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Comment on Jobs and Profits in Steel

Abstract
[Excerpt]As Tom DuBois and Jack Metzgar point out in their articles, the American steelworker is approaching an important crossroads. In the next decade, the enormous changes the steel industry started in the late seventies will continue at a greater pace.

How steelworkers and their union will respond to these developments is still unclear, but already it has caused a major rejection by the local union presidents of a contract supported by the entire International Executive Board. This division over the direction of the union is not likely to disappear soon.

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Comment on Jobs and Profits in Steel

by Dennis Shattuck
Griever, USWA Local 1010, Inland Steel

As Tom DuBois and Jack Metzgar point out in their articles, the American steelworker is approaching an important crossroads. In the next decade, the enormous changes the steel industry started in the late seventies will continue at a greater pace.

How steelworkers and their union will respond to these developments is still unclear, but already it has caused a major rejection by the local union presidents of a contract supported by the entire International Executive Board. This division over the direction of the union is not likely to disappear soon.

As DuBois points out, the steel industry is shrinking in this country. With worldwide capacity at enormous heights, it is unlikely that any major new construction will take place.

Yet at the same time that capacity is shrinking, productivity is growing tremendously. Productivity in the steel industry has been increasing at a higher rate in the last five years than at any time since the end of World War II.

What does this mean for the steel companies? First and foremost, it means that this "dying" industry is actually becoming a stronger one. The proof is in the figures on profits from 1981. In a year in which the rate of capacity operation was at best mediocre, the industry made record profits. It was only the economic slide created by the Reagan administration that pulled th rug out from underneath the industry in 1982.

Interestingly enough, these profits were made at a time when the wages earned by USWA members were at basically the same level as they are now. It would seem clear that union members' wages are not preventing the industry from making profits.

But the shrinking American steel industry also has created a crisis among American steelworkers. More than 100,000 steelworkers have lost their jobs in the past five years and many more jobs disappear every month. Entire communities are devastated by plant closings.

Our union has for the most part been unable to stop this. In part, I believe the reason is that we have become confused about what is happening. We are trying to save an industry that the companies are changing at a dramatic rate. And while we as a union try to save the steel industry of the past, we are being manipulated and exploited by the steel industry of the future.

There is only one way to insure that the American steel industry survives, and that is by maintaining the plant and

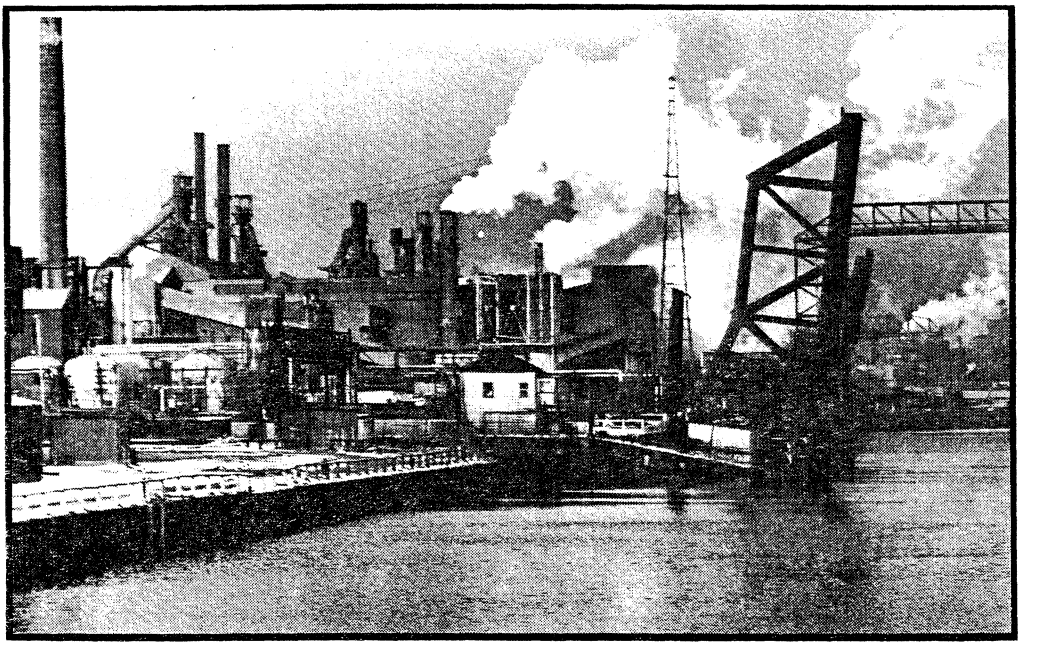
equipment at the same level as the rest of the world. As is pointed out in the other articles, the American industry lags far behind the rest of the world in introducing new technology. That refusal to maintain a competitive lead over foreign steelmakers has been the main reason that imports have been able to do so well in this country.

But new technology does not mean more jobs for steelworkers. In fact as new technology comes on line, it will eliminate enormous numbers of jobs at the same time that it increases the productivity and profitability of the steelmaking process.

So the American steelworker is faced with a hard choice: Either try and maintain the status quo in the industry and eventually become so outdated that the mill you work in cannot survive. Or encourage new investment in continuous casting, larger blast furnaces, new electric furnaces and BOFs, and watch jobs disappear that way.

The recent concessions talks have brought home this problem very clearly. The steelworkers in many older mills know they cannot survive without new investment. As a result, many union leaders are prepared to make major concessions if the companies are willing to put that money back into the industry. What this means is that steelworkers will accept a lower standard of living if the companies agree to make themselves more profitable by eliminating jobs. Yet many leaders see no alternative.

I believe the main reason this is so is because the myth of the dying American industry has become so strong. What would you think of an athlete who sat around for months telling you he was dying, then one day got up and ran a new record in the 100-yard



"New technology must be used in a way that creates or maintains jobs. A part of the productivity gains from new technology can translate into fewer working hours at the same pay.... This is not a technical discussion but a social one."

dash. Wouldn't you be skeptical when he sat down and started dying again?

So it is with the American steel industry. After proclaiming their death for several years in the late seventies, they got up and made huge profits. Now they started dying again.

Yet most people believe what the industry is saying and we steelworkers have wound up being cast as the murderers. It is important that we change this situation.

There is an alternative to the present bargaining going on in the steel industry negotiations. But in order to carry out a new policy, it's necessary to stop believing that the American steel industry is on its last legs. Only by realizing that the industry is still fundamentally healthy and, given anything but depression conditions, increasingly profitable will we be able to do what is necessary to save jobs and protect our standard of living.

And what is that alternative? It is old-fashioned unionism, the type of bargaining that demands that as productivity increases, we get our share of the take.

The "First Amendment" of the Machinists' *Technology Bill of Rights* is a good summary of what our union's goals should be in our present negotiations:

> New technology must be used in a way that creates or maintains jobs. A part of the productivity gains from new technology can translate into fewer working hours at the same pay or into fewer jobs. This is not a technical decision but a social one. Given the pervasiveness of new forms of automation, the former approach is vital. The exact mechanisms for accomplishing this—a shorter work week, earlier retirement, longer vacations, or a combination—ought to be a perogative of the workers involved. In addition, comprehensive training must be provided well before any change takes place to insure that workers have the maximum options to decide their future. Morever, new industries that produce socially useful products must be created to insure the economic viability of regions that are particularly affected by technological change.

This has always been the approach of the unions towards negotiating with the companies. It has worked well in the past, and there is no reason to abandon it now.