden (1985), with increased conflict over collective bargaining between management and union, the International leadership became less supportive of the Labor Management Participation Team concept. The ambivalence toward LMPTs at higher levels of the USWA was reflected in District 31 Director Jack Parton's interview comments in which he suggested that the teams had limited potential for turning things around for a plant that a company had identified as unproductive and unprofitable (Parton).

As the profile of Local 1033 in the following chapter will suggest, the decision to terminate a large scale LMPT program at the LTV/Republic plant involved the participation of Sam Camens, the International representative who had been the driving force behind the concept in the late 1970's and early 1980's. The generally held fear that LMPTs would be used by management to further control the work process and undermine the union grievance procedure continued despite language in the 1980 contract which sought to control the teams interference with the grievance procedure and "grievable issues". Ironically, this language was accompanied by an enticement to adopt LMPTs which would significantly change the grievance procedure. A "Justice and Dignity" clause was attached as a rider to the LMPTs and was also optional at the plant and local level. If LMPTs were implemented, the "Justice and Dignity" procedure would amend the grievance process so that workers could continue working until final determinations had been made on their grievances. Suspension from work would only follow a grievance decision against the worker. The "Justice with Dignity" rider was somewhat incongruous in light of contract language denying that the teams would have an effect on the grievance process.

By the Fall of 1985 none of the integrated mills in the district had on-going LMPTs in operation. However, Local 1010, Inland Steel, had agreed to the establishment of Labor

Management Relations Committees (LMRCs) in 1984. The LMRCs were less formal programs involving no prior training. The original LMRC program consisted of only one committee composed of the top local officials and plant management. By 1986 Inland's LMRCs had been instituted within some of the work divisions (approximately 5 of the 31 work areas in the plant, according to Local President Bill Andrews). Like the LMPTs the LMRCs were established at the initiative of labor and management within the work group or division. The LMRCs were described by President Andrews as groups designed to discuss "problems" in the work area. Andrews did not feel that the issues discussed in the LMRCs were as far ranging nor was their authority as extensive as that of the Labor Management Participation Teams provided for in the 1980 contract. However, members of the opposing caucus distrusted the Labor Management Relation Teams, and expressed concern that they were too close to the LMPT concept for comfort (C. Mezo, Vasilak).

Local leadership's perception of the international USWA's strategy in preparing for the 1986 contracts

At the expiration of the 1983 contract, the USWA reported that employment in basic steel was down 56% from its peak in the late 1960's (The Gary Post-Tribune, August 18, 1986). As mentioned earlier, to staunch the loss of jobs and membership, the International USWA's Basic Wage and Steel Policy Statement (January 1986) conceded that the union would consider the financial status of each company in the coming contract talks.

This was an explicit signal that wage demands would be geared to assessment of the severity of each company's profit or loss. The union chose the consulting firm of Lazard Ferrare to conduct an independent audit of those companies wiling to open their books as a condition for early contract talks.

The statement then outlined the importance of assuring the job security of the remaining workforce in steel. It largely addressed job security in terms of reducing the practice of contracting-out. Much less emphasis was given to the issue of job combinations and eliminations which also falls under the rubric of "remanning". This emphasis upon contracting-out underplayed the significance of job combinations and eliminations within District 31 in light of the 1985 survey conducted by the Midwest Center for Labor Research. The survey of grievers in USWA locals working within the major integrated mills in northwest Indiana (which included three of the four plants involved in this research--U.S. Steel Garyworks, Bethlehem Steel Burns Harbor, and Inland Steel) indicated that the greatest percentage of job loss at these mills was due to job "speed-ups" (36%). "Speed-ups" included job combinations and increased pressure to work longer and faster. Contracting-out had accounted for a smaller percentage of job loss (20.8%) during the period chosen for analysis 1980-1984.

The survey conducted for this research indicated that job eliminations and combinations were viewed as equal threats to job security. Locher and Abrecht, a group of consultants hired by the USWA, conducted a survey of grievers in basic steel locals throughout the country. However, their survey findings were not made available to this researcher. Since the Locher and Abrecht survey included all of the USWA districts, it provided a much broader base of response than either the MCLR survey or my survey, which were both restricted to mills in one district--District 31.

Information gained from interviews with local officers and grievers suggests that the International leaderships' decision to concentrate its efforts on the issue of contracting-out may have been due to two factors:

1. A traditional perception in the USWA that basic questions of manning (e.g. size of workforce) rightfully belong to the company (a perception which will be further discussed in the following chapter);

2. The public perception, fueled by expert analyses that continued loss of competitiveness in the domestic industry was due in part to archaic union work rules (Barnett and Shorsch 1983:276).

With the paring of operations and labor force resulting from rationalization, the union could no longer defend work rules designed to protect job classifications that had been designed in eras of strong demand during which the U.S. industry enjoyed domination of domestic and international market share.

Surprisingly, the minimal attention given to the issue of job combinations was not a cause of concern among most of the local officers interviewed. Criticism of the Wage and Policy Statement instead focused on the implicit decision to, "give on the issue of wage concessions." Although even on this issue reactions were mixed. Respondents who were dissatisfied with what they perceived to be the International's hedging on a previously strong position against wage concessions were those who had been critical of the International throughout their interviews. They felt that making the wage issue conditional upon companies' financial status negated the union's intention to "coordinate its end of the bargaining process."

The presidents of Local 1014, USX Garyworks (Larry Regan) and Local 1033, LTV/Republic Steel (Maury Richards) volunteered comments critical of the statement's treatment of the wage issue. Presidents of Local 1010 (Inland Steel) and Local 6787 (Bethlehem Steel Burns Harbor), Bill Andrews and Paul Gipson, who had been categorized as more moderate and supportive in their attitudes toward the International, were not critical of the International leadership's position gearing wage to corporate financial status. Paul Gipson was hopeful at the onset of early talks with Bethlehem Steel that the company's decision to open their financial records to the union was an indication that, unlike the situation with USX, there was some chance for a resolution of negotiations before expiration of the 1983 contract.

Responses of the grievers interviewed at each of the locals were highly ambivalent. A small minority of grievers, overall, expressed dissatisfaction with the International's preparations for contract negotiations. Even grievers who were members of caucuses traditionally critical of the union hierarchy were divided in their assessment of the International's performance in setting the stage for early talks. Rather than demonstrating a greater radicalism, that Aronowitz and others contend typifies workers on the shop floor (vs. the conservatism of the International leadership) grievers' attitudes were ambivalent toward the International's policy goals, recognizing that the leadership's concern with the potential for corporate bankruptcy was well founded.

A Local 1010 griever--a member of the Fightback group during the Balanoff-Sadlowski era who was consistently critical of the moderate stance taken by the local's president, Bill Andrews--commented,

> "What good does it do us to argue over a few cents an hour unless we're assured of having jobs tomorrow" (M. Mezo).

His concern was directed less to the International's ambivalence toward the wage issue than the ambivalence of the USWA at all levels toward the growing threat of job combinations to job security. Since he was a craftsman, his reaction is consistent with Form's finding that the crafts are more sensitive to threats to union work rules that are protective of craft prerogatives. The contract with Inland Steel did include an additional maintenance crew with the potential to drastically reduce the number of craft positions.

What had been rumored among Inland's craftsmen at the time of this interview had become a reality.

Summary

Despite a pre-negotiation public dialogue which focused on the issue of wage concessions, the anxiety over impending job loss made the issue of job security paramount to the majority of union officials interviewed. This reaction should be assessed in terms of the sequence in which the separate contract talks were held. LTV's was the first contract to be opened. The second largest of the integrated producers, the corporation was the most vulnerable financially. The LTV contract represented the deepest wage and benefit cut that the USWA was willing to bear. It was assumed that concessions in the contracts that followed would be less severe.

Regardless of the anti-concessionary pre-negotiations rhetoric, the International had, in the end, set parameters around cuts in wages and benefits within the industry rather than denying them. The LTV contract was a signal to the companies and locals whose talks followed that there had been a floor established for wage cuts at $3.60 an hour. The Bethlehem contract with its $1.96 hour cut would provide another signal--the floor would hold, but for workers employed by financially troubled companies, cuts were inevitable. The International had chosen to give on the issue of wage while emphasizing the issue of contracting-out as the greatest threat to job security.

The contracts agreed upon in the summer of 1986 involved another trade-off. Rules protecting jobs against combinations were traded for tougher restrictions on contracting-out. This trade-off would be most evident in the Bethlehem and Inland contracts with the inclusion of Gainsharing clauses, which introduced bonuses to workers who contributed methods of increasing productivity. Officials at Local 6787, Burns Harbor, and Local 1010, Inland: Grievance Chairman Paul Kaczocha and Vice-President Mike Olzanski, believed that the program was a way to entice workers into cooperating with the elimination of co-workers jobs in the hopes of gaining financially from the increased productivity that followed. It was viewed as another management tool to divide the workforce while decreasing labor costs and increasing productivity.

In contrast to the International's hesitancy to confront the issue of job combinations, contracting-out was a safe issue and one in which recent NLRB decisions favoring the union had suggested some leverage in negotiations.

As the discussion of each contract in the individual local profiles in Chapter 5 will indicate, only one contract in basic steel (one not included in this research) met the issue of job security head-on. The contract with National Steel, a partly Japanese owned company, guaranteed the jobs of the current workforce for the three year life of the contract.

## Chapter 4 Notes

[1]Taken from an interview with Clarence Disney, USWA District 31 staff member in charge of Education and Information, Oct. 16, 1987.

[2]Data on locals' ethnic and racial composition were taken from the records of local presidents and human relations committees in the Spring and Summer of 1986.

[3]The number of white workers at Bethlehem is somewhat inflated in comparison to the other three plants since it includes management, while data for the other plants only represent hourly employees.

[4]This figure initially mentioned by Local 6787's President and Vice-President was verified by the Burns Harbor plant research department.

[5]The Midwest Center for Labor Research is a facility begun by union activists including past District 31 Director (1977-1980) Jim Balanoff, who had been instrumental in the Steelworkers' Fightback reform movement. The Center was established in the early 1980's to provide information and consulting services to rank and file workers and their organizations as well as to "established" union organizations. Since its inception MCLR has focused on strategies to avoid concessions and plant shutdowns.

## Chapter 5

## DISTRICT 31 LOCAL UNION POLITICS AND THE 1986 NEGOTIATIONS

This chapter reviews the history of district and local union politics. These unique political histories are highlighted to provide additional depth to the contexts in which locals responded to the bargaining issues discussed in the previous chapter. Chapter 5 explores the significance of such issues as the reformist movement of the 1970's, Steelworkers Fightback, which was initiated in District 31. While the Sadlowski-Balanoff era in the district's politics, born of that movement, had lasted from 1976-79 and Steelworker's Fightback had lost its momentum, its influence could still be seen in the politics of individual locals.

### United Steelworker of America District 31

From 1979 to 1986 northwest Indiana lost 44,000 jobs in steel--a 38% reduction of approximately 104,000 jobs (Singer 1986). The district's integrated mills are heavily dependant upon orders from American automakers. The slump that they experienced during the 1980's coincided with the recession in the domestic auto industry. Increasing substitution of plastics and alloys for steel in American cars left the integrated steel mills in northwest Indiana and Chicago in a depressed state even during the auto industry's temporary upswing in the mid 1980's. By the summer of 1986 the auto industry had gone into another slump causing a further worsening of the situation for the integrated steel sector in the Midwest (Dubois, 1985; American Metals, May 13, 1986; the Chicago Tribune, July 20, 1986).

The United Steelworkers of America's District 31, encompassing northwest Indiana, metropolitan Chicago and central Illinois, has the largest number of active members in the international organization. This has traditionally made the district an important factor in the outcome of elections for international office. Al Sampter, a District 31 union activist since the 1940's, recalled that long time District 31 Director Joe Germano was credited with "delivering the district" to I.W. Able in 1965 when Able ran against incumbent International President John MacDonald in what had been called a "palace coup". (Prior to his candidacy Abel had been International Secretary-Treasurer.) It was the first time in the history of the USWA that an incumbent international president had been defeated (Nyden, 1984:50). The ability to determine the outcome of international elections made Germano a force to be reckoned with in the USWA. Germano's power, built over his 30 year tenure as District 31 director, was due in part to a constitutional artifact which made incumbent USWA district directors very difficult to unseat. The constitution provided for a nomination process requiring that a potential candidate be nominated by eighteen of the locals in District

31 (Article V, Sec. V). This had involved running separate campaigns before the nominating process at all eighteen local organizations. The degree to which this had restricted opposition to incumbents is reflected in the fact that Joe Germano ran unopposed for 25 of his 30 years in the directorship (Sampter). Upon Germano's retirement, his hand picked replacement, Sam Evett, was opposed by maverick Ed Sadlowski in 1972. As will be discussed later, Sadlowski's success in getting on the ballot was due largely to an arduous campaign aimed at winning over the number of locals required by the international constitution.

When District Director Joe Germano announced that he would not seek reelection, a group of rank and file dissidents from the larger basic steel locals in the district supported Ed Sadlowski, President of Local 65 (U.S. Steel's Southworks) for the directorship. In 1974 Sadlowski opposed Sam Evett, Germano's handpicked candidate who was also backed by USWA International President I. W. Abel. Sadlowski launched a campaign calling for the return of the USWA from the "Tuxedo Unionism" of Germano, Evett and Abel, to democracy through rank and file control.

Ed Sadlowski's campaign for the district directorship became the first stage of a struggle between the "official family" (USWA district and international offices) and rank and file dissidents within the larger basic steel locals including Local 65 (U.S. Steel Southworks, Chicago) and the locals studied in this thesis. This struggle extended beyond District 31 to become an "international reform movement" from 1973-1979. Nyden (1984) has claimed that worker dissatisfaction, the sense of loss of workplace control, and union centralization had been identified as factors leading to the insurgency within the USWA that had begun in District 31 in the 1970's.

In February, 1973, Evett won the election by 2000 votes. Sadlowski contested, appealing to the International for a recount. After the International rejected the appeal, he turned to the Labor Department which conducted its own investigation, invalidated the February results and held a new election in November 1974. Sadlowski won the second election and went on to direct the district during a period in which "Rank and File" candidates wrested control of local organizations from administrations favoured by the "official family".

Toward the end of the I.W. Abel administration, with a power base established in the district, Sadlowski supporters organized "Steelworkers Fightback". This group spearheaded Sadlowski's campaign for the international presidency in 1975-76. Although Sadlowski lost the 1976 election to Lloyd McBride, Jim Balanoff, one of Sadlowski's strategists and the president of Local 1010 (Inland Steel), was elected to the district director's office. Thus, Balanoff became the second consecutive director in the history of District 31 to represent a philosophy of trade unionism at odds with the union's international leadership.

The relationship between the District and International would become increasingly strained under Balanoff's directorship. The International president holds the power of appointment to district posts. McBride refused to honor Balanoff's choices and instead made his own appointments, including Harry Piasecki as district staff representative. Piasecki was president of Local 1014 (U.S. Steel Garyworks) when he opposed Balanoff for the directorship as an "official family" candidate. (In 1986 Piasecki would be the official leadership's appointee, to replace a "dissident" union president in the district--Larry Regan at Local 1014, U.S. Steel Garyworks. Piasecki's temporary appointment as administrator of Local 1014 will be discussed in the local's profile which follows.)

Balanoff's four year tenure, from 1977 to 1981, was marked by confrontations with McBride. Balanoff described a typical conflict over handling a "small strike" involving 400 people at seven plants.

> "I negotiated that contract. They ran scabs on me. They had our strike pretty well broken. I wrote McBride and said, 'Hey, look--I'm tired of negotiating for scabs and strike breakers.' They wanted to end the strike without displacing the scabs... get everybody (bargaining unit employees and scabs) back to work. His reply was 'Your job as director is to save the structure of the union... If you let them all come back they'll (company) take the officers back and we'll still have a union. Those scabs will be paying dues in a month.' And that's what we did. And we do it over and over. If those people will sell out their fellow workers, you know what kind of unionists they'll make. That's the kind of people they want in leadership. They take them in... Make them

> officers... Just to have the dues. It's a business" (Balanoff).

Balanoff was particularly bitter about the 1983 concessionary contract (involving an average 9% cut in pay during the first year and reduced benefits) which his successor to the directorship, Jack Parton, had helped to negotiate. Balanoff saw the contract as a sell-out and the result of complicity between the companies and USWA hierarchy but also acknowledged that his assessment was based on a contradictory trade union philosophy.

> "McBride thought that God put him on earth to save the steel industry. He always thought I was out to destroy it. So we could never communicate" (Balanoff).

Balanoff lost the directorship in 1981 to Jack Parton, who benefited from the backing of the International hierarchy. With Balanoff's defeat the Fightback organization which had been weakened by the Sadlowski loss, began to unravel. It reemerged as a much smaller and more tenuous district network when Parton ran for reelection in 1985.

Local officers interviewed in this research considered the 1983 contract to be the weakest negotiated on the part of steel workers in recent history. The contract did not include renewal of the Experimental Negotiation Agreement (ENA) which exchanged a cost of living provision for a "no strike" guarantee. (Ironically, the ENA had been opposed by Sadlowski and Steelworkers Fightback in the early 1970's on the basis that its no strike clause strangled dissent among the rank and file. By 1983 the unilateral decision by the companies to rescind the ENA was generally considered symptomatic of labor's badly weakened bargaining strength.) In addition, the USWA had failed to win provisions to insure job security, protection against shutdowns, a shorter work week, a stronger grievance system, and improved pensions (Nyden, 1984:95-6).

Despite the reformists' failure to capture the International presidency in 1976, Jim Balanoff contended that for the first time a grass roots effort begun in the district had given the established union leadership a "run for their money."

Al Sampter, a rank and file activist in Local 1014 and early Sadlowski supporter, contended that the "Fightback legacy" left a district long autocratically closed to opposition now open to the possibility that "others" could get on the ballot for district director. His description of that autocracy was consistent with classical Michelsian and Weberian descriptions of political entrenchment through resource monopolization and professionalized bureaucracy. According to Sampter, the nomination process had effectively suppressed viable opposition to the district leadership until the Sadlowski campaign. The constitution stipulated that five locals plus an additional local for each 10,000 members nominate a candidate so that his/her name would appear on the final election ballot. (Each local represents one nomination vote regardless of membership size.)

The limited resources of small locals restricted their ability to successfully facilitate grievances making them more dependant upon district staff representatives who decided which grievances went to arbitration. The smaller locals had traditionally voted as a block in support of incumbent district directors. To overcome that tradition, the Sadlowski supporters worked at the plant gates of small locals to win their support.

> "Nobody had done that before. Our effort was a 'crusade.' So getting on the ballot for the first time in 25 years was an accomplishment no matter what happened after that" (Sampter).

The degree to which the momentum of the "Fightback" contingency had been defused was best symbolized by Sadlowski's position in the USWA by the mid 1980's. After endorsing the International leadership's choice for district director, incumbent Jack Parton in 1985, Sadlowski maintained a very low profile throughout the campaign. He had taken an appointment as sub-district director offered him by the International after his defeat by McBride and his support of Jack Parton rather than Alice Peurala (the candidate of the remaining "Steelworkers Fightback" group) for the district directorship in 1986.

With these decisions Sadlowski quieted the few early rumblings about "Oil Can Eddie" running for director. By the time the campaign rhetoric was warming up in the summer of 1985, Sadlowski's name was rarely mentioned. Perhaps out of loyalty forged during the heyday of the "Fightback" era or because of the tendency to close ranks when questioned by an outsider, no one associated with Steelworkers Fightback suggested a sense of betrayal when interviewed by this researcher.

The district director's election in 1986 provided a forum for the "last gasp" of the "Fightback" effort. Two candidates opposed incumbent Jack Parton: John Bierman who was a sub-District 31 director and John Palmer who ran as a reformer with the support of the remnants of the Fightback contingent. When Palmer decided to withdraw a few months into the campaign, Jim Balanoff convinced Alice Peurala to run against Parton. Although Parton ran with the full support of the International, veterans of the Fightback movement felt that Bierman, who had been on the International's staff for many years and had the reputation of a "moderate" and Parton were "cut from the same cloth". Both were the "International's boys". Bierman's long stint as an International staff representative in the district did not help his campaign as a "rank and file" alternative candidate. However, Bierman contended that it was Peurala's late entry in the race that split the "opposition vote" and ultimately defeated him.

With only 35% of the eligible voters going to the polls, Parton won the election with approximately 50% of the vote. Bierman received 8,927 votes to Peurala's 5256.

Chicago reporter John Conroy's comparison of the 1986 director's race to those of the Sadlowski/Fightback era, was the only in-depth journalistic analysis of a contest that had drawn the interest of the national press ten years earlier. If coverage of the campaign suggested the absolute eclipse of the reform movement in the district, the election outcome could be described as a vote of resignation rather than a positive evaluation of Parton's performance. In choosing to return an incumbent identified with the 1983 concessionary contract to office the rank and file had acknowledged that the concessionary 1983 contract would not continue to be an albatross for a district director who had been instrumental in its negotiation. Comments by grievers and officers, even some who were not particularly avid Parton supporters, suggested that he was not the only USWA negotiator who had been "duped" by the companies that had promised that wage concessions would save jobs and be used to "modernize" plants otherwise slated for closure. Parton along with others had been well intentioned but misled by the companies (Kruchowski, Crona, Vrahouretis, Gualandi, Nelson).

It should be noted that this research was designed to assess the responses of local union organizations to changes in the steel industry. Given this, it is better equipped to assess the perceptions of local union officers than the rank and file membership. Hence, analysis of the rank and file reaction to Jack Parton's directorship, is at best, speculative.

Before turning to brief historical profiles of the four local organizations, mention should be made of an interesting pattern concerning the contextual variable, age of hourly workforce (see Table 1), which emerged in the interviews conducted on the level of the District 31 organization.

While contemporary theorists have contended that younger workers are more dissatisfied (Wright and Hamilton, 1978) and more likely to voice their dissatisfaction with their jobs than older workers (Aronowitz, 1973), interviews of older trade unionists conducted for this research before the 1986 contract talks suggested quite the opposite. District Director Jack Parton and his opponent, John Bierman, were both skeptical that the comparatively young Burns Harbor workforce would be willing to strike with a breakdown in the coming contract negotiations. The older unionists' perception of the younger workers' apathy was expressed by Jim Balanoff,

> "They have contempt for the union... There's a whole generation of steelworkers that have never been on the street. They don't know what a strike is. They think that everything just came" (Balanoff).

Like others who had been in the 1959 strike (the last industry wide strike), John Bierman felt that along with apathy, the younger workers' fear would influence their strike vote.

> "A lot of the old timers fought to get this union. A lot are ready to fight again. And I'll tell you what they'll fight for--their insurance and pension benefits. The workforce at Bethlehem (Burns Harbor) is younger. Younger workers are scared to death. This may not be true of all of them, but percentage wise. They've got expenses--houses, cars, kids in

school. When we had the '59 strike I was precinct captain and in those days local businesses like grocery stores would 'carry you'. There was strong union support. They knew there'd be an end to the strike and you'd be back to work" (Bierman).

Younger unionists from other district locals had a different perspective of Local 6787's determination and "strike potential". Mike Olszanski, vice-president of Local 1010 at Inland Steel and chairman of the local's strike committee, described the early strike preparations at Local 6787 as one example of the determination and cohesion of a local he described as having some of the toughest and most progressive trade unionists in the district.

Responses to the proposed contracts did not provide a clear cut answer to resolve the debate on age and anti-concessionary behavior. Self interest in wages or pensions divided the younger Burns Harbor workforce from older workers in Bethlehem's eastern locals on the contract ratification vote. The lower average age of the Burns Harbor workforce and their modern plant which had minimized the necessity for operation closures and lay-offs, contrasted sharply with the situation of Bethlehem's eastern mills which had experienced massive closures and lay-offs for more than a decade. Yet the older LTV/Republic workforce did not choose to protect pension over wage. Even though the company was near bankruptcy and the plant rumored to be near closure--a situation which threatened LTV's ability to honor its pension fund obligations--Local 1033 members chose to reject their contract because of its wage and benefits cut. (While LTV's Indiana Harbor plant was not included in this comparison, it is interesting to note that the decision to strike over the company's abrogation of its pension responsibilities was made by the International USWA. (Although the rank and file in Local 1010 cast a strike vote, those who were opposed to a strike over pensions who were interviewed by the media were younger workers.)

In summary, the reformist movement which emerged in District 31 during the 1970's had lost momentum by the time that the 1983 concessionary contract was signed. An effort to revive it by capturing the district director's position in 1985 was unsuccessful. Despite this, anti-concessionary sentiment was strong throughout the district concerning protection of wage and benefit levels in the 1986 contract negotiations. Although older union leaders questioned younger workers anti-concessionary resolve in the event of a strike, general membership contract ratification votes suggested that age differences affected response in ways that did not simply dichotomize older and younger workers. This is a finding which will be discussed in detail in Chapters 6 and 7. The discussion next turns to the political histories of the four locals.

# Political Histories of the Four Locals

## Local 1033--LTV/Republic Steel

Of all the District 31 basic steel locals, Local 1033 had a beginning most characteristic of the difficult and sometimes bloody early efforts to organize the steel industry. Its plant was the site of the Republic Steel Memorial Day Massacre on May 30, 1937, in which ten steelworkers lost their lives in a demonstration aimed at gaining the company's recognition of the worker's right to organize a union. Recognition would come in 1941 when the company agreed that the Steelworkers Organizing Committee (SWOC) would be the exclusive bargaining agent for the plant's hourly workforce (Chicago Historical Society District 31 Holdings).

With a current membership of approximately 1700 (down from a peak of 4000), Local 1033 had always been the smallest local of the four compared. It was the only local in the district to have returned an incumbent to office over a consistent 18 year period in recent history. It was also the only one of the four locals to have experienced a major corporate merger (with the sale of Republic Steel to the LTV Corporation in 1984). Finally, its plant had benefitted the least from modernization efforts and was the only one without a continuous caster. With LTV's reported $275,000,000 loss in 1985, the largest suffered by an integrated producer in the district, rumors of an eventual plant shutdown plagued management and union officials. In addition, the Republic Plant had already experienced job combinations within the crafts that some of the larger locals in the district, particularly Inland Steel's 1010, had been fighting for years. Frank Guzzo's administration (which ran consecutively from 1963-85) finally overcame avid opposition to the combinations by dropping an attempt to create a general electrician master craft since the electrical workers had provided the backbone of the opposition. Guzzo instead concentrated on the mechanical master craft and after renegotiating the terms of that combination won a general membership vote to introduce the position of "general mechanic" in 1983 (Nelson, 1986). This position absorbed seven craft jobs (boilermakers, pipefitters, welders, riggers, carpenters, millwrights and painters) into one master craft.

Local 1033's relatively small size as compared to the other three locals, explained why it was the only one to have two of its officers (from an eleven member executive board and 10 member grievance committee) on full-time status. Full-time status in the other locals varied. While Local 1014 was the only local to have grievers and many committee heads on full-time status, locals 1014, 6787 and 1010 all had full-time officers (president, vice-president, recording secretary and financial officers). Local 1033's financial resources had been considerably worsened by the plant's 42% reduction in workforce since 1982. In June 1986, the executive board voted to cut costs by $5000 a month to avoid potential bankruptcy. Cost cutting measures included reducing loss time (monies paid by the union as compensation to officeholders) for its previously full-time officers, the president and grievance chairmen.[1] Cuts were also made in the grievance procedure budget--a move which was criticized by one griever because it would "gut the most important service the local provides its members." His reaction echoed a finding repeated throughout this research, that the grievance procedure continues to be extremely important to the credibility of the local organization among the rank and file (Batstone, 1978; Crouch, 1981).

In the spring of 1985, Maury Richards defeated the incumbent, Frank Guzzo, in his bid for reelection to a seventh 3 year term. Guzzo had sought reelection despite the fact that he would be retiring from his job at the plant and so would have to give up his presidency one year before the end of its term. Richards, who had served as guard in the previous Guzzo administration had failed to unseat Guzzo in 1982.[2] Guzzo and Richards represented two very different options for the Local 1033 membership. Guzzo was only one year from retirement after a 30 year career with the local. Since 1957 he had held the positions of trustee, treasurer, and griever before his term as president in 1967. Richards had been employed by Republic Steel for nine years and had been on lay-off until shortly before his nomination. His union experience had been limited to the office of guard. Ironically, his eligibility for candidacy had been saved when he was recalled to work after the creation of the general mechanic's position in 1984. While Joe Guzzo pointed out that Richards had been uncharacteristically quiet about the massive combination which had resulted in a master craft position while it was underway and had failed to attend the meeting in which a vote was taken on the proposed combination, in interview (conducted two years after that vote), Richards pointed to the general mechanics position as an example of Guzzo's excessive moderation.

In the aftermath of the 1983 concessionary contract in basic steel, campaigns for local union office were all characterized by anti-concessionary rhetoric. The local and district director's elections are timed to precede the negotiations of the three year contracts. Local elections are held in the spring while district director's elections are held in the late fall of the year preceding the contract talks. This allows for a "clean sweep" prior to negotiations while also allowing a few months for candidates replacing incumbents to prepare contract strategy. This makes the political alignment between candidates at the local and district levels particularly important to the dynamics between the two levels in the overall union structure. A few months after local elections, the nomination process for the district director's position begins within the locals. District director candidates monitor the elections of local union candidates who may or may not support them and so gauge their own election chances.

Local 1033's election in the spring of 1985 was distinguished by the number of slates representing candidates. Six candidates vied for the president's job while four ran with complete slates for the other union offices. Since the local's by-laws allow members to hold positions on the executive board and grievance committee, two of the candidates for the presidency also ran as grievers. (These two would win the grievers positions and effectively split the grievance committee between supporters and opponents of the new administration.) Richards won with a plurality of 500 votes (out of a potential 1700), only 249 votes ahead of his nearest competitor, Doug Nelson, who took over as chairman of the grievance committee in the new administration. Richards' administration would be made more complicated by the fact that he had to contend with an executive board and grievance committee controlled by his opposition.

Despite the lack of a strong mandate, Richards, who had been associated with the remnants of the Steelworkers Fightback group, cultivated the image of a militant--a fighter and a tough negotiator. Throughout the campaign Richards associated Guzzo and Doug Nelson, who had been a griever in the Guzzo administration, with union hierarchy and decisions that had resulted in the 1983 concessionary contract and giveaways at the local level. His campaign was typified by the following statement made on the night of his election victory,

> "I think this victory shows that steelworkers are opposed to further concessions and want the union to take a new direction. The membership of our local has shown that they want leadership that is willing to make the union work for them. People are tired of backroom deals and leadership that puts the interests of the company above the union members" (The Daily Calumet, April 27, 1985:1).

Richards' election had become particularly important to the remnants of the Fightback group who were adamantly opposed to incumbent District Director, Jack Parton. Richards and Alice Peurala, Local 65's president at USX Southworks in Chicago were both associated with past District 31 Director Jim Balanoff and the Fightback contingency. (A few weeks later Peurala was to announce her candidacy for the directorship.) A victory for Richards would better the chances for a much needed local vote at the nominating stage of the effort to oust incumbent director, Jack Parton. The tension between the "radical" Peurala and the "moderate" Nelson erupted election night at the Local 1033 union hall.

> "At one point Thursday night, Alice Peurala, Local 65's newly elected president, who came to Local 1033 to check out the action, almost got into a fist fight with Nelson. The two are ideologically opposed. Union members moved quickly to quell flaring tempers" (The Daily Calumet, April 27, 1985).

Newly elected president Richards faced his new responsibilities and the coming negotiations with a majority of his opponents controlling the executive board and the grievance committee. One griever indicated that this was not unusual for the local. "Local 1033 has a long tradition of political infighting, even during the Guzzo years." However, Guzzo's long tenure had allowed him to build enough of a power base during the good years at the plant to weather those conflicts. As a relatively inexperienced union leader beginning with a local whose membership and resources had been depleted through a long recession in steel, Richards did not have the benefit of either long tenure or plant profitability to contain political factionalism. Key issues unique to the local and the plant, the outcome of the district director's race, and LTV's position in the industry combined to make his job even more difficult.

According to officers and grievers in the local, of these factors, Peurala's defeat in the district director's race against incumbent Jack Parton was the least critical. The local did vote to nominate Peurala for the directorship. However, none of the Local 1033 officers and grievers felt that the Peurala nomination had hurt the local's relationship with the district office. Those who were Parton supporters like Doug Nelson contended that in light of the close vote and the involvement of some Local 1033 members (including himself) in the Parton campaign, "Jack knew he had a strong base of support here. Why should he erode that by not dealing fairly with the local now?"

Bargaining Issues Identified as Significant to Local 1033

Local 1033 grievers were nearly unanimous in their ranking of wage and benefit cuts as the most important issue facing their local. Nine of 10 gave this a first place ranking. (See Table 3A.) Grievance Chairman Doug Nelson emphasized that it was the size of the cut that was the greatest concern to the LTV workforce. As the first workforce to enter the contract talks with a company that the USWA had acknowledged to be in financial trouble, Local 1033's grievers felt the need to hold the line against drastic wage and benefit reductions. The International USWA had successfully tapped a strong vestige of solidarity in their announcement that the union would coordinate its end of the bargaining even though contracts would be negotiated separately with each producer. However, a few months later, the International qualified this intention in its pre-contract wage and policy statement by agreeing to offer "assistance" (potential concessions) to those producers who could prove financial need.

Unlike the other locals, the plant's precarious position as one of the oldest and most antiquated in the district and a massive job combination program had made the issue of job security a moot point. Rumors of the plant's impending closure had elicited the most defensive reactions to the short term monetary issue of wage and benefits, an issue which had habitually been at the forefront of past contract negotiations. The primary role of the union in negotiating basic steel contracts had traditionally been to protect wage. This perception would not change in an atmosphere of unprecedented crisis. A knee-jerk response perhaps but one which is understandable for a local choosing options in an atmosphere portending the "worst case" scenario of inevitable plant closure.

In December 1983, under the Guzzo administration, Local 1033 signed an agreement to create a general mechanic's position. The proposal to accept the combination of seven crafts into one position was initially rejected during the previous August by members whose jobs would be affected by the change. In October, the company posted openings for the position in the plant--in effect ignoring the local's rejection. After a series of meetings, a revised program was again submitted for ratification. The change, which would have created two positions--general mechanic and general electrician--was rejected by the electrical workers but accepted by the mechanical workers. As a result, only the general mechanic's position was created. Its eventual acceptance by the Local 1033 membership suggests the differences in the Richards' and Guzzo leadership styles. After the company had asked a group of LTV local presidents in 1982 to consider the combination, President Frank Guzzo established a sub-committee...

> "...To try and come up with the best proposal that would benefit our members before something was shoved down our throats... Every president knew it was just a matter of time before multi-crafts would be presented to every union. But even knowing this, some presidents still refused

to believe it was going to happen" (1033 News and Views, Oct. 1983:1).

Since he first recognized that the plant was in trouble in 1982, while it was still a Republic Steel plant, Guzzo's approach had been to stem the tide of job loss by accepting the "inevitable" and working to "hang on to what we can".

In an interview held one year after losing office to Richards, Guzzo attributed the on-going split in the Local 1033 executive board to Maury Richards' "dependence upon outsiders", an allusion to Alice Peurala and Jim Balanoff and possibly to the Midwest Center for Labor Research. While these outsiders advised Richards, communication between Richards, his executive board, and the company had stopped altogether. Guzzo saw the local's hopes for "hanging on to what it had" evaporating.

Despite the general mechanic's position representing the largest recent job combination in the industry, Local 1033 grievers mentioned job combinations as the second most frequently grieved issue, along with contracting-out, after issues involving seniority (scheduling shifts and overtime). However, Grievance Chairman Doug Nelson contended that job combinations had proven to be a greater threat to the workforce since they affected more jobs plant wide. Nelson did not accept the argument that job combinations might improve the economic condition of the plant, thereby saving jobs long term, since he identified the plant's lack of technology and modernization as handicaps which could be overcome only through massive infusions of capital which the financially troubled LTV corporation did not have. After the ratification of the 1986 contract, President Maury Richards contended that a contract clause which provided for "installation of up to 12 new combined and/or expanded trade and craft jobs," could open the door to job combinations among the electrical workers--the group whose rejection of the general electrician's position in 1983 had only bought time until the 1986 contract negotiations (Summary USWA/LTV Steel Corp. Proposed 1986 Agreement:32).

In addition to craft combinations, the Guzzo administration complied with a program that had long been viewed skeptically within the district as a managerial strategy to undermine the union--Labor Management Participation Teams (LMPTs). The 1980 basic steel contract included a clause allowing for the voluntary adoption of labor management participation teams within each plant. As a creation of an International USWA staff member the LMPTs had the full support of the International office. In keeping with support of International USWA policy, Frank Guzzo was instrumental in beginning an LMPT program at the Republic Steel plant. By the time he left office, more than 1000 people had completed the LMPT training program and approximately 25 teams were functioning throughout the plant. However, the vestiges of hostility toward Labor Management Participation Teams that had surfaced in the district in the 1970's appeared in Local 1033.
(See Chapter 4.)

A few weeks into the new local administration, the executive board received a request signed by all 10 grievance committeemen, asking it to take the necessary action to immediately withdraw from the LMPT program. (This option was available to the local since the 1980 and 1983 contracts provided for LMPTs only with the union and management approval.) The committee based their withdrawal on a number of contract violations by management including a growing backlog of grievances. They reasoned that until their demands for facilitating timely review of grievances was met, they would refuse to cooperate in a program which had been enthusiastically endorsed by the company. After contacting Sam Camens, USWA Director of the LMPT program, who met with local leaders and company representatives, Maury Richards submitted a list of demands to the company which would have to be met before the local would resume the LMPT program. The list included full company compliance with grievance time limits, the return of all work currently contracted out to members of the bargaining unit, and a moratorium on job eliminations and combinations. The company was given 30 days to comply with the list of demands. Within that 30 day period the company sent the local a written reply which Richards read as tantamount to a rejection of the demands since it did not address the crucial areas of job eliminations and contracting out (1033 News and Views, October 1985). In October 1985, the local formally withdrew from the LMPT program. According to plant manager Jim Haecke,

> "That was a real disappointment to us. We had a fellow who had been president of the union for 18 years. He had decided that LMPT was the wave of the future. We at the company, and I, personally, feel very strongly about that... Last April there was a union election. There were five candidates and the vote got all split up and a guy who was on lay-off snuck in as president... I guess its fair to categorize him as somewhat radical... He started to make demands on the plant--job security for everybody--complete elimination of contracting-out--things no plant could meet. I suspect he knew that. He said if we didn't meet the demands in 30 days he'd cancel the LMPTs. We made a concerted effort to work out some of those demands--to get down the grievance backlog--which was a fairly legitimate request on his part, but we couldn't promise him job security for everyone and we weren't in a position to bring all the laid-off people back to work" (Haecke).

The plant manager was not alone in his disappointment. A grievance committee member of an opposing caucus suggested that Richards had used the initial grievers' request for the company to deal in good faith with the grievance procedure to attach a series of demands that had nothing to do with grievances and that no company could abide by.

On the morning that he broke the news of formal withdrawal from the teams, Richards described the reaction of workers involved with them:

> "I just spent two hours explaining to people why the local is withdrawing its support from the teams and it got a little rough. Emotions were a little high. Management was angry of course but some of the workers really resented the f ct that the union was going to pull out... In the end, though, they'll support their union" (Richards).

Richards had run on an anti-concession slate. He had equated the job loss suffered at the mill with "give-aways". He saw the master craft combination and the LMPT program as two of the biggest give-aways of the previous administration. In eliminating the LMPTs by tying their continuance to a moratorium on job combinations and contracting-out, he had followed through on a campaign promise. Ironically, his actions to reassert the presence of the union in fighting practices, which he viewed as tacit complicity in undermining his local, were against the wishes of some rank and file. To that end, his effort to preserve and strengthen the local's prerogatives in dealing with management would be viewed by some as self-defeating and mis-directed--an attempt to "preserve" the union at the expense of a program supported by rank and file workers (Nelson, Garza). The tendency to overlook the "interests" of the rank and file is a charge which Richards had leveled against the district and international hierarchy.

The 1986 Basic Steel Contract Negotiations with LTV

If Local 1033's withdrawal from LMPTs represented the new local administration's attempt to move to a less concessionary position, the basic steel negotiations were a challenge to extend a more combative approach to the corporate level. As the last product of pattern bargaining, the 1983 contract had become a symbol to some union members of the companies' ability to betray the union and cut losses solely at the expense of the hourly worker. The companies' failure to keep their promise of funneling the savings from wage cuts back into modernization was keenly felt by LTV's southeast Chicago plant and the USX plant in South Chicago.

Although both plants were among the oldest integrated mills in the district, having been built at the beginning of the century, neither had seen the modernization that would lead to renewed viability and the salvation of jobs. Watching the decline of U.S. Steel's Southworks from a workforce of 18000 in 1974 to 800 by 1984, the workers at the LTV/Republic plant foresaw the dim future of being reduced to a mini-mill. Like Southworks, LTV's Chicago plant did not have a continuous caster nor was it slated to have one. Because of the corporation's precarious financial situation, the caster installed at its Warren, Ohio plant would be its last such venture for some time. It was felt that the Ohio caster would seal the Chicago plant's future as a mini-mill operation since the Ohio plant could do the hot end of steel production (creating the molten steel and casting it) and then send its unfinished cast steel and scrap to the Chicago plant.

Although denying that the Chicago plant would eventually shut-down altogether without a caster, its manager did confirm the corporation's plans to interface the Chicago and Canton, Ohio plants, in essence, treating them as one large facility, serving markets in the East, Midwest and West. He saw this as particularly necessary in light of the closures of eastern plants and the need to service markets that, although shrinking, would still provide some demand for domestic steel.

> "There's going to be business that has to be served from Canton and Chicago. And those mills will have to be operated in a very synergistic fashion--both from a melt and rolling standpoint. If you conceptualize it--it should be like one mill... operating very much in harmony" (Haecke).

With operation shutdowns and lay-offs continuing at the plant throughout 1985 (an additional 775 workers were laid off in March, 1986) LTV's rationalization plan was proceeding with little indication that Local 1033's leadership could stop its momentum. Maury Richards' approach to dealing with management at the local and corporate levels was influenced by this recognition. Like Alice Peurala, President of Local 65, USX Southworks, whose philosophy of confrontational unionism he shared and whose campaign for the district directorship he helped manage, Richards faced watching his plant reduced from an integrated to a mini-mill operation. Potentially, this was the "best scenario"; complete closure the worst.

For Maury Richards, the 1986 basic steel contract negotiations began at the annual LTV-USWA meeting held in August in Cleveland. The meeting was described in the local's newspaper as a vehicle for LTV to begin its propaganda campaign to "soften up the union for concessions". Richards and Local 1033 griever Ernest Hayes were reported to have confronted LTV President David Hoag for collecting a $350,000 salary while expecting steel workers to take wage cuts (1033 News and Views, Sept., 1985).

In early January 1986, the Basic Steel Wage and Policy Statement was adopted which provided for consideration of "dire financial circumstances" of some steel companies. With LTV's agreement to open its books to USWA scrutiny, the union judged the company to be in need of its "assistance" in the coming negotiations.

On January 21, LTV announced the "idling" of its Chicago plant's blast furnace resulting in lay-offs of 775 employees. The idling of an operation involves an indefinite closure. It forestalls recognition of pension rights for those eligible workers who may be permanently displaced.

Formal negotiations between the 40 LTV local presidents, an international staff representative as head of the negotiating team, and the company began in Pittsburgh on January 22. During the ten day meeting, the local presidents were given a financial analysis of the corporation's steel division prepared by Lazard-Ferrare, analysts hired by the International USWA. The analysis recommended that, given the steel divisions annual 1985 loss and its projected loss in 1986, the union should agree on wage and benefit concessions. Despite Richards' opposition, the negotiating committee voted 14-10 to reopen the 1983 contract. During the course of this two week meeting, the union presidents agreed to give up a 45 cent restoration of wages provided for in the 1983 contract and a cost of living allowance increase. A tentative agreement was reached on March 15 and approved by the LTV negotiating committee by a vote of 32-6. Richards' was one of the "no" votes. Throughout the negotiations, he had been advised by the Midwest Center for Labor Research (MCLR). MCLR had criticized the district and International USWA in the past, particularly the role of both offices in the concessionary 1983 contract. The MCLR staff's philosophy had been consistently anti-concessionary and many of their contracts were with local unions interested in counteracting impending plant closures.

Richards returned to Chicago to urge Local 1033 members not to ratify the tentative agreement. The only other LTV local president at an integrated mill in District 31, John Sako of Local 1011, had voted to accept the agreement. Richards made his case during three informational meetings held with the membership between March 21 and the ratification vote beginning on March 29. Prior to the vote, the International USWA held their own informational meetings for all District 31 LTV locals in East Chicago, Indiana, at which they urged members to ratify the agreement with their mail-in votes to USWA headquarters in Pittsburgh. On March 25 the 1986 LTV agreement passed 13,162 to 8,474. Maury Richards had convinced his own local to reject the contract with a vote of 1,254 to 750, but he had failed to convince the balance of locals that would decide the outcome of the ratification vote.

Local 1033's rejection of the contract masked divisions in workers' attitudes identified in interviews of grievers and their assistants and chairman. Local 1033's Grievance Committee Chairman Doug Nelson noted that production workers were less likely to fight wage concessions because they had more to fear if the company cut workers to make up the difference in labor costs. "Production workers are less marketable. The maintenance people can say 'to hell with it'. They'll take a chance because they have the skills to compete in other industries."

In addition, grievers suggested that age had an effect on attitude toward the contract (Pughsley, Garza, Farr, Rice). This was true despite a shortening of the age range with lay-offs since 1982 in which the younger workers were the first to go and some older workers were given early retirements. Grievers indicated that the worker who was close to retirement age was less concerned with wage cuts than with protecting pension rights. They felt that the older workers might be willing to trade wage cuts for a guarantee of their pension rights. One griever noted that a number of workers in his division "the guys pushing 55" felt betrayed by the absence of guarantees for early (70/80) pensions, calculated on the basis of age and length of service, in the event their area closed. With the last operation closure displaced workers were kept in limbo about their pensions since the company had treated the facility (a blast furnace) as an idled operation, refusing to call it a closure (Victor Solvino, Chairman of the Contracting-out Committee).

Responses to the 1986 LTV Contract

1. fighting imports through "Steel in Crisis Support":

The LTV agreement was the first contract negotiated subsequent to the steel companies' decision to end pattern bargaining. It was to contain a $900,000 commitment to a cooperative effort of the USWA and the steel companies to fight imports under the title of "Steel Crisis Support" (Statement of the USWA Wage and Policy Committee, January, 1986). In 1984 the USWA's International President, Lynne Williams, and Bethlehem Steel's President, Donald Trautlein, had petitioned congress for increased quotas on steel imports. Their efforts met with only partial success when the Reagan administration imposed "voluntary restraints on steel imports" which had little effect on the 25-30% bite that imports had taken on the domestic market (The Chicago Tribune, June 6, 1984).

If local offices had differed with their international organization over issues like LMPTs and the necessity for concessions, they agreed that foreign competition was a major cause in the demise of the American industry. With only two exceptions, this was true of the officers of all four locals and company representatives of the respective plants. Maury Richards was one of the two exceptions.

His analysis of the industry's problems a few months after gaining office was based upon a philosophy of international working class solidarity. According to Richards, the problem was not that American workers were paid too much, but that foreign workers were paid too little: It is international politics and economics that underlie the "import problem". American governments continue to support regimes that suppress their workers and the American banking community continues to invest in foreign rather than in domestic industry.

In addition, unlike a top competitor, Japan, we have no industrial policy which might work to increase domestic demand...

> "I don't think our International or the AFL-CIO, for that matter, have done much of a job in educating the public. They've been steering toward dead end issues. If we stopped all the imports tomorrow, we'd still be utilizing only 70% of capacity. The domestic demand just isn't there. Increasing demand for steel might mean rearranging priorities as far as the federal budget is concerned, particularly in defense. We have to find ways to use steel--bridges, roads, massive public works projects... The import issue is short term" (Richards).

However, in a political atmosphere that had not for sometime been receptive to traditional trade unionism, the USWA International's cooperation with the companies to control imports was approved as a "pragmatic" solution by an overwhelming majority of union officers at the four locals.

2. wages and benefits:

The International had lobbied the local presidents to accept a concessionary contract with LTV on the basis of its precarious financial situation. The corporation had suffered the largest annual loss of a major integrated producer in 1986; $227,000,000. Three months after signing a contract which included a $3.60 average hourly cut in wage and benefits, the largest concessions granted by the USWA in 1986, the LTV Corporation filed for bankruptcy.

Prior to the bankruptcy announcement Local 1033 officers and grievers voiced their disappointment in their contract. Presidents of the current and previous administrations were equally dissatisfied with the negotiation results. Every griever interviewed in the ten work divisions reported dissatisfaction with the wage cut and reduction in benefits (including the loss of three paid holidays, reduction in shift premium and one week vacation and elimination of eye care insurance).

3. profit sharing:

Although the agreement provided for a profit sharing and stock ownership plan to repay workers for their sacrifices in wages and benefits, President Richards and Secretary Rose Ortiz expressed skepticism that the financially troubled company would make the 100 million dollar profit necessary for an initial 10% payment to be put into the plant during the course of the three year contract.

The stock option plan, using LTV preferred stock to repay money lost during those years that profits fell below the 100 million necessary for profit sharing, also met little enthusiasm. Sixteen shares of LTV preferred steel stock could be exchanged for one share of common stock in the parent company. In the words of one member, "This is equality of sacrifice? That stock cost the company nothing. The concessions came out of our pocketbooks." The news of LTV's bankruptcy came after this comment. Until such time as the corporation restructures its debt, the stock option and profit sharing plans would remain a pathetic reminder of the futility of the union's efforts to equalize the sacrifice of another concessionary contract.

4. contracting-out:

The Basic Steel Wage and Policy Statement had emphasized the need to address the issue of contracting-out in all of the 1986 contracts. As the first agreement negotiated, the LTV contract included a clause to restrict contracting-out only to work passing certain criteria which will be discussed in the profile for Local 6787 which follows. It also provided for expediting contracting-out grievances and others, like job combination, which had been bogged down in the pre-existing grievance procedure. The sections dealing with contracting-out and grievances were used as models and further improved in subsequent contracts. The contracting-out clause was mentioned repeatedly as the most positive aspect of the contract by Local 1033 officers and grievers. Tellingly, the only clause unique to the LTV contract included a guarantee of employees rights in the event of a plant sale.

5. LMPTs:

Richards' negative opinion of labor management participation teams was at odds with the International's policy which had encouraged the implementation of the teams since 1980. However, as noted by Nyden (1984), the International's earlier enthusiasm had cooled during this period of intense rationalization. LMPT programs had a history of success in LTV plants. One of the first Labor Management Participation Teams was implemented at what is now the corporation's Alliquipa, Pennsylvania, plant. Unlike the Bethlehem Steel contract, LTV did not choose to improve the LMPT clause in the 1980 contract which had originally provided for the teams, since District 31 LTV locals had been the only ones presenting much resistance to them. Maury Richards was quick to point out that those areas of his plant that had the greatest number of job combinations were those that had the strongest LMPTs before he had withdrawn union support of the teams. The griever of the mechanical department confirmed that he had handled more job elimination and combination grievances than any others. However, as a strong supporter of the LMPT program he felt the combinations resulted not because of the existence of the teams but because of the company's continued push to reduce the number of craftsmen with or without workers' collaboration (Garza).

Chapter 11 and a strike to protect pension rights:

LTV's bankruptcy was not the first within the integrated steel sector in recent history. In 1984, the Wheeling Pittsburgh Steel Corporation was granted the right to void their contract with the USWA in bankruptcy court. This resulted in a three month long strike, and, eventually, in a deeper wage and benefit cut for Wheeling-Pitt employees (to $3.40 an hour). The bankruptcy court's decision to set aside the 1983 contract in the case of Wheeling-Pittsburgh was followed by a U.S. Court of Appeals decision that sharply limited the rights of companies to void labor contracts. To reject a contract, the bankrupt company would have to show that it would be unable to avoid liquidation without further labor cost reductions (Steel Labor, June 1986). Part of Wheeling-Pittsburgh's debt restructuring involved a $425,000,000 underfunded pension fund which the creditor banks had petitioned the court to terminate. The U.S. Pension Guarantee Corporation would assume part of the corporation's pension obligation to its retired employees (Roth, Oct. 7, 1985).

The LTV ratification vote indicated that the eastern locals with the greatest number of laid-off workers currently receiving or eligible for pension in the immediate future had affected the contract's approval. This was generally interpreted at the local and throughout District 31 as an effort by eastern locals to keep the corporation solvent in the hopes of insuring workers' pension rights.

In 1985 LTV had announced that the pension fund for its steel divisions was 1 billion dollars underfunded as a result of massive shutdowns in which thousands of workers had taken early retirements. LTV/Republic manager, Jim Haecke, had assessed pension liabilities to be the greatest problem facing the company's rationalization efforts in an interview made several weeks before the bankruptcy announcement.

By filing Chapter 11, the corporation had hoped to escape the pension liabilities and severance costs that had previously discouraged it from closing down some of its most unprofitable operations. LTV immediately cancelled the health and life insurance coverage of 61,000 retired employees.

On July 28, the International USWA sanctioned a strike at LTV's Indiana Harbor Works. Represented by USWA Local 1010, the plant's workforce included 3000 hourly and 1000 managerial employees. The LTV/J&L Plant at Indiana Harbor is one of the company's most profitable largely because its product, flat rolled steel, had remained in demand. It would be the only LTV plant involved in the strike. According to Maury Richards, the union chose not to strike the money losing LTV/Republic bar mill, where he and his membership worked, because they feared that the company would then close the plant permanently. Although there would be no walk-out at the Chicago plant, its pensioned employees manned "an informational picket line" protesting the company's action (The Hammond Times, July 27, 1986). The morning following the walk-out, Local 1010 members joined its protesting LTV pensioners to form a picket line at the gates of the Indiana Harbor Plant.

Local news coverage of the strike described a situation reminiscent of the major steel strikes of past eras. While striking steelworkers blocked railroad tracks on which raw materials could be shipped into the plant, supervisors locked inside attempted to maintain minimal operations (The Chicago Tribune, July 20, 26, 1986; The Hammond Times, July 18, 19, 28, 29, 30; The Gary Post Tribune July 26, 27, 28, 29).

The company met with USWA International representatives during the strike, and offered a new insurance plan to be paid for by the retired workers. The union rejected the offer, stating that LTV misrepresented their "obligation" to cut off pension payments as part of the normal bankruptcy proceedings. The union contended that Wheeling-Pittsburgh had continued to honor its obligations to its pensioners after filing Chapter 11 and so too should LTV. It further held that LTV's retirees did not have the resources to pay for the corporation's insurance proposal.

The union then countered the company's proposal with a threat to expand the strike to the 4,400 workers at LTV Steel's Cleveland Works. On July 31, five days after it had begun, the strike was over with LTV's announcement that it would restore its pensioners' insurance benefits. Although company representatives held that this decision resulted from the threat to expand the strike to one of its largest plants, it had been under the additional pressure of congressional action. The day before the restoration of the pension rights, the U.S. Senate had unanimously passed and sent to the House of Representatives, a bill requiring firms filing for Chapter 11 to continue to fulfill their contractual obligations to employees until the rights of creditors had been decided by a judge (The Chicago Tribune, July 31, 1986). John Sako, president of Local 1000, at LTV's Indiana Harbor Plant, reported in interview, on the morning of the bankruptcy announcement, that the USWA would appeal to Congress to protect the rights of LTV's pensioners.

Post mortem analyses of LTV's bankruptcy announcement singled out the next potential candidate for bankruptcy. Donald Barnett of the Brookings Institute and Peter Marcus of Paine Webber agreed that Bethlehem Steel was that candidate (The Chicago Tribune, July 18, 1986). This projection seemed to be on target when the Bethlehem Steel Corporation reported a 1986 second quarter loss and decided to omit its preferred stock dividends causing a drop of its common stock from $9.25 to $7 a share. Bethlehem's common stock had traded as high as $22 per share within the last year (The Hammond Times, July 31, 1986).

## Local 6787 -- Bethlehem Burns Harbor

Because Burns Harbor was the newest plant in the district, Local 6787 was consistently singled out in interviews as the basic steel local with the youngest workforce (a characteristic it actually shares with Inland's Local 1010), the most productive plant, and the greatest turnover in leadership.[3] (See Table 1.)

Since it began in 1967, it has had no administration succeed itself except the first. It also has not successively returned slates supported by the same caucus to office. (This has resulted in a total of six different administrations over the same period that the Guzzo administration held fast at Local 1033.) As discussed in the preceding chapter, the local's early development coincided with the Steelworkers Fightback reform movement in the district during the 1970's. This caused a strong rank and file activist philosophy within Local 6787's two caucuses. (Unlike the other three locals, Local 6787 has not had an emergence of multiple caucuses at any point in its history.) Although the "Save our Union Caucus" is considered to be more "radical" than the "Steelworkers United Caucus" of the current administration, there was general agreement among local informants that the distinctions have become increasingly muted. As the crisis in the industry has deepened, the once more moderate "Save

Our Union" caucus had become more confrontational in its dealings with management.

> "At the moment I don't see vast differences between the two caucuses. On questions like concessions and LMPTs there's a range of opinions within each caucus but if you compare the two caucuses overall the last three administrations haven't been that different. The 'Steelworkers United Caucus' has been pulled to the left in the last few years. Whether that's due to the influence of the other group or circumstances in the industry I don't know. It (Steelworkers United) is much less accommodationist than it was years ago" (Wilson, 1033 griever)

The Steelworker United Caucus had made a clean sweep in the last (Spring, 1985) election. It had succeeded in winning the top leadership positions including the presidency (Paul Gipson), vice-presidency (Dave McCall) and Financial Secretary (John Greaves). (Election by-laws at the local allow for grievers to run without partisan support and many do.)

As mentioned in the previous chapter, the Burns Harbor plant is located in Porter County, a rural area of northwest Indiana. Many of its workers also work their own farm land, a situation which could have led to less interest in plant and union issues, since less time would be available for union activism (Needleman). However, the events surrounding the 1986 contract talks suggest that the development of a strong rank and file sentiment in the local, encompassing both caucuses, and the relative youth and high productivity of its workforce would combine to create a militant and anti-concessionary attitude among its officers and members.

<u>Bargaining Issues Identified as Significant to Local 6787</u>:

Although six of the ten grievers reported that contracting-out was the most frequently grieved issue in their division, the grievance committee chairman felt that job-combinations and eliminations presented the greater danger to job security (See Table 4-B). Management's pattern had been to particularly focus on combinations among the crafts, which reduced the unionized workforce and then to contract-out maintenance work to outside sources.

Grievers were most concerned with the company's attempt to eliminate the quality control unit (metallurgical division) by turning its work over to production workers. This was the only instance of a combination involving a cross-over to another major work division reported during the research. Generally, job combinations were restricted to a single seniority unit (e.g. welders combining with riggers and pipefitters all assigned as part of a mechanical division). Unlike the creation of the general mechanic's position at the LTV/Republic plant, the combination affected a small number of people. Griever Dennis Sass explained the negative reaction to the possibility of combining metallurgical workers with production workers on the basis of principle rather than numbers. In fact, job combinations at Burns Harbor had not been the problem that it had been at other plants. As a newer facility, its doors had been opened with fewer job classifications. According to a president at another basic steel local in the district, "Burns Harbor did their job combinations at the beginning" (Krantz). However, as will be discussed later, the 1986 contract with Bethlehem Steel held the potential for extensive job combinations in the future.

Local 6787 president, Paul Gipson, was proud of the job done by the local to contain contracting-out. As a chairman of the contracting-out committee in the previous administration, he had extensive experience in attempting to prevent, and when that failed, to grieve the practice. The 1983 basic steel contract stipulated that the union must be notified of management's intentions to hire outside contractors with enough advance notice to prepare a response which might save the work for the bargaining unit employees. With legal help supplied by the district office, Local 6787 had won the right to do peripheral work in the new caster, work that the company had planned to contract-out. In addition to "pushing the company" on such contract violations, the local had gone beyond depending on the grievance procedure and arbitration to attack the problem. Ironically, this strategy involved a type of concessionary bargaining. By under bidding on work previously contracted-out, the local had improved its containment strategy. For instance, Local 6787 had succeeded in convincing the company to purchase water blast cleaning equipment to handle work in-house that had been going to outside contractors.

Although overtime was not grieved as often as contracting-out and job combinations, Grievance Chairman Paul Kaczocha and grievers with a large number of younger workers in their divisions were particularly sensitive to the issue. Since the seniority system mandated that younger workers would be the first to go, they were more likely to resent the overtime scheduled for the active plant workforce that could affect a recall of laid off employees (Ron Ulozas. Griever). Burns Harbor's volume of orders was large enough to consistently schedule overtime and it had not experienced labor force cuts so drastic that management could be accused of forcing overtime on skeleton crews. The issue had become so controversial in the Q-Bop (blast furnace) that the workers were called back. This decision was made without the local organization's direct involvement. Some members of the Save Our Union caucus including, Kelly and Grievance Chairman (and past president) Paul Kaczocha felt that a ban on overtime should be incorporated in the 1986 contract.

During Dave Sullivan's administration in the early 1980's, the local cooperated in setting up two quality committees in the plant. President Dave Sullivan had overcome other executive board members' reluctance to establish the committees in the cold strip and plate mill. Although Sullivan was suspicious of the labor management participation team concept per se, he felt that the quality committees did not have the LMPT's potential for usurping union authority on the shop floor. Unlike Sullivan, his successor, Paul Gipson, saw the committees as LMPTs and disbanded them a few months after taking office. Gipson contended that they had presented management with an opportunity to circumvent the contract and increase worker dependency on the company. He felt that the biggest danger was not within the LMPT concept itself but in the arrogance of Bethlehem's management which had the attitude of "I'm boss--right or wrong."

With far fewer teams, immediate executive board cooperation on the issue, and a strong electoral mandate, Gipson had initiated the removal of the teams with relative ease. This stood in contrast to the process used by Maury Richards, president of Local 1033, to eliminate the teams at the Republic/LTV plant. Given the less fragmented political atmosphere at Local 6787 and the limited number of "quality teams" in the plant, Gipson did not need to attach an implausible moratorium on job eliminations to guarantee the teams removal in his plant.

Grievers in the Burns Harbor plant's ten work divisions reported virtually no differences over shop floor issues based on age. There were relatively few older workers (over 50) at the plant. In the past, Local 6787's generally young membership had little interest in pension related issues. However, as the majority cohort aged, interest was beginning to emerge but was still eclipsed by hourly wage concerns. Tom Conway, griever for the maintenance division, said that craft workers were divided by age over the issue of LMPTs. Older men were more willing to accept the teams (more mellowed and less militant") while younger members felt threatened by them. Since the teams had been prevalent in production rather than maintenance units at both the LTV/Republic and Burns Harbor plants, these differences were based less on personal experience than perception. This division of opinion on an issue not immediate to craft concerns typified the difference between maintenance and production workers identified by officers at all four locals, that the crafts were more opinionated and militant. In the context of this research, militancy was equated by respondents with a willingness to confront management on issues causing job loss (e.g., contracting-out and job-combinations).

### Basic 1986 Contract Negotiations and Plant Level Talks

Local 6787 began preparations for the basic contract three months prior to early talks with creation of a strike committee. Early organization of a strike committee was intended to show the company that the local was prepared for an irreconcilable break-down in negotiations. It was also a method of "psyching" members for the same possibility. The committee advised workers on how to collect strike funds and manage family expenses to ride out a lengthy strike. It also met with local businesses--banks, food store owners--patronized by its members to seek their support by allowing workers to extend their credit lines (The Gary Post-Tribune, July 29, 1986).

Local 6787 President Paul Gipson's reputation as an experienced union leader and negotiator was initially tested with negotiations of plant level issues at the end of January which were conducted for nearly two weeks. These talks led the way for a change in the seniority status of foremen who attempt to return to the hourly ranks and bid on an hourly position. The previous practice, which had allowed for the foremen's experience to be considered as part of their seniority in making the bids, was eliminated. (Those issues that are unresolved in local negotiations were taken to the basic contract talks for resolution.)

Since Bethlehem Steel had agreed to open its books to the USWA, Local 6787's officers anticipated another Lazard-Ferrare report advising the International to consider further concessions, as had been the case with LTV. (The end of pattern bargaining brought about a preoccupation with watching the previous "round fought by other locals" while waiting your turn). In preparation for this, the Local 6787 Executive Board hired the Midwest Center for Labor Research to do its own analysis of Bethlehem's finances. (This was similar to the report that MCLR had produced on LTV/Republic for Local 1033.) MCLR advised against further concessions suggesting that some of Bethlehem's 1985 deficit represented "paper losses" incurred with plant closures. These were temporary cash flow problems that would eventually be absorbed by the corporation without the necessity for further labor concessions. While Richards accepted the MCLR evaluation, he would fail to convince other Bethlehem presidents involved in the negotiations to accept it rather than the USWA sponsored Lazard-Ferrare analysis (The Midwest Center for Labor Research, February, 1986).

Negotiations between the Bethlehem Steel Company and USWA local presidents began in Pittsburgh on March 18. As with their preparations for the LTV talks, the USWA International provided the Bethlehem local presidents with Lazard-Ferrare's analysis of the company's financial status. With a 1985 annual loss of $196,000,000, the report concluded that although not in straits as dire as LTV, Bethlehem should also be considered for "financial assistance" from the union.

The Local 6787 negotiating team soon found that their tough anti-concessionary stance put them in the minority among Bethlehem locals. Talks were to break down twice over the "size" of the cut to be taken by the hourly workers. Using the MCLR report, Gipson worked to convince the other presidents not to give into pressure from the International to accept another concessionary contract. His effort failed. At the end of May, a tentative contract was settled which included a $1.96 hourly cut in wages and benefits.

In the weeks between the tentative agreement and its rank and file ratification, a group of Local 6787 members chosen by the local's officers leafleted workers at their plant and at the gates of other Bethlehem plants urging a "no vote". By mid-June the vote was in and the contract ratified by a corporate-wide vote of 11,600 to 8,368. Local 6787 became the second District 31 USWA local to reject a contract in basic steel with a "no vote" of 3,624 to 666. As had been the case with ratification of the LTV contract, locals at Bethlehem's eastern mills that had suffered the greatest number of closures voted overwhelmingly to accept the contract. According to one member of Local 6787's negotiating team,

> "Workers at the older plants are willing to take a cut to help the company and protect their pension rights. Workers at productive plants like ours are the ones that have to pay for that" (Anonymous).

The LTV and Bethlehem contracts were negotiated in the shadow of the Wheeling-Pittsburgh bankruptcy, in which the pensions of USWA employees had been jeopardized. Gipson and his negotiating team were not able to overcome the disparity in age and plant viability separating Local 6787 from the numerous eastern locals. The fear that an irreconcilable breakdown in the talks could be the last straw for the financially troubled company had resulted in a trade-off between wage concessions and the protection of pension rights.

## Reactions to the 1986 contract with Bethlehem Steel:

1. wages and benefits:

Local officers were unanimous in their dissatisfaction with the 1986 contract. Resentment was largely based on the wage and benefit cut. In addition to an 8% cut in the standard hourly wage, Sunday premium was cut by one-quarter, cost of living adjustment allowance payments were suspended, three holidays deleted, and vacation pay modified to exclude overtime, Sunday premium, and shift differentials. The reaction at the local halls was incredulity...

> "Why would workers at one of the most productive plants in the world have to take concessions?" (Lee Lemon)

2. contracting-out.

The contracting-out clause was the only one which met the officers' unanimous approval. The clause increased the union's ability to prevent contracting-out as well as expediting the grievance procedure for contracting-out violations. The company would now be obligated to comply with two tests before contracting-out work. A consistency test--it would have to prove that the work had been consistently contracted out in the past; and a reasonableness test--that it is more reasonable to contract the work out than to do it with bargaining unit employees. The reasonableness test would not include cost comparisons between the bargaining unit and outside contractors. The USWA viewed the latter stipulation as a major breakthrough.

3. overtime:

There was less consensus about the clause dealing with reduction in excessive levels of overtime. Paul Kaczocha, who had been a member of the negotiating team, felt that without a definite ceiling on allowable overtime hours, the clause lacked the teeth to achieve the objective of recalling laid-off workers.

4. LMPTs:

Unlike the LTV contract, Bethlehem's agreement specifically addressed the LMPT issue--acknowledging the need to "get the LMPT process back on track."

> "Some LMPTs have involved only mixed results at best. . . Confidence in LMPT is eroding and the process is under severe pressure."

The agreement echoed the criticism expressed by Paul Gipson in an interview that the program must eliminate an autocratic management style and replace it with a participative one (USWA Summary of the Agreement Between the Bethlehem Steel Corporation and the United Steelworkers of America, May 26, 1986:65). Opponents of the LMPT mentioned management's past insistence on choosing the workers who would serve on the "teams" as an example of the arrogance that had so galled President Paul Gipson. Dave Sullivan, whose administration had initiated the "quality committees," judged that drawback to be outweighed by the fact that the workers' full time commitment to the teams had opened positions in the plant to others. However, Sullivan also admitted that he was the only executive board member who believed that this factor justified their continuation.

5. Gainsharing:

The Gainsharing Program was introduced in the 1986 contract as a means of encouraging worker participation with efforts to improve productivity by allowing the workforce to share in profits and to derive efforts to improve labor costs. It was the most controversial aspect of the contract. Its opponents saw it as a job elimination tactic. The contract language made Gainsharing a voluntary decision for the local and stipulated that if the plan were adopted it would have to be worked out at the plant level. Interviews with officers suggested that management had made it clear at the onset of plant level negotiations that a reduction of the labor force was a top priority. The degree to which the program was voluntary for Local 6787 under those conditions was questionable. In an interview subsequent to contract ratification, Paul Gipson mentioned implementing a Gainsharing Program as one of the aspects of the plant level negotiations that "has to be worked out."

By mid-summer of 1986, with the announcement of LTV's bankruptcy, speculation concerning the viability of the Bethlehem Corporation increased. The continued decline in the fortunes of both companies validated labor's position that additional concessions from workers would not save the industry. Labor would be the first to admit that this was, at best, a pyrrhic victory.

Erosion of pre-contract consensus at Local 6787:

Local 6787's pre-contract consensus had been greatly influenced by their plant's consistently high productivity record. This was perceived to strengthen their bargaining position. With the failure to bring about corporate wide rejection of the Bethlehem contract and increasing concern that the corporation would follow LTV into bankruptcy court, Local 6787's consensus began to erode. This became apparent in a general membership meeting that I attended which was held on August 7th, after their contract ratification and after the announcement of the LTV bankruptcy and USX work stoppage. The pressures building over the continued rumors of Bethlehem's pending bankruptcy were vented in a heated exchange between President Paul Gipson and workers from the BOF (Basic Oxygen Blast Furnace) maintenance crew, sitting in a block at the back of the hall. The BOF crew protested the removal of Lee Lemon as contracting-out chairman and voiced their suspicions that Gipson had "struck a deal" with Roger Penny, Burns Harbor's plant manager as part of the Gainsharing Program that would create a maintenance bull-gang with the potential to eliminate craft jobs within the work divisions. Throughout the meeting, Gipson repeated that no such deal had been struck and that the workers had other significant problems including possible bankruptcy. He was repeatedly out-shouted by the group from the BOF who voiced a sense of betrayal that their decision to refuse overtime had not resulted in the recall of laid-off workers but in the permanent transfer of work to outside contractors. They felt that Lee Lemon had been removed as chairman of the contracting-out committee because he had "gone after management" over the issues of contracting-out and overtime causing them to put pressure on local president Gipson to "defuse" Lemon and put him in a less key position. Lemon came to the microphone, objected to his removal as contracting-out committee chairmen, and accused Gipson of removing him because his efforts to reduce contracting-out were interfering with talks between Gipson and plant manager Penny that would establish a Gainsharing Program and a plant-wide mobile maintenance crew (roving bull-gang). Lemon held that the proposed bull-gang would reduce the work done by bargaining unit employees in favor of outside contractors.

The palpable level of tension at the meeting suggested that, although the Bethlehem Corporation had hoped to increase its orders during the USX strike, its precarious financial position was being used to wear down the local's resistance to the Gainsharing Program, contracting-out and other potential job elimination strategies. The exchange at the meeting made it clear that groups within the rank and file membership would create some difficulty for Gipson and his administration if there was an attempt to move to a more moderate and conciliatory position with management. With bankruptcy pending, the problem was no longer the common enemy--management--but the perceived "enemy within" that could fragment the once cohesive local. Gipson, assailed in the meeting as a moderate who wasn't doing enough to save jobs, defended his belief that jobs could be saved if only management would "listen to workers about how to increase orders." In traditional terms, since contract ratification Gipson's response had been increasingly conciliatory. He had admitted in an earlier interview that he was hammering out a Gainsharing Plan with management and his removal of Lee Lemon as contracting-out chairman, whose work he had complimented in an interview held 10 months earlier, was a softening of the posture that had marked his administration as militant and confrontational. Indeed Gipson's focusing on increasing the company's orders from potential USX clients suggested an attitude of labor-management conciliation that could be considered a new twist in business unionism.

## Local 1010--Inland Steel

The pattern of Local 1010's political change places it between the two extremes represented by the stability of Local 1033 (LTV/Republic) and the turnover of Local 6787 (Bethlehem Burns Harbor). The present (10 year) administration of Bill Andrews is one of the longest in the history of the local.

The ethnic balance of the local--roughly one-quarter black, one-quarter Hispanic, and one-half white--has been represented by its past presidents. (See Table 4-A.) Since the late 1930's the local's presidents have been white (Don Lutes and John Sargeant in the 1940's and 1950's), and Hispanic (Jesse Arendondo and Babe Lopez in the 1960's and early 1970's). The current president, Bill Andrews, is the only Black president of a basic steel local in the district.

Local 1010 has had a tradition of rank and file activism. Its past president, Jim Balanoff, helped to organize the Steelworkers Fightback group with his brother, Clem, in the 1970's and the local has nominated anti-establishment candidates such as Ed Sadlowski (1977) and Ron Weisen (1983) for the International presidency. Steelworkers Fightback originated in the local's Rank and File Caucus and spread to locals throughout the district. The group eventually launched a reformist movement that attempted to make the USWA more responsive to shop floor concerns and less centralized. It opposed the Experimental Negotiations Agreement (ENA) which had provided for substantial increases in real wages along with prohibitions against industry-wide strikes and supported membership ratification of basic steel contracts (Nyden, 1985).

As Vice-President, Bill Andrews took over Jim Balanoff's unfinished term as president when Balanoff won the District 31 Directorship in 1977. Although Andrews was a member of the Rank and File Caucus, his administration would be decidedly more moderate in tone than his predecessor's. While Jim Balanoff had been a consistent critic of the International hierarchy during his directorship (International President Lloyd McBride had denied all of Balanoff's recommendations for district staff appointments and instead had selected his own candidates to serve as Balanoff's staff), Andrews was a strong supporter of Balanoff's successor to the directorship and political foe, Jack Parton, as well as the established International hierarchy. Andrews' supporters pointed to the improvement in the relationship between the local, district, and International as a reflection of the "more reasonable" Andrews' approach. Andrews' opponents, particularly those who were long time members of the Rank and File Caucus, criticized him for excessive moderation and lack of sound labor philosophy. In the spring of 1985, running for his fourth term, Andrews won office with a slim plurality of approximately 30% of the vote.

### Bargaining Issues Identified as Significant to Local 1010

Local 1010 grievers reported that discipline was the most frequently grieved issue in their work divisions, a situation which had been exacerbated by the pressures on supervisors in the course of the company's concerted effort to restructure operations over the preceding two years. While all grievances, including those involving discipline, would be affected by changes in the grievance procedure, the procedure per se was not a significant issue in the 1986 contract except as it pertained to increased restrictions on the practice of contracting-out.

Local 1010's bargaining position had always been somewhat stronger than the other locals because of its unique situation as the only basic steel local representing workers at the single mill within the corporation's steel division. This increased the potency of its strike threat, since it alone could totally halt Inland's Steel production. Inland's concentration in steel relative to LTV and USX also strengthened the local's bargaining power. The corporation could not financially depend upon its non-steel holdings over a protracted steel strike. There was a general consensus among respondents that, particularly in a period of intense competition for market share and the end of pattern bargaining, the potential to lose customers to those competitors who were still operating could be a critical set-back to Inland's restructuring efforts. In addition, the end of pattern bargaining with the 1986 contract would help rather than hurt the local since companies like LTV and Bethlehem, which were in greater financial difficulty than Inland, would no longer depress Inland's hourly wage rate (Dubois).

Although separate bargaining and Inland's relative financial situation improved Local 1010's position vis-a-vis other locals, local officers were more pragmatic about the wage issue than officers at Local 6787 (Bethlehem Burns Harbor). (See Chapter 4.) Attitudes towards wage concessions, which emerged in discussions with Local 1010 officers and grievers that took place shortly after ratification of the LTV and Bethlehem contracts, were best summed up by Financial Secretary Roberto Flores.

> "...People don't want (wage concessions, but if they have to they'll accept them the way other locals have. It's the loss of jobs they're really afraid of--contracting-out and job combinations--that's the biggest concern" (Flores).

As indicated by the griever's survey (Table 4-B), three-quarters of the Inland grievers interviewed identified job security as their biggest concern in the contract talks. Only one griever was most concerned about wages. However, while the pragmatic attitude toward wages was nearly unanimous among officers and grievers, there was a difference in the assessment of which management strategy--contracting-out or job combinations--posed the greater threat to the membership. In addition, the view that job security was threatened by both strategies at the plant contradicted the assessment of President Bill Andrews.

In an interview conducted subsequent to ratification of Inland's contract, Andrews repeated an assessment made in an initial interview conducted 10 months earlier that contracting-out did not pose the problem at Inland that it posed at other plants. He explained this on the basis of Inland's Field Forces Unit--a maintenance group which moved throughout the plant to handle jobs that usually went to outside contractors in other plants. Nor did Andrews perceive a management proposal to form a Mobile Maintenance Department (roving bull-gang) as a potential threat to the maintenance crews already existent within the work divisions or the other craft workers assigned to Central Maintenance or Field Forces who took on larger maintenance projects. This perception was at odds with that of other officers and grievers interviewed. Chairmen of the contracting-out and grievance committees, Joe Geryko and Galvito Galvin, identified contracting-out as a major concern in the contract talks which were underway at the point of their interviews. Although Joe Geryko had agreed with Andrews in an initial interview held with both men ten months earlier that contracting-out was a lesser problem at Inland than at other plants, in a follow-up interview, with talks underway, he identified operation closures and contracting-out as the greatest threats to the workforce. (As noted earlier, the effects of rationalization were felt later at Inland. The most drastic workforce reductions due to operation closures were still recent memories and keenly felt by the officers interviewed.)

While Inland's grievers reported that contracting-out and job combinations were grieved with equal frequency (See "Issues Most Frequently Grieved", Table 4-B), they felt that job security was most threatened by potential job eliminations and combinations.

The 1986 contract would include restrictions on contracting-out that were initially negotiated in the LTV and Bethlehem contracts, with revisions judged to be improvements by the union at each subsequent contract. Officers and grievers of Local 1010 considered the contracting-out clause to be one of the strengths of the new contract (M. Mezo, Robinson, Hartman).

However, concern about job combinations was heightened by management's proposal to institute a mobile maintenance unit. The proposal had been resoundingly defeated by a general membership vote in the winter of 1985 only to reappear as a major bone of contention in the 1986 contract talks. In 1986, the Andrews' administration and management discussed the creation of a mobile maintenance crew that would have the capability of handling major maintenance jobs throughout the plant. This maintenance force would differ from the already existent Central Maintenance and Field Force crews in that it would be scheduled for short term repairs which take place when an operation goes down for 8-16 hours while the other crews would continue to do major work of a longer duration (e.g. furnace relining). The mobile maintenance crew proposal was extremely controversial and adamantly opposed by craft workers who felt that the new maintenance force would be used to reduce the number of craftsmen within the work divisions. Craftsmen assigned to the Field Forces Unit saw the proposal as a threat to the viability of the unit despite assurances that the mobile maintenance force would be doing a "different kind of work". According to Mike Mezo, griever for the Field Forces unit,

> "The Bull gang issue has been around for the last 15 years. In fact there is a sort of bull gang (mobile maintenance crew) operating now. It just isn't operating to the company's satisfaction. If it were (to operate as management would like) it would result in the

loss of 2000 positions and would eventually eliminate the Field Forces unit altogether. The proposal does not provide for "past practice" or work rules. It will put 40% of those currently assigned to maintenance on the streets" (Mike Mezo).

Andrews was accused of using the Labor Management Relations meetings designed to improve labor relations to "negotiate" an agreement on the new maintenance force over the heads of the opposition and the general membership. In an effort to diffuse criticism, a tentative agreement to implement a mobile maintenance unit and alter seniority rights by establishing plant wide bidding on job vacancies was submitted to a general membership vote. In the largest turnout in the local's history, the proposal was soundly defeated by 2,844 to 211 (The Hammond Times, Nov. 12, 1985). However, the company's determination to establish the unit in the face of strong rank and file resistance led to a compromise in the 1986 contract. The contract included provisions for a Mobile Maintenance Department (MMD) guaranteeing the jobs of 2,732 craftsmen involved in the unit for the life of the contract and calling back 100 laid-off workers. These 2,732 jobs were the only jobs guaranteed in an hourly plant workforce of approximately 14,000.

Bill Andrews explained the massive resistance to the MMD and plant wide bidding prior to the contract on the opposition's campaign to divide the younger and older workers.

"... The opposition would like to pit the older workers against the younger workers and lay the blame on the administration. In the case of plant wide bidding, it's not true that it will displace younger people with older people--that only happens under three conditions: die, quit or retire. . . In those cases the position opens up plant wide and the oldest person bidding on it gets the job" (Andrews).

Plant wide bidding, provided for in the 1986 contract, would affect the coke plant, which had been closed to outside bidding, and the crafts, which, for the first time would have a bumping pool comparable to production divisions. (The bumping pool would allow an older craftsman who had been laid-off to bump a junior worker in the event that a craft position became vacant.) In addition, the contract included an "equal footing" clause allowing older workers who, in Andrews' words "had been stuck in a labor job" after losing a previous position due to operation shutdowns, to bid on a vacancy in another department using the department to which he'd been temporarily assigned as a "home department" for the purposes of seniority in making the bid (Andrews). Vice-President Mike Olszanski pointed out that plant wide bidding would help to alleviate the remnants of entrenched racism that had effectively kept minority workers from entering more desirable work divisions and gaining better jobs. (For instance, the coke plant with a majority of Blacks and Hispanics had a closed pool of workers to parallel the seniority system in other divisions which had been closed to them.)

Although Local 1010 does not have a Labor Management Participation Program per se, it does have Labor Management Relations Committees (LMRCs) at the top levels of local leadership and plant management. Five LMRCs had been established at the level of the work division since the programs implementation in 1984. While a majority of officers and grievers were neutral in their attitudes toward the program, those who were not objected to its similarity to the LMPT concept. This group included Cliff Mezo, who had been active in the Steelworkers Fightback reform movement in the 1970's, and his son Mike, who had split from the rank and file caucus and Bill Andrews over the issue in 1984. They pointed to Andrews' unilateral negotiations on the mobile maintenance unit as an example of the degree to which the LMRC could be used by management to further its own ends. The 1986 contract included no LMPT provision, an indication that the LMRC concept was viewed by management as a suitable substitute.

While the chairmen of the grievance and contracting-out committees discussed management's use of overtime to maintain productivity with a reduced workforce in some divisions, grievers indicated that overtime presented a problem in relation to scheduling based on seniority. Senior workers were increasingly sensitive to their prerogative in getting first choice on overtime. As was the case with Local 1033 grievers (LTV/Republic), the question of excessive overtime was not considered a significant contract issue as it had been by Bethlehem's Local 6787 which had a conscious policy of resistance to overtime.

The single griever who mentioned 70/80 pensions as the issue of most concern to the men in his division represented a large number of older workers (50-55). These workers could benefit from the contract provisions allowing full pension rights plus $400 monthly for those choosing to retire with approximately 26 years of service to 300 employees and an additional 287 workers who had been displaced by the permanent shutdown of a number of operations.[4]

Contract Negotiations with Inland Steel

Local 1010 began negotiations with Inland Steel in early February, 1986, with a goal of reaching an agreement by March 31. The goal was not reached, primarily because the company sought a $2 an hour wage and benefit cut and acceptance of a clause that would allow it to reopen and renegotiate the contract if either the Armco or USX contracts, which were still pending resolution, contained concessions comparable to the LTV and Bethlehem contracts. Talks broke off at the end of March for one month at the insistence of the USWA negotiating team led by District 31 Director Jack Parton. With the resumption of talks, an agreement was reached on June 20 which did not include the "contract reopening contingency clause" and involved a 40 cent reduction in wages and benefits.

At the end of June, Local 1010's members voted to ratify their contract with the Inland Steel Company by a margin of 8,741 to 1,173 (Steelworker, July, 1986). The highlights of the contract included a "wage freeze", a "no cap" profit sharing plan, a Mobile Maintenance Department, changes in the seniority system to include plant wide posting of all vacancies, and the provision of 300 70/80 pensions over the course of the three year agreement.

<u>Responses to the 1986 Contract with Inland Steel</u>:

1. wages and benefits:

Of all the locals studied, Inland Steel's later rationalization made the responses of Local 1010's leaders and rank and file unique in that they suggested the trade-offs chosen in the context of an older but potentially viable plant in the throes of restructuring. Although the Inland contract was viewed as a stronger agreement than either the LTV or the Bethlehem contracts by virtue of its "wage freeze" rather than wage cut (in fact there was a 40 cent an hour reduction in Cost of Living payments and reduction of Sunday premium), it also involved a trade-off which had been bitterly opposed by the local's rank and file membership.

2. the mobile maintenance unit and gainsharing-- "downsizing" the workforce:

The controversy over remanning and craft combinations that had continued within the local for 15 years, most recently represented by the mobile maintenance unit would be settled in favor of management, but not without "strings" to placate labor. The company paid the price of a wage freeze and job security for some craftsmen while agreeing to the recall of 100 workers who had lost their jobs since 1982--a small percentage (approximately 2.4%) of the 4,148 jobs lost (Dubois, 1985). The contract's "equal footing" clause and provision for plant wide bidding gave evidence of the strength of union seniority rights despite an atmosphere of crisis in which Local 1010 would trade its long fought for authority over work rules.

Mike Mezo, griever for the Field Forces (maintenance) who helped to lead the campaign against the implementation of a Mobile Maintenance Department objected to the inclusion of the MMD and Gainsharing Plans in the contract. He did not view the job security provided for 2,732 of the approximately 4500 craftsmen in the plant as an inducement to adopt the program. Mezo contended that the company's intention to reduce the size of their workforce by 300 (100 from Assigned Maintenance, 100 plant wide by November 1, 1986 and 100 through attrition due to quits, retirements, deaths, operation closures or technological change) confirmed his belief that the MMD would be used for purposes of job combination and reduction. He found the company's pledge to recall one worker for every two so lost no more convincing. He noted that these efforts to reduce the workforce were accompanied by 70/80 pensions under the guise of easing the effects of industrial down-sizing.

> "It's a big farce for both sides (union and company) to claim that 70/80's are a humane way to address down-sizing of the steel industry... If they're so appealing, why did they have to offer 200 workers the 70/80's before they could get 97 to take them. Some of the guys who

> "turned them down were sixty years old. They only had two years left to work" (M. Mezo).

Mezo explained the reluctance to accept the early retirements in terms of, in part, the inclusion of a mandatory deadline for acceptance that precluded five weeks vacation pay. Workers that close to retirement could be losing nearly $3000 by taking the early out. His opposition to the Gainsharing clause, which attached increases in wages to increased profitability, was also based on his perception that Gainsharing was a monumental give away.

> "It's set up to say 'if we get rid of this job we get the spoils'... It's also tied to 70/80 pensions. So what we're doing is paying for management's efforts to eliminate our jobs. Not only that, but with Gainsharing you can't turn down a 70/80. If you do, you lose your job and go into the labor pool--where, if you have seniority, you bump a younger worker and he's out on the street" (M. Mezo).

Mike Mezo's fears about Gainsharing were shared by union officers at other locals, particularly at Bethlehem's 6787 (Kaczocha). At Mezo's own local, Vice-President Mike Olszanski had the same assessment of Gainsharing as "... an open door to more job combinations and eliminations." Olszanski also saw the contract as a trade-off between job combinations and wage.

> "The mobile maintenance force is a strategy of the company to increase productivity through cutting crew sizes. As good trade unionists you can't say you'll put a guy on the street tomorrow without some kind of fight. Long term though you're thinking--it's management's right to reduce that crew size to as small as it can get. There's really nothing I can do about that. So it's easy for the company to see that if they want a contract that will cut costs, they can't get it out of wages without a big

fight, but they won't get a fight over long term job combinations. So they call it attrition and go in that direction" (M. Mezo).

Olszanski had been active in Steelworkers Fightback and the local's Rank and File Caucus during the Balanoff/Sadlowski era. He felt that the rift in the local over the issues of LMRCs and job security resulted from a failure to cultivate a philosophy among presidents at the local and international levels which went beyond "business unionism." He contended that the group which had split from the Rank and File Caucus in 1984 over Andrews' support of the Labor Management Relations Committees who were later to oppose the Mobile Maintenance Department and the 1986 contract had denied Andrews the advice and counsel necessary to shape a philosophy more in tune with Local 1010's tradition of rank and file activism.

Olszanski's reaction to the 1983 contract was based on his perception that labor "had missed the boat" for so long that it was now reaping the results of its inattention to issues that would have kept it from the painful trade-offs it was not forced to make. He shared an anecdote about the late Lloyd McBride that he felt summed up the International USWA leadership's misconception of its role.

> "I went to the 1980 international convention--in L.A. and went to a press conference on the Sunday before the convention started. The press wanted to know what was going to happen with all the shutdowns and job losses. McBride was clearly shaken and he was also in ill health. He was a union leader who didn't know what to do. He didn't know what to do because he was trapped in a political philosophy focused on wage and working conditions. He said, 'Well,

> number one, in our system the capitalist has the right to shutdown a plant and go somewhere else. Hire and fire people at will. Number two, we believe in that. We support that system. So, number three--what can we do?' He spelled it out... He spelled out his dilemma and the dilemma of the union and many unions in this country because they're trapped with that philosophy. When you subscribe to that philosophy, there isn't much you can do. You can't tell a company, 'Keep your money in this state', or 'Keep this plant going', or 'Don't cut jobs'. All you can do is bargain for wages, hours and working conditions" (Olszanski).

Olszanski realized that his idea of worker control has historically elicited red baiting in the U.S. labor movement. To go beyond issues of wages, hours and working conditions, according to Olszanski suggests that you cross the line and "run the whole damn plant".

> "Well, I'm not afraid of that. But, I'm also not going to wave the red flag and say we're going to take them over tomorrow either. I'd say, 'You have a choice. Run it in a socially acceptable way, or you will force a confrontation in which society won't be able to afford to let you run it'" (Olszanski).

The Employee Ownership Programs as currently operating do not present viable alternatives to unionists who share Olszanski's philosophy of trade unionism. According to Jim Balanoff, current examples of employee ownership involve non-productive, out-moded, and non-viable plants that companies have gladly dumped on their workforces.

Olszanski, like Maury Richards, who had also been associated with the remaining Steelworker Fightback activists, was one of the few contemporary office holders in the four locals to discuss current contract issues in terms of the broader perspective of an international labor movement. Olszanski contended that continued job loss whether due to remanning, technology, plant closures or any other rationalization strategy all came down to control. The labor movement had lost its potential for control.

> "When it allowed itself to cooperate with running the left out of its ranks, it set the stage for all of this because, absent the left and any progressive faction, it was left with the kind of leadership that was ready to toe the line. I'm not saying they are all sell-outs or coopted but they have a philosophy that's right of center. Everyone left of center was run out of the labor movement years ago... And there weren't many leftist labor leaders that could raise their heads--with the exception of Whippinsinger (President of the Machinists Union) and Sadlowski, who had that sort of agenda" (Olszanski).

The overwhelming ratification vote to accept the 1986 contract with Inland Steel indicated that in the atmosphere of crisis surrounding the industry and the USWA, Local 1010's rank and file would concede a trade-off of control over work rules for a wage freeze and job security for very few workers. The contract ratification vote echoed the resignation to company prerogatives that Olszanski had attributed to Lloyd McBride. Very few union leaders interviewed (Olszanski and the Mezos in Local 1010, Maury Richards in Local 1033) connected that resignation to a failure to forge a philosophy beyond "business unionism".

### Local 1014--USX Garyworks

While Local 1010's tradition of rank and file activism did not lead to a consensus of response among its leaders, Local 1014 was caught up in an internal power struggle that divided its leadership and preempted a timely development of a united front. The infighting that crippled the local was resolved through litigation shortly before the onset of talks with the USX Corporation in June, 1986.

Unlike Local 1010, Local 1014's history had been punctuated not by rank and file activism but by political infighting. All four locals have some historical evidence of power struggles. However, Local 1014's battles have been a normal mode of operation within the local. With few exceptions, there has been a protest of every Local 1014 election since the early 1940's (Chicago Historical Society Holdings for District 31). Despite a drop in membership from nearly 17,000 members to approximately 4000, the local's tradition of election protest was repeated in the last election held in the Spring of 1985. Local 1014 officers and members from other locals familiar with Local 1014's history agreed upon two explanations for its remarkably consistent pattern of internecine conflict:

1. Up to the 1980's the local was one of the largest and richest in the country. Its huge membership provided it with dues money that went beyond the requirements for running an efficient local labor organization.

2. The local's By-Laws allow for full time positions for grievers and members of principle committees. Although other locals provide full loss time only for the top leadership positions (Local 1033, LTV Republic, for

instance, has only two full-time officers--the President and the Grievance Committee Chairman) the full-time positions at Local 1014 included a group large enough to provide a president and his caucus with a tremendous potential to exert power. In the words of past president Phil Cyprian,

> "An individual gets elected to the grievance committee at 1014 for a term of three years. He will only have to work one day every six months in the plant. The rest of the time he's full-time handling union business and gets his pay from the local. That's a big plum. No one really likes to work in the mill. Everyone likes to have an office position and be their own boss to the fullest. Now, that's the difference between 1014 and other large unions. When you add it up its finances and power" (Cyprian).

In the 1985 local election campaign, Phil Cyprian was accused of abusing power and money by his eventual successor Larry Regan and Regan's "Rank and File Unity Caucus". Cyprian's opponents tell stories of his $80,000 a year income as local president, his conducting membership meetings with armed guards posted throughout the union hall, and his hiring relatives to the local office staff. The most damaging descriptions of the Cyprian administration fit the stereotype of labor leader as demagogue. While Phil Cyprian's critics are very vocal, those grievers and officers who supported him refused to comment on his administration--answering only those questions which were not "political". The few comments that were made suggested that Phil Cyprian had been a "smart" local president. Cyprian's opponents agree that he was indeed politically savvy in his equation of power with control of its grievance committee. Over his long career within the local, beginning with the position of steward in 1952 to his election as president in 1982, Cyprian had recognized the importance of the grievance committee as a power base for an ambitious union politico. In 1976 he had withdrawn from a presidential race with the promise from his caucus that he would be named chairman of the grievance committee. When the caucus's candidate won, Cyprian became grievance chairman, serving until 1982 when he won the presidency. In 1985 he would be defeated by Larry Regan who accused him of "being soft on the issue of contracting-out" and running a corrupt and dictatorial presidency. However, Cyprian supporters continued to control the grievance committee while six members of the 11 member local executive board, including the financial secretary, were Cyprian supporters. Cyprian's tie to District Director Jack Parton, who had been a fellow caucus member and a past president of Local 1014, would draw both the district and international offices into the battle for power between the Regan and Cyprian forces.

Although Phil Cyprian's influence had marked the local's politics for over thirty years, he had not held successive presidential terms. John Mayerlik's administration during the 1940's and 50's had been the most tenacious in the local's history. Al Sampter, a long time union activist identified as the local's "resident historian" claimed that the early battles fought at the local were based on ideological differences rather than struggles over power and money. According to Sampter, the first Local 1014 administration was aligned with the Republican party in the Calumet area (northwest Indiana) as well as the Knights of Columbus. Early local leadership was Anglo Saxon as were its supporters. Their administration was challenged by an Eastern European Ethnic, John Mayerlik in 1941. Mayerlik was a Democrat and a leader of the local's ethnic Slavs (Croats, Poles, Serbs, Slovaks) who were a large minority in the plant. Mayerlik controlled the local for nearly two decades. In the 1950's and 60's, a growing black minority at the plant formed its own caucus under the leadership of Curtis Strong who became a vice-president of the local and one of the first black International staff representatives. The local's large black minority exerted considerable political influence after the 1950's, but this influence fell short of electing a black president. Sampter noted that efforts to nominate black political candidates were frustrated by deals struck among potential white candidates who continued to represent the majority of local membership. One caucus (which would go through a number of name changes and some political realignment) controlled the local during the 1970's and early '80's. Winning candidates from the caucus included the present District Director Jack Parton, Phil Cyprian, and Henry Piasecki. In 1986 Piasecki was appointed administrator of the local by International President Lynn Williams who had removed Larry Regan from office (Sampter).

Regan supporters explain the International's decision to suspend his administration and put the local into "receivership" (the administration of an Internationally appointed administrator) with a baroque tangle of allegations of corruption not only within the Cyprian administration but also at the district director's level. Larry Regan contended that it was his decision to cooperate with a federal investigation of political corruption within Lake County implicating District Director Jack Parton that had moved Parton to ask International USWA President Lynne Williams to suspend the Regan administration. Regan held that Williams' receptivity to the idea was influenced by Regan's public criticism of the International's Wage and Policy Statement and his active involvement in the National Rank and File Against Concessions (NRFC) organization. National Rank and File Against Concessions is a confederation of unions throughout the country drawn from the full spectrum of the economy, basic manufacturing and non-manufacturing industries (e.g. services, transportation, publishing). The NRFC, established in 1985, attracted dissident unionists at odds with "the pro-concessionary policies" of national union hierarchies.

The Charges against Regan included his denying the democratic rights of his opponents, refusing to pay the salary of union hall maintenance staff that had been hired by Phil Cyprian and using Local 1014 stationary to inform NFRC members of an organizational meeting. Regan pointed to the latter allegation as evidence that his involvement with the NFRC was being penalized by the International hierarchy. However, the suggestion that Local 1014's political in-fighting had obstructed its officers' handling of local business was not without substance. Shortly before the local was placed in receivership its financial secretary, E.G. Cooper, a Phil Cyprian supporter, was removed from office by the local's executive board. He was accused of keeping a stranglehold on union funds, refusing to release information concerning the local's finances and obstructing efforts to reduce the local's clerical staff (including Phil Cyprian's mother-in-law). The decision was appealed to the International Executive Board who decided to reinstate Cooper.

With the local's executive board split between the Regan and Cyprian forces and six of the seven grievers supporting Phil Cyprian, the political battling had created an impasse that even Regan and his supporters would admit to (Sampter, Warman, Biggerstaff). Immediately after receiving word of his suspension, Regan had hired Chip Yablonski, an attorney with an established record of representing dissident union activists involved in legal battles with established hierarchy. Yablonski managed to have the suit heard in a Pennsylvania court reasoning that the numerous legal battles waged by various factions within the local over the years would prejudice a Calumet area judge against a fair decision. The decision to place the union in receivership, without a hearing, at the suggestion of the District Director on June 6, 1986, was overturned by a Pennsylvania judge in August, 1986. The judge's decision was based on the International's failure to prove that an emergency situation existed at the local which merited placing it in receivership without a hearing involving the administration that had been suspended.

In the late summer of 1986, with his presidency restored, Larry Regan faced a potential strike with little time to effectively organize a strike committee. The committee would be organized within a month of the expiration of the 1983 contract on July 31.

## Bargaining Issues of Concern to Local Officers and Grievers:

From the beginning of the field work for this research in early 1985, the then U.S. Steel Corporation had been unanimously identified as the integrated producer that would present the biggest problems for USWA negotiators in the 1986 contract talks. The corporation's diversification out of steel, its profitable non-steel holdings (this would change with the depression in the energy industry in the Fall of 1986), and habitually contentious labor management relationships combined to create that perception. Richard Greibel, director of an economic consortium in northwest Indiana, who had numerous dealings with management in industries throughout the Calumet region, perceived U.S. Steel's management to be the most intolerant of labor of any in the region. This comparison included the managements of Bethlehem, LTV, Inland, and National Steel corporations (Greibel). Greibel's discussions with USX management led him to anticipate a strike over the 1986 contract.

As indicated by the responses of Local 1014's grievers, contracting-out, reported to be the most frequently grieved issue, was anticipated to dominate the coming contract talks with the USX Corporation. The importance of contracting-out in the talks with USX was emphasized throughout the research by Local 1014 and other locals' leaders. According to Mike Mezo, griever for Local 1010, Inland Steel, the International had designed the contracting-out clauses in the initial contracts with LTV and Inland so that the language would apply to the worst abuses at the USX plants. Mezo pointed out that the language in the Inland contract emphasized contracting-out for routine, everyday maintenance work, a stipulation which fit the USX situation but not Inland's where contracting-out had been limited to large, non-routine maintenance projects (e.g. installation of the continuous casters). If the USWA had not held to its decision to coordinate its end of the bargaining on wages with its Wage and Policy Statement, it had attempted uniformity in its approach to contracting-out. This was done in large part to prime the USX Corporation for its contracting-out clause well before its negotiations began.

While job combinations were identified as the second most significant issue in the talks, USX management had depended more upon contracting-out to decrease their labor costs while increasing their productivity. Larry Regan described the way in which the company employed contracting out to improve its labor cost and productivity figures. As noted in Chapter 4 contracting-out had been a practice of long standing at Garyworks, however, that practice had been largely restricted to maintenance work in the past. Local leaders at USX mills (Local 1014 at Gary and Local 65 at South Chicago) referred to the Tom Graham Philosophy. Tom Graham was a USX executive whose "hands on steel" philosophy was geared to reducing bargaining unit employees to production units (Peurala, Biggerstaff). The USX's policy had gone beyond the Graham philosophy by 1986.

> "They (USX management at Garyworks) have contracted out entire operations. They will call an operation a "shutdown facility" and give us mutual pensions and severance pay, which is what they've done with the mold mill and then they'll continue to operate the facility with outside contractors. They'll 'sweeten this up' with these early pension offers--If we refuse, they'll do it anyway and we'll just have to grieve it... Given the length of the grievance process this can really be frustrating" (Regan).

This frustration was increased by Local 1014's grievance procedure which Regan's supporters felt was inefficient since it kept grievers in the local hall removed from concerns on the shop floor and evidence of abusive practices like contracting-out (Sampter, Biggerstaff, Warman, McWay). In addition, Larry Warman, editor of the local's newspaper and member of the Regan caucus, Rank and File Unity, suggested that, unlike Local 1010, Local 1014 did not have a steward position in its grievance system, but instead had assistants appointed by grievers rather than elected by their respective work divisions. Warman felt that this type of nepotism had reduced the effectiveness of the grievance process engendering cronyism that limited responsiveness to shop floor issues.

While overtime was mentioned as a serious problem by only one of the six Local 1014 grievers, Vice-president Larry McWay suggested that the company had abused overtime with a much reduced labor force. Perhaps because of the factionalism within the local, its leadership had not been able to effect a concerted response to reduce overtime abuses. A griever who had identified overtime as an issue reported that there were men in his division (coke plant) who were working overtime to the extent of endangering themselves and their fellow workers by increasing the potential for major accidents due to exhaustion (Gray).

Labor Management Participation Teams were not an issue at the USX plant. Past president Phil Cyprian and Vice-President Larry McWay based this on the stiff resistance to the concept within USX Locals. The non-conciliatory reputation of USX management suggested that the LMPT concept would not suit the managerial style of the corporation's steel division. None of the USWA officers interviewed anticipated incorporation of an LMPT clause in the 1986 contract.

Contract Negotiations with the USX Corporation

In the spring of 1986, David Roderick's contention that the USX steel division would have to hold its own in a diversified corporate environment was given symbolic emphasis with the name change from U.S. Steel to USX. This capped an earlier decision by the company not to participate in the joint USWA/steel companies "Crisis in Steel Program" aimed at protectionist legislation and government stimulated domestic demand for steel. The USX Corporation indicated no desire to hold early talks, refusing the demand to open its books to union perusal. Talks began when mandated by contract on June 31 and broke down before expiration of the '83 contract on August 1. In the last week of July, managers at the Garyworks received orders from corporation headquarters in Pittsburgh to close operations down (Vrahouretis).

This resulted in a work stoppage which created a controversy in the state of Indiana over the payment of unemployment benefits to USX's hourly employees. (Indiana refuses payment to workers involved in a strike but grants payment to those involved in a "lock-out" initiated by management.) After several weeks of public hearings, the state chose to pay unemployment benefits to USX's unionized employees. Since Local 1014 had one of the largest strike funds of any basic steel local in the district (approximately 1.5 million dollars), the local's ability to hold out through a protracted work stoppage was improved by the state's decision to grant its members unemployment monies.

In the Fall of 1986, several weeks into the USX work stoppage, the corporation faced a take-over by corporate raiders including Carl Icahn and T. Boone Pickens. After several weeks during which rumors of Icahn's determination to gain a controlling interest in the company increased, David Roderick was issued an ultimatum by Icahn to present a plan for the restructuring of the corporation, which was plagued not only by its steel losses but, more recently, by losses in its once profitable energy division. With a take-over pending, USX management and the USWA again returned to the bargaining table. However, before their talks would result in substantive progress, the Ivan Beoskty scandal of illegal insider trading would undermine Icahn's take-over attempt of USX (The New York Times, November 18, 1986).

The USX work stoppage lasted six months, from July 31, 1986, to January 31, 1987, and was the longest in the history of the industry. Negotiations during this period were bottle-necked primarily over the company's demand for wage and benefit cuts of $3.34 an hour. Although the company had refused to open its books to union scrutiny to prove "financial need", its negotiators had asked for the second largest wage and benefit cut of any integrated producer with the exception of the most financially troubled--LTV. In addition to the cut in wages and benefits, the company demanded a reduction of the workforce of approximately 1500 employees, remanning of both craft and production lines while refusing new additional restrictions on contracting work to outside workers. This would be the first contract in basic steel which mandated a massive enforced reduction of the workforce and the second since the 1960's and the repeal of "section 2-B" protection which sanctioned a drastic change in work rules protecting job delineations (Nyden, 1984:48).

On December 16 Sylvester Garrett was named as a mediator by USX President David Roderick and USWA International President Lynne Williams. Garrett decided that since U.S. Steel's cash employment costs had been almost identical to Bethlehem's before either company had begun negotiating, the Bethlehem package of wage and benefit reductions should be used as a basis for the USX/USWA negotiations. On January 18, 1987, USX local union presidents approved a proposed settlement in Pittsburgh. Local 1014's president, Larry Regan, was among a minority of the local presidents voting against the proposal. On January 31, 1987, USX members voted to ratify the contract with a corporate ratification vote of 19,621 to 4,045. Local 1014 voted to ratify (2,690 to 717) despite the opposition of its president.

In addition to the average $2.00 cut in wages and benefits over four years, the contract included new language that mandated arbitration prior to contracting-out work, a corporate wide reduction of the workforce by 1503 employees, and remanning of craft and production jobs to be determined through plant level negotiations.

Reactions to the 1986 Contract with the USX Corporation

1. wages and benefits:

Local 1014 officers expressed general dissatisfaction with the 1986 contract, suggesting that as a financial healthy company, USX should not have been given a wage cut comparable to that of the weaker Bethlehem Steel Corporation. (Both contracts involved wage and benefit cuts of 8.09%.) Other perceived weaknesses included a workforce reduction of 1,503 and remanning of craft and production lines across all of the USX steel plants which had been sanctioned by USWA International negotiators.

2. remanning and job combinations:

Local 1014 President Larry Regan was most dissatisfied with the contract's remanning mandate:

> "All through the negotiations they (the International) lied to us. They told us that the decision whether or not to reman and combine jobs would be left up to each local. Instead, at the end they (International negotiators) agreed to put it into the contract. The only thing they left to us was how to do it. Since the contract was signed (11 months earlier) our hourly workforce has gone down company wide from 20,000 to 16,000. And the International acts as if that's astounding! They called the local presidents into Pittsburgh and said 'where are these jobs? The locals are making too many concessions. The way this is working out we (International officers) are the militants; you local guys are granting all the concessions.' Well that made me damn mad. The International agrees to remanning and combinations and we're left to implement them--given no guidelines. They tell us during negotiations that they won't agree to remanning in the contract and they do

> it anyway, then walk away and leave it up to us as to whose job goes and whose doesn't" (Regan).

Regan pointed out that since the late 1970's during the the administration ofLloyd McBride and Lynn Williams, a pattern was begun of separately negotiated contracts at the local plants threatened with operation closures which overode the standing basic steel contracts. This point was also made by Alice Peurala, the late President of Local 65, USX Southworks (Chicago) in an interview that I conducted with her in the Fall of 1985. According to the two local presidents, such separate concessionary contracts were made at the USX plants in Fairfield, Alabama and Baytown, Pennsylvania in the early 1980's. Regan felt that this pattern was finally formalized in the 1986 USX basic steel contract with the mandated lay-offs and remanning language which forced local presidents to combine and expand jobs in separate negotiations with plant representatives. He contended that this not only begged the point of a basic corporate wide contract but also hit at the heart of job security and safety.

> "We keep hearing about job security--but where is it? Before--your job was defined. That was job security. Not only that, combining jobs can make them more dangerous... The teaming crew where you deal with molten steel is the most dangerous place to work. We had a 600% increase in accidents there last year and management's planning to further reduce that crew. The crew's complaining that they don't have enough time to eat lunch as it is. If they want to reduce numbers it shouldn't be in the front lines. Somebody could get killed" (Regan).

Local 1014 caucus meetings that I attended prior to negotiations in the spring and summer of 1986 frequently focused on the problem of increased overtime. Caucus member Al Samper pointed out in a post contract interview that overtime had increased with the job combinations sanctioned by the contract.

> "There's much more overtime now with reduced crews. A lot of the remanning was implemented quickly in both crafts and production. The company wants to avoid paying fringe benefits. So they aren't calling people back from work except some of the craftsmen that they lost when they made deep cuts years back like the electrical workers."

According to Sampter, the Garyworks is somewhat unusual in its recent shortage of electrical workers. He attributes this in part to shortsighted lay-offs of electricians in the late '70's and early '80's, who had the skills to find better jobs elsewhere (e.g. atomic energy plants) and Regan's efforts to fight the combination of craft with production jobs (e.g. combining an electrician or millwright with a machine operator).

> "This kind of combination has serious ramifications. It would eliminate a production man because he couldn't qualify as a maintenance man. He doesn't have the craft skill. A senior employee would be kicked out in some instances because he didn't have a craft skill. There would be a shift in the percentage of minority people--since far more blacks are in production than maintenance (crafts). So older blacks would be replaced by younger whites" (Sampter).

As Sampter suggests, this is an important consideration for the leader of a local with a black membership of over 40% of its total. Regan admits, however, that with remanning mandated by its basic contract he has not always been successful in his efforts to stop combinations within craft and production lines and jobs expanded to include both craft and production responsibilities. He gave as an example a recent trip to the plant in which he found millwrights who were doing welding and working as operators. When he asked these men why they agreed to do this much expanded work without local union approval, they explained that the company had called them off lay-off, promised them high incentive pay and secure employment.

3. contracting-out:

Larry Regan had served on the contracting-out committee in the negotiations. He felt the new contract language tightened restrictions on the practice since arbitration was mandated prior to the company arranging for outside contractors. However, as had been indicated in early assessments of the new contracting-out clause, its interpretation and implementation would be the ultimate test of its effectiveness in saving jobs. Regan reported that the contract allowed for a review period during which past cases involving contracting-out would be reviewed for possible settlement.

> "If these cases were settled in the union's favor, workers would be called back from lay-off but what happened was that the company came up with proposals instead of making settlements. They'd say we'll make a deal with you. We'll give you $180,000 for these laborers. We'll call back ten people from lay-off and contract work out to 20. A lot of these locals will say 'well that's $180,000 more than we have now and ten people off the street..' O.K.. I say

> there's no way I'll accept language on top of the original contract language. The procedure for review and what follows it is in the contract and I refuse to alter that. If the company doesn't like that it can fight it through the regular grievance channels" (Regan).

4. profit sharing:

Local 1014 officers were, on a whole, unimpressed by the contract's profit sharing clause. Their skepticism was based on the belief that the union would have no control over the plan and that profits could easily be hidden by a multi-profit corporation like USX. As one officer put it, "I'd rather have the money up front--in hourly wages" (Warman).

## Chapter 6

## THE 1986 NEGOTIATIONS: COMPARISONS AND CONTRASTS

The bargaining issues of most concern to local leadership were all in some way addressed in the 1986 contract talks. The kinds of trade-offs made among these issues by the International USWA negotiating team suggest the complexity of "rational decision making" for both labor and management during an era of industrial decline and restructuring.

### Bargaining Choices Made by the USWA

Wage and job security:

In interviews held prior to negotiations local leaders identified age and benefits and job security as the most critical issues facing their membership. As reflected in the USWA Wage and Policy Statement (January, 1986) the International leadership's negotiating strategy was directed toward the following objectives which suggested the way in which financial and job security concerns would be tempered by the companies' continued losses of market share and impending threats of corporate bankruptcy:

-- a reduction in labor costs to assist the most vulnerable companies while maintaining a consistent wage rate alignment for steelworkers across the integrated sector of the industry

-- providing job security by restricting the practice of contracting-out.

While local leaders indicated that wages, benefits, and job security could only be protected by taking an anti-concessionary negotiating stance, the International's objectives were substantively conciliatory. Negotiations began with the union's agreement to concede on wages; and job security was equated with contracting-out, even though job combinations and eliminations that did not involve contracting-out had long been part of management's approach to restructuring.

With the trend toward decentralization of industrial relations signified by the end of pattern bargaining and membership ratification for separate corporate wide contracts, each contract was to be idiosyncratic to each producer and its hourly workforce. Yet each contract would be marked by the previous mode of centralized labor management relations characteristic of an oligopolistic industry and industrial unionism. Across the industry, companies focused on reducing labor costs while the union focused on maintaining wage rate alignment. In this way a contract's economic package would not provide an individual producer with a competitive edge; and the potential for separate negotiations to pit workforces against each other to drive down the wage rate would be contained.

Despite respondents' concerns with job security, the wage and benefit issue drove the response of the locals compared in this study. Those that voted to reject their contracts, Local 1033 and 6787, based their rejections on the wage and benefit cuts in their contracts. With the exception of differences in the size of hourly wage and benefit cuts, ranging from $3.24 at LTV to .40 at Inland Steel, the end products of the negotiations were strikingly similar. Even those clauses which most distinguished the separate contracts met the same secular management goal of remanning. The International leadership chose to rescind union workrules and so traded-off remanning for restrictions on contracting-out. Ironically, the odious task of implementing remanning was decentralized in that it was left to local leaders and plant managements.

Holding firm on contracting-out and trading-off on job combinations:

The local union officers' generally favorable evaluation of the contracting-out clauses in each contract indicated that, at least on this issue, chances for avoidance of potential conflict had been improved. In contrast, conflicting interpretations of Gainsharing clauses which could be adopted at the local level suggested a potential for less unanimity between management and labor. The suggestion that Gainsharing would be used to displace workers through job combination and reduction was most often expressed at the Inland and Bethlehem locals. While skepticism concerning the uses to which Gainsharing would be put by management was shared equally by union officers at Local 1010 (Inland) regardless of caucus, it was greatest among members of the caucus that had opposed President Paul Gipson's administration at Local 6787 (Bethlehem Burns Harbor). Gipson was involved in planning a Gainsharing Program a few weeks following contract ratification. It had been made clear to local union negotiators at the Burns Harbor plant level talks that Gainsharing was a top priority for Bethlehem management.

In contrast, Local 1010's President Bill Andrews foresaw little chance for the adoption of Gainsharing by his membership, which was optional at the departmental level, since it would replace traditional and familiar incentive plans with which he felt workers had generally been satisfied. Management had made the adoption of a Gainsharing Program at Bethlehem a top priority while Inland's managerial priorities had been directed to adoption of a multi-trade maintenance crew. Both of these top priority programs represented different strategies undertaken by the Inland and Bethlehem managements to reach the same end, remanning of their plant's' hourly workforces.

Union leaders throughout the district perceived the USX Corporation to be the most flagrant violator of the National Labor Relations Board's mandate that local unions must be notified in advance of hiring outside contractors and that work contracted-out must be justified on the basis that bargaining-unit employees did not have the equipment or skills to undertake it. As noted in Chapter 4, decisions handed down by the NLRB against USX within the year prior to negotiations suggested that the board was becoming more responsive to the union on the issue of contracting-out.

The LTV contract, the first to be negotiated in 1986, included a clause to further restrict the practice of contracting-out. (See Chapters 4 and 5.) The contracting-out clause was refined with each additional contract, and, from the union's perspective, strengthened. By the time of the USX contract negotiations, the last to be settled, the contracting-out clause had been modified to deal with the company that had taken the most hard line position on the issue. In fact, the clauses in the previous contracts had been so designed with USX in mind that one Local 1010 griever complained that the clause in the Inland contract was more applicable to USX than to Inland Steel (Mezo).

Restrictions on contracting-out which had been accepted by LTV, Bethlehem, and Inland Steel Corporations were rejected by USX. The USWA's determination to hold firm against contracting-out and the size of the wage and benefits cut proposed by the company led to an impasse in the contract talks and a six month lock-out, the longest work stoppage in the history of the U.S. industry. The union had chosen to fight a management strategy that, if accepted, would have formalized a two-tiered workforce at USX plants. One tier would be represented by the USWA, the second, by other bargaining agents if at all. With resolution of the impasse USX accepted a clause which was broadly applicable across the industry since it had already been accepted by other integrated producers. This eventually involved a trade-off for the union which accepted the third largest reduction in hourly wages and benefits in the integrated sector, a cut of over 8% averaging $2.00 an hour over the term of the contract with the USX Corporation. In addition, the contract provided for remanning in the form of crew composition changes, job realignments, and "under limited circumstances" redefinition of seniority rights (Summary: Proposed Agreement between the USWA and USX Corporation, 1986:8).

Although separately negotiated, all four contracts were characterized by similar trade-offs involving strengthened provision against contracting-out, versus wage reductions and/or programs designed to effect remanning. In addition, all of the contracts would provide for some form of profit sharing. There was an attempt to make these concessions more palatable with profit sharing provisions. But these provisions were met with passive reactions at the local level since future financial forecasts for all integrated producers continued to be pessimistic. According to a Brookings Institute report on the rise of the mini-mill,

> "... the U.S. companies are likely to be faced with further reductions in real world steel prices, and unless the dollar falls substantially from its mid-1986 value, it is unlikely that the U.S. integrated companies will be able to recapture much of the market lost to imports. Nor can the integrated companies hope to be competitive with the mini-mills which are also steadily reducing the costs of producing bars, structural shapes, and wire rods" (Barnett and Crandall, 1986:55).

Shifting from 'confrontation' to 'accommodation' through a tri-partite program rather than LMPTS:

Phillip Nyden (1985) has noted that the international USWA leadership cooled to the Labor Management Participation Concept they had supported through the 1970's. It is uncertain if the resistance to LMPTs in the organization's largest district, District 31, had influenced this change in attitude, or if it was due to the problems inherent in decline that had diverted attention from the concept. By the mid 1980's the program had stagnated or had been eliminated altogether at two of the locals where LMPTs or a facsimile had been attempted, Local 1033 LTV/Republic and Local 6787 Bethlehem Steel Burns Harbor. Retrenchment from the combative posture that had marked labor's attitude toward management in the industry would instead come in the form of a proposal from the USWA for a tri-partite Crisis in Steel Program aimed at assisting the industry through its prolonged restructuring. In its Basic Wage and Steel Policy Statement (Jan. 1986), timed to set the tone for the contract talks which had been held every three years under coordinated bargaining, the USWA proposed a program which sounded much like textbook definitions of corporatism.

> "... the hierarchical, non-conflictional integration of the state and organized groups representative of both capital and labor replacing individualism" (Crouch, in Crouch and Pizzorno, 1979:197).

The Loucher-Abrecht report (1985) commissioned by the USWA in preparation for the 1986 Wage and Policy Conference in Washington D.C. proposed this type of integration through government, financial lenders, the USWA, and company management working together "to fix the industry's staggering problems" (74). Measures suggested by the consultants included:

-- federal programs aimed at infrastructural repair

-- proper implementation of the Voluntary Restraint Agreements

-- reduction of the value of the dollar

-- lower production costs

-- improved marketing practices and product research

-- investigation of the impact of new technology

-- the formation of regional task forces using the Chicago Task Force on Steel as a model (Dec. 16, 1985:74).

These proposals were incorporated into the USWA's Basic Wage and Steel Policy Statement of January 1986. The USWA used early negotiations as an inducement to companies willing to comply with such a cooperative effort. However, this "Crisis in Steel" program was quickly lost in the shadow of negotiations absorbed in the short term exigencies of wage and benefits, contracting-out, and remanning.

The trade-off between wage concessions and the protection of pension rights

In meetings held with local presidents and representatives during the negotiations with Bethlehem and LTV, the International USWA leadership documented the position that both corporations would need further wage concessions to insure their financial solvency. Unlike the 1983 talks, International union negotiators no longer believed that concessions would be used to modernize plants. The rationale implicit in the early capitulation to wage cuts was that the jobs of the active workforce and the pension rights of those laid off must be protected against potential corporate bankruptcies. The Wheeling-Pittsburgh bankruptcy had led to the assumption of its pension payments by the U.S.S. Pension Guarantee Corporation. This obligation had left the federal agency, which guarantees the pension rights of workers covered by labor-management contracts, incapable of assuming the staggering obligations of the second (LTV) and third (Bethlehem) largest integrated producers in the country. An audit of the financial status of LTV and Bethlehem conducted for the USWA by the financial consultants Lazard Ferare concluded that concessions were needed to reduce the financial vulnerability of both corporations (1986).

## Differing Responses at the International and Local Levels and The Outcome of the 1986 Contract

As noted earlier in this chapter, local president's reactions to the wage and policy committees' decision to deal with the companies on the basis of financial need were related to political orientation. Those presidents who were vocal critics of the International hierarchy were critical of the decision to consider a company's financial need. Larry Regan president of Local 1014 (USX Garyworks), and

Maury Richards, president of Local 1033 (LTV/Republic Steel), both identified as dissidents at the onset of the research, criticized the committee's decision. They suggested that it capitulated to wage and benefit concessions before the talks had begun despite early assurances from the International that the USWA would coordinate its end of the bargaining process even if management across the industry would not. The two local presidents identified as moderates, Bill Andrews, Local 1010 (Inland Steel), and Paul Gipson, Local 6787 (Bethlehem Steel Burns Harbor), were not critical of the decision in interview. Inland Steel's relatively strong financial position within the domestic industry and its even greater projected strength at the end of its restructuring program provided a context within which Andrews, who was supportive of union hierarchy, and the International negotiators would approach the contract talks in unanimity.

The reaction of Local 6787's president, Paul Gipson, had a different basis. The Bethlehem Burns Harbor plant's high productivity was viewed as a bargaining chip that would strengthen the union's hand in negotiations. As the newest and most productive integrated plant in the U.S. industry, Bethlehem Burns Harbor was an island of hope in a sea of aging and unproductive facilities slated for closure. The Midwest Center for Labor Research had conducted a study of the Bethlehem Steel Corporation's financial status and the relative viability of its Burns Harbor facility for Local

6787 which questioned the necessity for further concessions from its workforce. This further convinced the local leadership that the newness of the plant and the productivity of its workforce provided it with an advantage in holding the line against concessions. These factors motivated the local to stand almost alone against concessions throughout the negotiations with Bethlehem, to lobby strenuously against the 1986 contract at the gates of the corporation's other integrated plants throughout the country, and finally, to reject the contract while the majority of Bethlehem locals accepted it. President Paul Gipson was counting on the plant's strength and the local's cohesion to provide a base from which to lead a fight against wage and benefit concessions despite the International's decision to consider Bethlehem's financial need. The perception that Local 6787 had the strength to hold the line among the locals within the corporation coupled with a political orientation which was more accepting of the International and District USWA leadership predisposed Gipson toward a less critical view of their decision to negotiate on the basis of individual company financial status at the onset of the talks.

In contrast, Maury Richards lobbied against and convinced his membership to vote down the 1986 contract with the LTV Corporation despite its extreme financial vulnerability and the vulnerability of the aging Chicago plant whose bar products were competing in a highly depressed market. His criticism of the International's decision to accommodate its bargaining demands to company financial status was largely based on an orientation that was at odds with the USWA hierarchy from the onset of his administration. Richards was philosophically opposed to USWA policies which he saw as accommodationist and misguided, including a myopic focus upon protectionist legislation and the support of policies which divided American workers against each other as well as workers who represented "the foreign competition." Of all four local presidents, Richards was the most "internationalist" in his view of the labor movement. Given the weak competitive status of his plant and the LTV Corporation he was also the least pragmatic. This political orientation underlay his anti-concessionary posture in the face of overwhelming odds against his administration's ability to lead other LTV locals in a fight against the 1986 contract.

Richards' success in marshalling a Local 1033 rank and file vote against the contract despite these odds can be explained in light of the local's political history rather than as a mandate for his philosophy of unionism. The long tenure of the Guzzo administration (18 years) masked the reality of a highly politically fragmented local. Guzzo's staying power was attributed to his long experience as a union officer and his skill at building coalitions among the local's ethnic and political factions (Guzzo, Nelson, Legg, Garza). His administration had established a pattern in which factionalism was overcome through the skillful manipulation of his position as president. 1033 was a local that had followed the lead of its president through many changes, such as massive job combinations and LMPTs considered to be controversial and concessionary by other locals. The membership's tendency to ameliorate factionalism through presidential direction was Guzzo's legacy to the president who followed him. With only a few years left until Guzzo's retirement, in an election involving six candidates for the local presidency, Maury Richards won approximately 26% of the vote. Within a few months of assuming office, Richards had made a controversial decision to eliminate the plant's Labor Management Participation Teams, a decision which had created added dissension in an organization weakened by a depleted membership and financial difficulties as well as the immanent threat of plant closure.

The same local that had followed the policies of a president which had been decried as concessionary by his successor, including the establishment of LMPTs and a massive job combination program among the crafts, supported a hard line and untenable position against a concessionary contract, led by a president who had not been given a clear electoral mandate. According to Doug Nelson, the local's grievance chairman, the LTV/Republic workforce was very demoralized and very few had read the contract. The members had instead relied upon the interpretation provided by

President Maury Richards. Given this, the "no vote" was the product of despondency as much as leadership.

Nelson's analysis is credible given the rumors of plant closure and lay-offs of 775 employees only a few months prior to the contract talks. Crandall and Barnett's 1986 assessment of the comparative viability of the South Chicago plant cautiously suggested that only its electric arc furnace might survive (46). By the time that this projection was published, the electric arc furnace had been closed and only one bar mill and the coke ovens were still operating.

In the case of Local 1033, response to restructuring had been shaped by the divergent political orientations of its presidents, Frank Guzzo and Maury Richards. Guzzo's orientation had been one of cooperation and moderation in an attempt to salvage as much as possible for a workforce handicapped by an outmoded and unproductive plant. Maury Richards, a critic of Guzzo's leadership as well as the International hierarchy, had assumed a confrontational, some would say, intractable stance toward management despite his precarious bargaining position. Local 1033's response suggests that in a time of crisis, a politically fragmented local representing workers at a highly vulnerable plant which has undergone prolonged restructuring will be determined by its local president whether or not that response contradicts union hierarchy.

However, the case of Local 1014 shows that there are limits to the extent to which a local president can successfully direct response to restructuring. Local 1014's president, Larry Regan, like Maury Richards, had established a reputation as a vocal critic of the International's policies. Also, like Richards, Regan had opposed the International's choice for district director, incumbent Jack Parton, and had publicly voiced his opposition to the Basic Wage and Steel Policy Committee's decision to consider each company's financial need in the negotiations. In addition, Regan had been actively involved in the National Rank and File Conference Against Concessions (NRFC), a group formed to fight the anti-concessionary momentum among union hierarchies throughout American industry. While the International explained its decision to remove Regan from office and place Local 1014 in receivership (administration by an International appointee) on the basis of the local's political infighting, Regan contended that the decision was primarily influenced by his criticism of the district and International leadership and his involvement in the NRFC.

The extent to which the rank and file of Local 1014 might have supported Regan in his opposition to the contract was affected by the six month long work stoppage at the company's integrated mills. Despite Regan's opposition to the USX contract, Local 1014's membership voted for its acceptance. However, workers' assessments of the contract reported in the local press were unanimously negative.

Comments suggested that it was much like the contract offer that had been made by the company in November which had led to a breakdown in negotiations and a lengthy lock-out. The ratification vote which was overwhelmingly in favor of the contract was explained by one Local 1014 member as a final resignation to the International's position that "this is the best they can do". After six months on the picket line, with local and personal resources nearly exhausted, the rank and file accepted that ultimatum (The Gary Post Tribune, February 1, 1987).

## Internal Divisions Within the Four Locals

Wage versus pension, overtime, and job combinations:

The generally accepted opinion among steel analysts that management's acquiescence to escalating wage demands during the 1970's had been a contributing factor in the industry's decline led to the public's focus on wage as the sole determinant of excessive labor costs. However, the heavy lay-offs and operation closures at LTV and Bethlehem plants had significantly increased these corporations' debt-equity ration. Bethlehem and LTV were strapped with heavy pension obligations to workers given early retirements as part of the restructuring process. In 1985 LTV had announced that the pension fund for its steel division was one billion dollars underfunded. Its precarious position within the industry was reflected in the fact that its contract was the only one among the integrated producers to include guarantees of employee rights in the event of a plant sale. After filing bankruptcy, LTV terminated the pensions of salaried personnel at some of its plants and attempted to terminate the health insurance of its hourly pensioners. The attempt was squelched with a strike called by the USWA at one of the company's more viable facilities, its Indiana Harbor plant. In the 1986 contract talks the tension between wage and benefits was based upon more than which would be sacrificed in management's push for concessions. If excessive debt-equity ratios threatened vulnerable companies like Bethlehem and LTV with collapse, the issue became whether or not holding firm against wage cuts, which management contended were necessary to the corporation's viability, would result in bankruptcy, a situation which could involve rescinding pension obligations. (At the time of the LTV and Bethlehem talks legislation designed to protect workers' pension rights in the case of corporate bankruptcy had not yet been introduced.)

Union officers indicated that interests in protecting wage or pension were related to age, since younger workers with dependent children generally were more in need of disposable income while older workers were more concerned with the retirement income provided by their pensions. However, the degree to which age would affect contract ratification votes given the draw down of the hourly workforce--lay-offs of younger workers and early retirements of older workers--was influenced by the resulting change in the age structure of those workforces.

Restructuring programs at the four plants had increased workforce age homogeneity. As a result, differences in age were more marked between rather than within plants. The Bethlehem and Inland workforces were younger as the result of hiring during the 1960's and '70's to man Bethlehem's new facility at Burns Harbor and Inland's plant expansion. In both cases this produced workforces with many workers closer to 40 than to 50. While hiring patterns at the LTV and USX plants had resulted in workforces with a majority of workers who were closer to age 50 by the mid 1980's.

This research found that wage rather than age was the primary determinant in the acceptance or rejection of all four contracts. (Although workforce age structure did not result in differing responses to the 1986 contracts, the behavior of the younger Bethlehem Burns Harbor workforce did refute the contention of older unionists that younger workers would be less likely to fight concessions. This finding is discussed in detail in a later section of this chapter.)

Grievers at the four locals identified some differences within their organizations over the wage/pension issue based on age. However, none felt these differences to be significant enough to affect response to a tentative agreement. They believed the rank and file vote to be solidified against concessions in general and particularly against age cuts. There was not an indication before the announcement of the LTV bankruptcy that anxiety over the possibility of losing pension rights would overcome the antipathy toward wage cuts at either Local 1033 (LTV/Republic) or Local 6787 (Bethlehem Burns Harbor). The age homogeneity of all four plants reduced the likelihood of significant internal divisions over the wage/pension issue. The outcome of the contract ratification votes substantiated this and reflected the importance of wage to the rank and file membership. While Local 6787, representing Bethlehem Burns Harbor's younger workforce, voted to reject a contract on the basis of its wage cut, Local 1010 at Inland Steel, the other plant with a younger workforce, voted to accept a contract largely on the basis of its wage freeze, even though it included a major remanning provision.

Local 1033, LTV/Republic provided a test for the importance of pension rights to an older workforce. Despite LTV's weakened financial condition, and the rumored closure of the Chicago plant, Local 1033's rank and file membership voted to reject their contract. The local's president, Maury Richards, had questioned the conclusion of the financial consultants hired by the International USWA that the company's losses necessitated another reduction in wages. Relying upon a separate analysis of the company's finances provided to him by the Midwest Center for Labor Research, Richards denied that the extent of the company's vulnerability was as great as had been suggested by the

International union. The Local 1033 membership chose to accept their president's evaluation of LTV's situation. Ironically, Richards and another LTV local president, John Sako who had supported contract ratification, reacted with equal surprise to the announcement of the LTV bankruptcy. Sako commented that the International must have known this was going to happen all along and decided not to tell the local presidents. The incredulity expressed by Sako and Richards concerning the bankruptcy suggests that the International failed to communicate this possibility to its local presidents during the LTV contract talks. Whether or not Local 1033's members would have voted for the contract having the foreknowledge of the impending bankruptcy is uncertain.

Prior to restructuring, age had created divisions concerning seniority related issues such as the scheduling of shifts and overtime. However, as mentioned earlier, with operation closures and lay-offs, the age structure of plant workforces had become more homogeneous so that minimal differences in seniority rather than age created conflicts over scheduling. Grievers' interviews indicated that such conflicts occurred most frequently at the LTV/Republic plant. They often turned upon fine lines of seniority among a workforce that had to have a minimum of 15 years to be employed at the plant.

One local, Inland Steel's 1010, was found to be divided by age on one major issue. This was largely due to an effort by Bill Andrews' administration to implement plant-wide bidding. According to Andrews, the change, which was implemented in the 1986 contract, would only affect younger workers in the coke plant and maintenance crews assigned to each department. Andrews projected that it would displace 44 junior craftsmen and 100 junior coke plant workers. Plant-wide bidding meant that the coke plant would no longer have a closed bumping pool. (Bumping involves laid-off workers displacing active workers on the basis of seniority.) Jobs in the coke pool would now be open for bids from workers who had been displaced from jobs in other parts of the mill. In addition, the contract established a craft bumping pool which would displace 44 junior craftsmen. Previously, craftsmen who had been laid-off from separate departments could not bid on an assigned craft job in another department until it became vacant. With a separate craft bumping pool these craftsmen could bid on an assigned maintenance job anywhere in the plant held by another worker with less seniority. Finally, an "equal-footing" statement allowed laid-off workers to bid on temporary vacancies throughout the plant. In the past, bidding was possible only if the vacancy arose in the worker's "home department" (the department in which he/she had established seniority.)

Attempts to establish plant-wide bidding, equal-footing and a mobile-maintenance unit had been rejected in the general membership vote held several months prior to contract talks. The 1986 contract would formalize all of these changes. In the end, the local leadership's previously unsuccessful attempts to strengthen its seniority system which had been threatened by restructuring would be accepted because they were packaged in a contract providing a wage freeze to all workers regardless of age.

Skill level and job combinations:

Descriptions of divisions based on skill level, production workers versus craftsmen (maintenance workers) changed as a restructuring program evolved at each plant. As had been the case at the beginning of restructuring efforts in the late 1970's and early 1980's, maintenance workers were still more likely to be affected by remanning changes in 1985 and 1986. Prior to restructuring, union work rules had protected the individual crafts from job combinations into multi-skilled maintenance positions. At plants like the LTV/Republic plant in Chicago, restructuring of a longer duration had brought about massive job combinations among craft workers. (See Chapters 4 and 5.) This trend was also increasingly evident at the USX and Inland plants. The "remanning trend" was least evident at the Bethlehem Burns Harbor plant, because as a newer facility, it had opened with fewer job classifications.

The cohesion and independence characteristic of the crafts has been identified as a general pattern within trade union history. Littler (1982) and Ingram (1976) have described the effect of a strong craft tradition on unionization. Craftsmen were more resistant to unionization and once unionized more likely to obstruct the development of labor confederations. In addition, according to Local 1033 Grievance Chairman Doug Nelson, skilled workers' increased vulnerability to job-combinations was offset by the additional marketability of their skills outside of the steel industry. In contrast to skilled craftsmen, production workers were trained to perform limited and highly specialized tasks specific to the making of steel. As a result, their marketability outside of the industry was severely restricted. Traditionally, within the steel industry, these differences between craft and production workers resulted in a highly vocal contingent of craft workers whose additional marketability gave them leverage to "buck management" on the issue of job combinations.

More than age, skill level was identified in this research with a strong anti-concessionary attitude among workers particularly in regard to job combinations. Officers in all four locals identified craftsmen as the most active in the union, the most vocal on all issues, and the most resistant to concessions, particularly those relevant to remanning. However, this resistance did not stop the massive craft combination at the LTV/Republic plant in 1984 in which seven crafts were combined into one, nor did it stop the creation of the Mobile Maintenance Department with ratification of the 1986 Inland Steel Contract. Local 1010's Vice-President, Mike Olszanski, suggested that Inland had successfully divided the plant's majority, production workers, against the vocal minority, craft workers, over the mobile maintenance issue (MMD). By including the change in the contract, the company was able to gain a majority vote of production workers who would not be affected by the potential remanning associated with the MMD. Management's insistence upon remanning after years of union resistance to changing workrules had come into its own by 1986 even at plants like Inland that had a tradition of in-house maintenance (Andrews, Geryko).

Plants owned by the USX corporation had for some time adhered to a policy created by Tom Graham, who, as director of the corporation's steel division, announced that the then U.S.S. management was working toward a policy of "hands on steel". The unionized workforce would be composed of production workers only (Alice Peurala, Jim Biggerstaff). As one of the first major integrated producers to begin restructuring in the late 1970's, USX had cut in-house maintenance to the bone by the mid-1980's, depending upon outside contractors for the majority of its maintenance work. Its efforts at remanning would increasingly be turned toward its production workers via the strategy of sub-contracting (Peurala, Biggerstaff, McWay, Regan).

Remanning, which had once been a more significant concern of the skilled worker, would by 1985 threaten entire workforces where inroads had already been effected in the crafts, specifically, at the LTV/Republic and USX Garyworks. The division based on skill level among Inland's workers existed up to the ratification of the 1986 contract. This was attributable to past company policy favoring in-house maintenance rather than contracting-out and a later restructuring program. According to its critics within the crafts, the contract's establishment of the MMD would present the first inroad toward massive job combinations in the plant. Given the experience at plants where restructuring had been a longer duration, the division among craftsmen and production workers would disappear once crafts had been effectively remanned and the remanning of production could be focused upon. In fact, the introduction of new technology, particularly in the form of continuous casting, was one example of job combinations which combined production and maintenance, since caster operators were also being trained to maintain casters at all plants where they were in operation (Burns, Heaghy, Ferral, Charbonneau).

## Chapters 5 and 6 Notes

[1]Loss time allows the local officer or griever time off from the plant job to do union work at regular hourly pay. Loss time is paid for by the local union organization.

[2]Guards stand at the union hall door to restrict entrance to members and to eject the disorderly at general membership meetings. It is an elected position.

[3]Because the Burns Harbor plant was opened in 1964, its senior workers were younger than the senior workers at the older LTV/Republic and USX plants which had opened at the beginning of the century. Although Inland, too, was an older plant (1902), a massive expansion campaign in the 1960's, during which many younger workers had been hired, made its workforce comparable in age to the Burns Harbor workforce--a fact overlooked by many respondents.

[4]The shutdowns that have been part of the rationalization of the 1980's have involved the provision of early retirements as options to displaced workers. A 70/80 pension is based upon age and years of service. Roughly it is based on a formula of age 55 with 15 year of service (totalling 70) or those less than 55 whose age plus seniority equals 80.

# Chapter 7

## RESEARCH FINDINGS AND THEORETICAL IMPLICATIONS

### Analysis of Contextual Variables and Response in a Time of Crisis

Two paradigms were discussed in the first chapter of this thesis, the union leadership conservatism model and the sectoral-rationality model. In the first, an increasing working class consciousness of a radical rank and file is pitted against a conservative international union leadership which is protective of the established system of industrial relations and organized labor's place in that system. In the second model, divisions within the workforce, such as those based on skill level and age, distinguish the interests of separate groups within the working class. Workers may differ in their "rational choices" of the costs and benefits involved in protecting and/or furthering those interests.

This chapter assesses the evidence collected from the four local union case studies to determine. . .

1. What led to the concessions which were granted by labor in the 1986 contract talks in basic steel?

2. How were local organizations divided in their opinions of their contracts?

## The "aggregate evidence": local organizations' rank and file respond in contract ratification elections

In Table 1 the results of corporate wide and local contract ratification votes are at the bottom of the matrix delineating locals' positions on six contextual variables. Although these results are indicative of the rank and file's assessments, it should be noted that in post-negotiations interviews local presidents and grievers acknowledged that the general memberships' knowledge of their contracts was limited to the information provided by their local presidents and contract summaries provided by the International USWA headquarters in Pittsburgh. This made the local president's interpretation of the contract critical to the membership's impressions of its ramifications. The president's influence was heightened because of his first hand knowledge as a member of the union negotiating team. (See Chapter 4.)

The corporate wide ratification votes indicate that despite the weakened condition of the USWA, the centralized structure of the organization continued to hold firm. Corporate wide rank and file majorities supported the International's choice of bargaining trade-offs which focused upon maintaining an industry wide wage rate alignment while granting cuts to the financially weakest companies and gaining tighter restrictions on contracting-out.

The local results indicate that only one local, Inland's 1010, can be unqualifiedly classified as accepting its 1986 contract. USX's Local 1014 voted to ratify only after a lengthy work stoppage. LTV/Republic's Local 1033 and Bethlehem's Local 6787 rejected their contracts by wide majorities.

Contextual Variables and Response

In a broad sense this research was designed to assess the importance of context in determining organizational response in a time of crisis. The initial chapters of this thesis set forth the situation in which District 31 United Steelworkers of America local union organizations found themselves in 1985, in the throes of industry wide restructuring, and facing contract talks that were among the most critical in the history of the USWA and the American steel industry. Analysis of the degree to which individual contextual variables shaped local responses in this period of crisis follows.

Plant age/modernization and technology:

Since two locals at opposite extremes on these variables both voted to reject their contracts, the influence of plant age, levels of modernization and technology did not result in different local responses to concessionary contracts. LTV's aging and technologically outmoded plant, which was rumored to be slated for closure, had run the course of rationalization. Its workers were described by Local 1033 Grievance Chairman, Doug Nelson, and past president, Frank Guzo, as "demoralized" and increasingly hostile toward the union at all levels of the organization. President Maury Richards' campaign against the contract was in part successful, according to his critics, because most of the membership had not read the contract and so were willing to accept their president's assessment that it was "a give-away" (Nelson). However, Richards' negative assessment was in fact shared by grievers interviewed who claimed to have been familiar with the contract (Sowa, Bocien, Farr). Local 1033 officers and grievers interviewed were unanimous in their dissatisfaction with the contract with 5 of the 10 expressing extreme dissatisfaction with the job done by the International negotiating team.

On the opposite end of the spectrum, Local 6787 representing workers at the Burns Harbor plant, the most modern integrated plant in the country, went into the negotiations believing that their productivity had strengthened their bargaining hand. As in the case of Local 1033, Local 6787 officers and grievers were unanimous in their criticism of the contract as a "give-away". The comparatively greater hostility toward the International union among Local 1033's officers and grievers was reflected in the difference between their generally negative assessment of the job done by the International negotiating team and the reaction of Local 6787's officers and grievers which was much less negative despite their dissatisfaction with the contract. A majority of Local 6787 grievers indicated that the International did the best job they could have done since most of the other Bethlehem locals were coming from a weaker negotiating position.

Age of active workers in the bargaining unit:

Anti-concessionary responses were not determined by differences among plant workforces based on their age structures. Despite differences in the majority age range of their plants' hourly workforces, contracts providing for wage cuts with LTV and Bethlehem were rejected, while the Inland contract providing for a wage freeze was ratified. Since LTV's workforce was somewhat older than the Bethlehem Burns Harbor and Inland workforces, age did not contribute to a greater concern with the viability of pension rights. Even though LTV was recognized as the most financially vulnerable producer, the potential threat to its pensioners in the event of its collapse was not convincing enough to overcome opposition to a wage cut.

The belief of older unionists that younger workers would fail to hold out against concessions was not put to the test of a strike vote. Although the older workforce at USX Garyworks had been preparing for the eventuality of a strike, the work stoppage at the USX plants was initiated by the company. Nonetheless, the resolve demonstrated by Local 6787 representing the younger workforce at Bethlehem's Burns Harbor plant is an interesting case in point. Its strike committee had been organized well in advance of the contract talks. President Paul Gipson led the local through a campaign to reject the concessionary contract which was carried to the gates of steel plants throughout the corporation. However, the determination of Local 6787 was not enough to swing the majority composed of eastern locals against ratification and toward an eventual strike. It should also be noted that the significance of Local 6787's response as it relates to age should not be overdrawn, since in the case of all four locals, the within plant age range had been limited by rationalization (lay-offs and hiring freezes) so that none of the workforces was particularly young.

Corporate policies of diversification vs. concentration:

<u>The degree to which corporate policies had been directed to diversification had no discernable effect on the outcome of the 1986 contract ratification votes as suggested below</u>.

Bethlehem--policy of concentration--Local rejected contract

LTV--diversified--contract rejected

USX--diversified--contract accepted (after a 6-month work stoppage)

Inland--diversified--contract accepted

However, interviews conducted early in the research suggested that the USX corporation's diversification strategies had contributed to the perception on the part of all those interviewed, regardless of local, that USX would be the most difficult of the companies with which to negotiate. As a result, Local 1014 had anticipated a strike over the negotiations. Instead, the company initiated a lock-out after the talks had reached an impasse at expiration of the 1983 contract.

Company's financial status:

Since Locals 1033 and 6787 voted to reject the contracts of the two most financially vulnerable companies, the LTV and Bethlehem Steel Company's financial status can be said to have had an inverse relationship to contract ratification. On the basis of the ratification votes in District 31, the International's decision to consider financial need had the opposite effect intended. These contracts included over 8% cuts in hourly wages and benefits. Steel analysts, some of the more candid spokesmen for management, and a contingent of union activists had questioned the importance of wages to the future viability of the major integrated producers. The rank and file membership in all four locals voted "from the pocket-book" on the basis of wage, demonstrating their belief that wage cuts would not guarantee jobs or salvage unproductive facilities.

In summary, the 1986 contracts would differ primarily on the basis of wage and were responded to in kind. Although the local president's position would appear to be an influential determinant of local response, the fact that in each case that position would be reactive to the issue of wage above all others, qualifies this finding. In the case of Local 1010 the issue of remanning in the guise of a Mobile Maintenance Department would emerge as critical to the negotiations. However, the issue was defused and the contract accepted largely because it included a wage freeze. Similarly, the refusal by USX management to accept a set of restrictions on contracting-out had worked with the union's refusal to accept a wage cut nearly comparable to the cut "given LTV", to bring about an impasse. Only after a prolonged work stoppage would a concessionary contract trading a restriction on contracting-out for a wage reduction and revisions of long standing workrules (remanning) be accepted by the Local 1014 membership.

From the point of the Basic Wage and Steel Policy Statement, published four months prior to contract talks, the trade-offs which occurred between wage, remanning, and contracting-out became clear. The International's priorities among these trade-offs differed from those of the local organizations and their members. The International demonstrated its good faith with its proposal for a cooperative effort between management, labor, government, and financial institutions to save the industry by agreeing to accommodate the most vulnerable companies with economic and remanning concessions. However, the ratification votes indicate that above all else local organizations were voting the wage issue.

President's political orientation:

While local presidents' responses to restructuring policies as well as their votes on the 1986 contracts were directly related to political orientation in the case of "dissident" presidents, Maury Richards (1033) and Larry Regan (1014) and "moderate" president, Bill Andrews (1010); the responses of "moderate" Bill Gipson (6787) contradicted this pattern.

Richards and Regan voted against their contracts with the LTV and USX corporations. While Richards was successful in convincing his membership to reject the contract, the six month long USX work stoppage which had exhausted the resources of the local and its membership, would bring about local 1014's vote to ratify. Moderate Bill Andrews voted for the Inland Steel contract. The case of Local 6787 and its president, Paul Gipson, ran counter to the anticipated pattern, since unlike the other local president, Bill Andrews (1010), who had been identified as a moderate and supportive of the union hierarchy at the onset of the research, Gipson had worked for contract rejection. However, the political tradition of Local 6787 must be taken into account in this instance. As mentioned earlier the local had a strong tradition of rank and file activism that had influenced both of its caucuses--an influence described by griever George Wilson as uniting the union in its determination to fight a concessionary contract. This cohesion carried the union through its rejection of the contract and only began to show signs of unraveling in the wake of the LTV bankruptcy and USX work stoppage. It was at this point that a general membership meeting suggested that the coalition between the more "moderate" Gipson administration and its opponents would be weakened by such issues as Gainsharing and other company strategies aimed at remanning. (See Chapter 5).

Local's political tradition:

Of the four locals only Local 6787 had elected an administration with a clear mandate and an executive board fully under the control of one caucus. Local 1033 (LTV/Republic Steel), Local 1010 (Inland Steel) and Local 1014 (USX Garyworks) were politically fragmented organizations by the time of contract negotiations.

In the case of Local 1033 (LTV/Republic) and Local 1010 (Inland) the position taken by each president ran counter to policies of their predecessors which had marked the political atmosphere within their organizations. Frank Guzzo at Local 1033 had implemented programs associated with a conciliatory attitude toward management. Within the last administration of his eighteen year presidency, Guzzo oversaw a massive job combination and creation of the only major Labor Management Participation Program among the integrated mills within the district. Maury Richards, his successor, reversed the direction that the union had taken under Guzzo by eliminating the LMPTs, failing to negotiate a plant level accord, and leading his union against contract ratification on the face of the International's assessment of the company's financial need for a wage cut.

In contrast, Local 1010 at Inland Steel had a long tradition of rank and file activism which was associated with the creation of a major reform movement in the USWA during the 1970's, the Steelworkers' Fightback movement which had launched Ed Sadlowski's insurrectionist campaigns for the district directorship and international presidency. Some members of Local 1010 who had been active in Steelworkers Fightback suggested that Andrews had betrayed the local's activist tradition during his administration. Vice President Mike Olszanski, who had also been active in Steelworker's Fightback, softened this criticism with the assessment that Andrew's had not been properly advised by the remaining Steelworker's Fightback members in making the difficult decisions during the plant's restructuring that would have been consistent with Local 1010's political tradition.

Both Richards and Andrews won office with a plurality and both were faced with politically fragmented local organizations. Local 1033 was described as factionalized even during Frank Guzzo's lengthy presidency. Guzzo's opponents and supporters alike agreed that the local had been held together by his effectiveness in building coalitions among its ethnic and political factions, a skill which Maury Richard's had not had the time to cultivate (Pughsley, Garza, Legg, Nelson, Sowa). Local 1010's rank and file caucus which had been a political strength from the Balanoff/Sadlowski era and the heyday of the Steelworkers Fightback reform movement, was splintered into two caucuses during the Andrews administration--the "Rank and File Caucus" led by Andrews supporters and an opposing caucus led by Grievers Jim and Cliff Mezo and Jim Robinson. (See Chapter 5.)

The grievance committees and executive boards of locals 1033, 1010 and 1014 were split. Of the three presidents, Andrews had been the only one to hang onto a bare majority of both the executive board and grievance committees. The executive board of 1033 was split in half--President Richards and Recording Secretary Rose Ortiz versus Vice-President Richard Dowdell and Treasurer Richard Foster who had run on the Frank Guzzo ticket against Richards. In addition, the grievance committee was chaired by another Richards' opponent for the local presidency, Doug Nelson.

In a similar vein, Local 1014 President Larry Regan led a union which had been historically marked by political in-fighting attributed to the local's size, wealth, and practice of providing full time jobs for a large number of positions which were part-time in other locals. Local 1014 member Al Sampter commented that Local 1010's in-fighting was due to ideological differences of moderation vs. confrontation while past Local 1014 president, Phil Cyprian admitted that his local's infighting was based upon a struggle for power and financial resources. Sampter contended that while Regan supporters had been motivated by a philosophy of rank and file activism, the opposing forces led by Phil Cyprian had been ousted for lack of political direction and an administration motivated by greed. The struggle between Regan and Cyprian supporters had left the local's executive board in Regan's control and the grievance committee in the control of Cyprian supporters. The International and District leadership judged the impasse between the two groups to be so intractable that it placed the local in receivership, removing Regan from office and appointing an International staff man as local administrator. Regan won a legal battle against the USWA and was replaced as president shortly after the onset of contract talks with the USX Corporation. As mentioned previously, the lengthy work stoppage at USX plants which resulted from an impasse in the contract talks was decisive in influencing Local 1014 to be the only local among the four to cast a vote in opposition to that of its local president.

In comparing responses to the contracts, the degree to which political tradition suggested patterns of fragmentation or cohesion was less influential than individual economic considerations. Economic considerations would override the political fragmentation which divided locals, so that Presidents whose positions on the contract reflected a concern for wages won the support of their memberships. In one of the politically fragmented locals, 1033, the rank and file voted with its president--against the contract with LTV--on the basis of its wage cut. Local 1010, which was also fragmented, voted with its president to accept its contract with Inland Steel because it provided for a wage freeze. In the case of Local 1014 a wage cutting contract would be accepted despite the local president's opposition only after the longest work stoppage in the industry's history.

Consideration of Additional Contextual Factors Ethnicity:

Although as indicated in Chapter 4, the four locals had different ethnic compositions, the results of the negotiations did not definitively suggest a relationship between ethnicity and local response to the contracts. The two locals which were least balanced ethnically, Local 6787 (Bethlehem Burns Harbor) with a predominantly white membership and Local 1014 (USX Garyworks) with a 41% black membership voted differently on their contracts--6787 voting to reject, 1014 to ratify. However, Local 1014's vote must be viewed in light of a prolonged work stoppage and not as an immediate response to an "acceptable agreement." Local 1014's president Larry Regan in part based his opposition to the USX contract upon a remanning clause which he felt would be potentially biased against black laborers. His opposition, however, was primarily driven by his hostility towards remanning per se and its damage to traditional union workrules.

The two most ethnically balanced locals, Inland's 1010 and LTV/Republic's 1033, also voted differently: 1010 to ratify; 1033 to reject. So that neither ethnic balance nor skew was related to a particular response to the contracts. In addition, in all cases, contracts were accepted or rejected by healthy majorities, evidence that they were acceptable to a broad spectrum in the ethnically balanced locals. Interviews with local presidents and grievers corroborated this conclusion (Olszanski, Andrews, Richards, Ortiz).

Skill:

Skill was not a factor in distinguishing responses among locals. As previously discussed, the majority of all rank and file, regardless of local, chose to ratify or reject their contracts in reaction to the economic packages (wages and benefits), as did their local presidents. However, the two dissident presidents, Maury Richards (Local 1033, LTV/Republic) and Larry Regan (Local 1014, USX Garyworks) had been critical of clauses in the LTV and USX contracts that allowed for remanning, while moderates Paul Gipson (Local 6787, Bethlehem) and Bill Andrews (Local 1010, Inland) did not voice similar concerns in post-contract interviews.

This researcher did find skill to be associated with internal local divisions. Regardless of local, officers and grievers were unanimous in their assessment that craftsmen continued to be more vocally opposed than production workers to concessions of any kind, but particularly to those which would result in remanning and job combinations. There were two reasons given for this comparatively greater militancy among the crafts.

1. Craftsmen had less to fear from managerial reprisals since they were in a better position than production workers to find work outside of steel because their skills were transferable to other industries.

2. Management's restructuring strategies had focused upon changing union workrules which most affected craftsmen.

Those plants in which the traditional craft delineations had been successfully protected were those in which the craft contingents were most dissatisfied with remanning and other clauses (Gainsharing) which immediately or potentially altered union workrules, locals 1014 (USX) and 1010 (Inland). Although a concern, the issue was less critical to Local 1033 (LTV/Republic) and Local 6787 (Bethlehem) since 1033 had already undergone massive craft combinations and the newer Bethlehem plant had opened with fewer job categories than the older LTV, Inland and USX plants.

The 1986 basic steel contracts suggest that craftsmen, historically among the aristocrats of labor (Crouch, 1984; Form, 1986), may come to no longer be a "group apart" with interests and agendas distinguishing them from other workers, and particularly, from the machine operator. The increased use of advanced technology such as continuous casting will bring about a homogenization of the workforce as to skill. In addition, the combination of maintenance and operation suggests an upgrading of skill level and screening out of workers at the lower end of the skill range.

This has interesting implications for future workforce ethnic composition in integrated steel in the U.S.. As mentioned in the previous chapter, the remanning mandated by the USX contract was perceived by some unionists to have negative ramifications for a majority of black workers in USX plants since combining operators, and maintenance responsibilities would result in the substitution of the lesser skilled (generally a black worker) with more seniority, by a skilled (white) worker with less seniority. If this perception is correct, without a concerted effort to retrain the under-skilled, the 1986 contract will usher in a future integrated industry which, with USWA sanction, employs fewer black workers.

Summary:

This research found that a local's responses to restructuring strategies during the 1980's were most influenced by the political orientation and leadership of its president. By 1985 restructuring of the steel industry had been underway for more than ten years, but had been most intense in the Calumet Region (USWA District 31) since 1975. The changes which it brought had attenuated the relationship between a local's political tradition and the type of leader chosen in the spring prior to the 1986 basic steel contract talks. As a result, there was little consistency found by this researcher between a president's response to management's restructuring strategies and his local's political tradition. Although this connection was strongest at Bethlehem's Local 6787, it was not found at Inland's Local 1010 with a history of rank and file activism and dissent from International policy or LTV/Republic's Local 1033 that had experienced 18 years of a more cooperative relationship with management and USWA central hierarchy. Local 1010 had chosen a "moderate" while Local 1033 had chosen a president who was a "dissenter" with a "confrontational" leadership style. Despite the transformation in a local's organizational identity as "dissident" or "conciliatory", the power of the USWA, centralized at the level of the International, continued to hold firm in an atmosphere of crisis. Even though its position as labor's representative in the institutionalized arenas of collective bargaining and social policy had been badly weakened, the International USWA leadership continued to control intra-organizational dissent. This was clear when the International Executive Board chose to exercise its right to remove Local 1014 President Larry Regan from office short months before the onset of contract talks with its toughest corporate opponent, the USX Corporation.

Corporate financial status was another contextual variable which distinguished local response. Surprisingly those companies which were most financially vulnerable elicited a strong anti-concessionary response from locals which represented extremes on every other variable identified at the onset of the research as potentially influential in shaping response (see Table 1). (As anticipated at the onset of this research, the USX Corporation, as one of two producers projected to be in a relatively strong financial position and the one earmarked by all unionists interviewed to be the most difficult in the 1986 negotiations, initiated a work stoppage which would be the longest in the history of the industry.)

Thirdly, since the literature reviewed in the first chapter suggested that younger workers would be more likely to feel and express dissatisfaction which, in the context of industrial restructuring, would result in a stronger anti-concessionary response, the findings of this research are significant. Contemporary analyses of workforce divisions based upon age were published before the repercussions of industrial restructuring had altered the profile of America's manufacturing workforce. That workforce is now more age homogeneous. The age range is no longer 18-65. As indicated in the attached matrices, the age within which the majority of the four plant workforces fall is 35-55. The extremes of difference in life experience has been reduced by closures, resulting lay-offs, and early retirements. However, the concerns of a 35-year old worker with growing children, mortgage, and car payments are different than the concerns of the 55-year old worker facing retirement. Yet this research found that these concerns did not divide workforces internally since the economic package of each contract (the size of the hourly wage and benefits over the three to four year term of the contract) drove the ratification vote of each local. Nor was there any distinction among locals based upon the differing average age of their workforces.

Although a comparison of the ratification votes indicates that local response was "a wash" relative to the age issue, closer analysis questions the literature on the general intimation that younger workers would be more likely to take an anti-concessionary stance. The two older workforces at LTV/Republic and USX Garyworks demonstrated strong anti-concessionary behavior in responding to contract negotiations--Local 1033 (LTV/Republic) rejected their contract in the face of a corporate-wide vote to ratify, USX Garyworks withstood a six-month long work stoppage. The two younger workforces at Inland and Bethlehem Burns Harbor were split in response to their contracts because the Inland contract came close to a wage freeze while the Bethlehem contract called for a wage cut. The downside of a ten-year period of restructuring in the Calumet Region reduced differences among workers based on age. Workers of all ages demonstrated consensus on the most "conservative" of issues--the protection of wages and benefits.

Finally, although skill was not found to contribute to differences in response among locals, restructuring was associated with differences within workforces. Plant modernization and the adoption of new technology characteristic of restructuring have eroded traditional craft distinctions protected by union work rules. Rationalization has increased skill homogeneity. The introduction of continuous casting and computerization of other aspects of the production process, such as rolling facilities and finishing mills, have erased skill demarcations. Operators (production workers) are now expected to have craft skills to maintain their machines. The extent to which this trend toward upskilling will continue throughout the industry and will affect the ethnic composition of a workforce in which minorities have been traditionally underskilled can only be speculated upon here and is the "stuff" of future research.

The complexity of the issues facing the USWA makes it difficult to succinctly answer the two questions posed at the beginning of this chapter without falling prey to over simplification. However, the pre-contract talk options chosen by the International, the contracts negotiated in 1986, and the local organizations' responses to those contracts in ratification elections indicate that concessions were granted by labor to maintain an industry wide wage rate alignment while protecting pensions of workers at the most vulnerable companies and gaining some modicum of job security by restricting contracting-out. Corporate wide ratification of contracts which reflected the position chosen by the International union hierarchy speaks to the continued centralization of power in the USWA despite augurs of decentralization within the industry per se (e.g. the termination of pattern bargaining). This is not to say, however, that the union has not given way to the trend toward decentralization brought on with restructuring. As indicated earlier, there has been an increase of separate contracts negotiated between individual plant level managements and the USWA amending the basic steel contracts throughout the 1980's. In addition, in the aftermath of the 1986 contract with the USX Corporation, reduced manning levels mandated by contract were left to plant level negotiation and implementation by local officers and management.

In response to the second question, although the corporate wide contract ratification votes suggested a majority acceptance of the 1986 contracts, the four locals compared here were divided in their response to the contracts on the basis of wage. Locals 1033 (Republic/LTV) and 6787 (Bethlehem) rejected contracts with the companies to which the International union was willing to concede on wages in pre-contract talks. These wage cuts, along with those negotiated by the less vulnerable USX Corporation (after a lengthy work-stoppage), were the largest in the 1986 round of contract talks. The one local which unqualifiedly accepted its contract, Local 1010 (Inland), was responding to the only agreement which provided for a wage freeze. Although local presidents were influential in their organizations' responses, their influence was largely derived from economic considerations since those whose positions on their contracts reflected a concern for wages won the support of their membership.

The following section of this thesis evaluates the theoretical paradigms of "union leadership conservatism" and "sectoral-rationality" in light of their application to the data on labors' response in a time of crisis and restructuring of the steel industry presented and analyzed here.

## Applicability of Contrasting Paradigms

The previous analysis provides answers to theoretical questions raised in Chapter 1 which distinguish the contrasting paradigms referred to in this thesis as the "union leader conservatism" and "sectoral rationality" models. Those questions are as follows:

a) Does the union obstruct protest--act as a source of conservative pressure on workers?

b) Is the workforce subdivided on issues such that we can identify conservative and radical positions and how can we make sense of the subdivisions observed?

My research indicates that the USWA was pressing for concessions. This was done to maintain industrial wage alignment and protect the pensions of workers employed by the more financially vulnerable companies in an effort to offset industrial decentralization and restructuring. It was also done, in part, to protect the organizational viability (and the economic base) of a union that had suffered severe membership loss.

In contrast, most members of the locals studied and some presidents (three of the four opposed their concessionary contracts) were for less or no concessions. Although these differences between the local unions and International leadership appear to be somewhat Michelsian, other indications question that conclusion.

Rather than "conservative" or "radical" the differing responses of the International and local organizations can more accurately be described on the basis of "scope of concern". The International leaderships' concerns were "national" in scope, attuned to the viability of the domestic industry as well as the USWA. Local leaders concerns were "local" in scope. They responded to their memberships' preoccupation with the protection of hourly wages and benefits and the expression of their own political orientation and philosophies of unionism.

In addition, many grievers, who are presumably the union officials closest to the membership, recognized that the industry was in crisis and were ambivalent in their assessment of how the International should respond to that crisis.

Finally, such ambivalence was also evidenced with reactions at higher levels of local union organizations upon the announcement of the LTV bankruptcy which followed that corporation's contract negotiations. The two LTV local presidents in the Calumet region expressed surprise at the announcement and suggested that the International had known about the impending bankruptcy but had not "shared this information" with the local presidents in pre-contract talks. One of these presidents led a local included in this study to a rejection of a concessionary contract with LTV. In the aftermath of the LTV bankruptcy with intensified rumors that Bethlehem would be the next to file for bankruptcy, the response of the Bethlehem Burns Harbor local president (who had also opposed a concessionary contract) to allegations of conciliatory behavior at a general membership meeting, suggested that the ambivalence of taking the hard line in the face of corporate bankruptcy had eventually "hit home".

In any case, it does not follow from any of this that the union was an identifiably conservative force. One could as plausibly argue that the union was counseling a reasonable tactic, the acceptance of concessions, on a workforce that did not fully understand the state of the industry. In addition, there was nothing particularly radical about what workers were demanding. Workers were seeking to protect wages and job security and to avoid modifications in seniority that would have followed from the various craft modifications. And they were largely uninterested in innovative work organization in the form of Labor Management Participation Teams, which, in principle, allowed them a more active role in the administration of their work. Admittedly, this research was not designed to evaluate the process and outcome of LMPT programs, but rather to identify respondents' perceptions of them. Given this, it was not clear that LMPTs were just a management tactic to weaken the union or whether there were any grounds for thinking that they sometimes allowed for a genuine increase in workers' involvement in or control of their work.

The divisions among workers were tied to very specific interests--e.g. older workers wanted to protect their pensions, younger workers their wages, craftsmen their privileges, etc. There is no evidence that young workers or any other group had a position that one could identify as distinctly "progressive".

Overall, then, the division between the locals and the union is, at first sight, consistent with Aronowitz and the "union leader conservatism" model except: there is no obvious ground for deciding what was "progressive". It is just as plausible to interpret the data as showing that workers acted to protect their interests in a situation in which it was very difficult for them to know where exactly those interests lay. Taking a hard line in the plants in question really did involve the risk of a plant closure (although less so in 1010). What is "progressive" about a set of responses leading to that outcome?

## Collective Bargaining in Basic Steel in the Future and Its Ramifications for the USWA

The trend toward decentralization fo the U.S. steel industry noted by Barnett and Shorsch (1984) and Crandall and Barnett (1986) seemed to be held in check with the 1986 contract talks in basic steel, despite the termination of pattern bargaining and a single "master" contract with the major integrated producers. The USWA managed to maintain wage alignment for hourly workers in the industry in separate contracts, which, although similar in many respects, differed in the size of wage and benefit cuts and type of remanning concessions. These differences included the first major lay-off of workers (1,503) mandated by a basic steel contract (the agreement with USX) in the history of the industry. The 1986 contracts were, nonetheless, similar enough to belie the end of oligopoly for "big steel" in the U.S..

However, the practice of negotiating separate agreements at non-productive plants during the duration of the basic steel contracts in the 1980's validates the projection of fragmentation for the industry and traditional, institutionalized collective bargaining. The strength of this trend was in evidence immediately after the producers decided to terminate pattern bargaining prior to the 1986 negotiations. One of their suggestions for the upcoming talks was that they would be conducted separately at the plant level. Although this change was not made in the 1986 talks which were held at the corporate level, the continuing fluidity of the industry could eventually bring about a substitution of plant for corporate level talks.

While Crandall and Barnett (1986) concluded that the Calumet region's integrated mills would be the only domestic mills in operation at the end of this century, they ended their report on the mini-mill phenomenon with a caveat. Mini-mill producers' technological break throughs in flat products (e.g. sheet and plate) and semi-finished slabs, now principally supplied by integrated producers, will further erode the latest market share. (96-105) Given the Crandall and Barnett scenario for the future, the 1986 contract in basic steel may be the last to bear the vestiges of an oligopolistic industry and centralized union. Unless the USWA can successfully unionize the entire mini-mill sector, which has thus far been so resistant to unionization, its ability to maintain wage alignment within the integrated sector is doubtful. As more of the processes once performed by the integrated mills are taken over by mini-mills, locals representing workers in the Calumet Region's integrated mills could be pressured to reach separate agreements which amend their basic steel contracts. This decentralization of collective bargaining will make the onus of responsibility for overseeing the last phases of restructuring the burden of local leaders and plant management.

The recent situation at Local 1014 (USX Garyworks) intimates what that responsibility would entail. The specifics for the remanning mandated by the 1986 contract with the USX Corporation, which simply calls for remanning of all craft and production lines throughout the corporation's plants, are to be negotiated by local administrations and plant managers. The form that these remanned lines will taken--which jobs will be preserved and/or expanded and which eliminated--will be decided at the local/plant level. The juxtaposition of the International's concern for corporate and organizational viability and the local leaders concern for their membership is starkly delineated by the long term issue which grievers identified as most significant to workers--jobs security. Increasing plant viability with the adoption of technology and the closing of non-productive operations has proven to be inversely related to the protection of "redundant" jobs.

It is plausible that with a shift from corporate to plant level collective bargaining, the local presidents will play a much more significant role in the USWA and in the lives of their members than they have in the past. They will be influential in determining which jobs will be eliminated, and which "secured" in the context of a highly fluid industry and continuing technological displacement.

The ways in which the organizational structure of the USWA will be affected by such changes can only be surmised here. With the shift in responsibility for bargaining and determination of the critical issue of job security to the local organizations it is plausible that the centralized structure of the USWA and the authority of the International will not remain intact. Two alternative outcomes are possible: decentralization of institutionalized collective bargaining could increase local presidents' unilateral executive authority for labor management relations relegating the International officers to an advisory board on national policy within the industry. Or, it could ring the death knell for the USWA by ushering in an era of local/"company" unions or their equivalent. The accuracy of either projection must be left to time and future research.

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