1983

Concessions at South Works: What Price a Rail Mill?

David Bensman

Rutgers University
Concessions at South Works: What Price a Rail Mill?

Abstract
[Excerpt] Things are grim in South Chicago. Two years ago, Wisconsin Steel went bankrupt, leaving 4,000 steelworkers without jobs, pension plans, and their last paycheck. Then Pullman Standard closed, after United Steelworkers of America District Director Jack Parton's frantic efforts to save the plant failed. U.S. Steel's South Works itself is down to a crew of 950, one-seventh its size of two years ago. And the Republic Steel mill, scene of the Memorial Day Massacre of 1937, is down from 5,300 to less than 3,000 employees.

Keywords
Chicago, USWA, steelworkers, Wisconsin Steel Pullman Standard, South Works, U.S. Steel, Republic Steel

This article is available in Labor Research Review: http://digitalcommons.ilr.cornell.edu/lrr/vol1/iss2/6
Things are grim in South Chicago. Two years ago, Wisconsin Steel went bankrupt, leaving 4,000 steelworkers without jobs, pension plans, and their last paycheck. Then Pullman Standard closed, after United Steelworkers of America District Director Jack Parton’s frantic efforts to save the plant failed. U.S. Steel’s South Works itself is down to a crew of 950, one-seventh its size of two years ago. And the Republic Steel mill, scene of the Memorial Day Massacre of 1937, is down from 5,300 to less than 3,000 employees.

As the mills slump, many of the little “bucket shops” that service the mills have closed. The loading docks on the banks of the Calumet River are quiet as a graveyard.

You can see the pain of America’s industrial contraction on the streets. Torrence Avenue, alongside the rusting hulk that was Wisconsin Steel, is full of boarded-up groceries and saloons. And in Irondale, wooden frame houses that withstood a hundred Chicago winters and the Great Depression are crumbling.

In Spring 1982, U.S. Steel delivered an ultimatum: South Works would not get a new rail mill that would employ 450 workers and make it possible to keep 3,000 hands working—unless Local 65 agreed to a change of work rules.

Just in case the devastation of South Chicago was not sufficient to force Local 65’s acceptance, U.S. Steel heaped on other pressures. The company halted repair work at the big No. 8 blast furnace and announced plans to give greater importance to the Gary Works at the expense of South Works. Next, it shut down its mill in Alabama, where a new tube mill had been planned. Finally, boats began picking up ore in South Chicago for delivery to Gary. The message seemed clear: South Works was in jeopardy.

Local 65, it seemed, had to make concessions. With unemployment rampant, where else could members find work? Even if they followed Reagan’s advice to leave for Houston, how could they sell their homes? Roy Hollis, a crane operator unemployed for 14 months, expressed the steelworkers’ desperation: “How can we say we ain’t going to accept it when we don’t have anything? They’re in the driver’s seat, so you just have to ride.” Roy Hollis’s resignation, though understandable was not typical. Instead, Local 65 members united in rejection of U.S. Steel’s demands.

Although many demands were painful, the hardest to swallow would have abolished craft lines. One would have created “supercrafts,” combining the tasks of millwrights, electricians,
and welders. The other would have destroyed the traditional prohibition against skilled workers doing production. These proposals were aimed at a problem about which the company has long complained: maintenance workers don’t work continuously. They fix a machine, then rest until needed. By combining three crafts and merging production and maintenance jobs, the company hoped to eliminate “nonproductive” time.

Monte Meauhead, a millwright, believes this is unjust: “We have to work through lunch, through our breaks, and a lot of times it’s voluntary, because we want to see the mill run too. But I don’t believe that you have to be a slave to your job.”

Local 65 could not accept the destruction of craft traditions. Bitter conflicts that had divided the union for a decade were laid aside on July 16, when the officers agreed to face down the company’s ultimatum. Even recently elected President Donald Stazak, a self-described “company man” went along.

Had the union accepted company demands, workers at the rail mill would have had to work harder, in less safe conditions, for lower rates of pay. But their decision to defy U.S. Steel was more than a refusal to make material sacrifices. Their fundamental motivation was anger at their bosses, and a sense of honor.

Anger at the boss is rooted in the experience of working in the mill. Steelworkers put up with an authority that pervades their life on the job and at home. They work rotating shifts, first 7 a.m. to 3 p.m., then 3 p.m. to 11 p.m., then 11 p.m. to 7 a.m. Assignments are made from week to week, leaving workers and their families unable to plan their lives more than a week in advance. And management still orders people to work with mandatory overtime with just an hour’s notice—even when thousands are on lay-off. The authoritarian environment breeds conflict over foremen’s favoritism, disputed piece rates, excessive absenteeism, and so on. This conflict is part of the mill, a familiar, chronic, controlled tension. But when U.S. Steel purchased Marathon Oil, then threatened to shut down South Works, tension turned to anger.

In Roy Hollis’s words, “A big company like that, they just take the money and do what they want.” And in Monte Meauhead, U.S. Steel’s betrayal has produced a radical response: “How come the company can’t be fair to the workers after all the years we put in and
built that company up? And now they want to get into oil..."

Steelworkers have also developed a pride in resisting management that enables them to survive an authoritarian environment. Job classifications, craft identities, and work rules all mark the limits of the bosses' power. Steve Alexander, a black production workers, explains: "No one wants to back down against the company. It's that macho toughness of workers who have a fairly strong union: you don't give in. To black workers, it's more. It's this feeling that it's like working in a plantation atmosphere."

The deepest source of resistance is the workers' sense of obligation to uphold the union. The union rests upon principles to which members adhere regardless of their individual interest. For example, steelworkers insist that the company pay the lowest rated workers not much less than the highest rated. And they maintain a seniority system that subordinates the interest of the strongest worker to the needs of the group.

Spencer Redd, who's been out of work for a year, explained the seniority principle: "I think an older man should be able to work. I just have to sacrifice. It might hurt me now, but eventually it will benefit me."

U.S. Steel's demands threatened union principles. The company's most radical proposals—the creation of "operating technicians" to do both production and maintenance work, for example—would have directly affected only a few dozen men in the rail mill. But Local 65 members felt it would be dishonorable to jeopardize the interests of thousands of their contemporaries and descendants to get a few hundred jobs in South Chicago.

Ike Mezo, one of the local's ten elected grievers, explained: "The guy who's been around any length of time doesn't want to go against tradition. He cares about the next generation."

When I asked Steve Alexander why steelworkers were concerned with principles in the face of economic calamity, he answered that "even the conservative people like to think of themselves as good trade unionists."

But the story at South works was not to end here, for neither Donald Stazak nor United Steelworkers President Lloyd McBride was willing to risk losing the rail mill. After national concession bargaining broke down on July 30, Local 65 President Stazak asked McBride to send his assistant, Sam Camens, to South Chicago.

As soon as Camens entered the picture, U.S. Steel changed its tune. The company dropped many demands, including the proposal to create "super-craftsmen." But the company insisted on four points. (1) "Operating technicians" were essential. (2) The union would have to waive its right to grieve..."
the job classifications spelled out in the manning agreement. (3) The company would consider “ability” as well as seniority in filling production jobs in the rail mill. (Since production workers would help out with repairs, this provision could mean that management will select mostly skilled workers for the new facility.) And (4), management insisted on eliminating welders.

Local 65 negotiators resisted these proposals, but the tide turned when Camens—who has considerable prestige in the union—said the company was not bluffing. And so, even though Local 65’s concessions could be used as precedents to force other plants to weaken their work rules and even though the new rail mill in South Chicago would displace workers at the other rail mills, the International gave Local 65 permission to bargain. Camens’s approval gave President Stazak what he wanted, support for reaching agreement with U.S. Steel. Local 65 bargainers dropped their resistance to a manning agreement for the rail mill. In return, management agreed to strengthen seniority rights.

On August 27, 1,100 steelworkers packed the union hall to discuss the manning proposal. Stazak and Mike Ally, the grievance committee chair, read the proposal and asked for questions. When Stazak surrendered the floor to Joe Kransdorf, a leading plant militant, he set the stage for a wild evening. Kransdorf charged that it would be unsafe to have workers bent on meeting their production quotas doing maintenance work as well; they’d be under pressure to patch things up hurriedly. Furthermore, the new job classifications would produce a speed-up so bad some workers couldn’t keep up. Kransdorf sat down to an ovation. Alice Peruala, Local 65’s militant president until Stazak defeated her last fall, now took the floor. Peruala’s denunciation of the manning proposal gave legitimacy to the opposition.

It fell to Carl Alessi, from the USWA District office, to defend the agreement. Alessi argued that operating technicians would do only minor repairs. “Alessi was saying that you will only be used on small maintenance jobs,” Ike Mezo commented. “But everyone knows how the boss operates. You start with one little thing, and then they’ve got you doing everything.” If Alessi’s defense of the operating technician idea failed to impress, neither did his forecast for South Works’ future. He had to agree that the company might still cancel the rail mill. And he had to admit that most members of Local 65 would remain jobless even if the mill were built. You could see steelworkers calculating that, with only 3,000 people in the mill, they’d still be on the street. They booed Alessi off the stage.

Then it was Ed Sadlowski’s turn. Sadlowski, like the union he’s been associated with for almost 30 years, was in a difficult position. As a signer of the manning agreement he couldn’t very well speak against it. He explained to a hushed audience that the bargaining committee had been trying to preserve union principles in the negotiations and had won expanded seniority rights, but he conceded that “this agreement ain’t nothing to write home about.” Turning to the key question, he argued that U.S. Steel would build the mill if there was a demand for rails. In other words, “They don’t make investment decisions at the
The workers had heard enough. Concessions would not guarantee them jobs and would worsen working conditions. They struck up a chant, "vote now." Everyone in the union hall could see that the agreement would be defeated overwhelmingly.

To insure the pact's ratification, President Stazak organized a strange election. He announced that the vote would be "advisory," and the campaign would be unusual. There would be no debate in the union newspaper, and only Stazak would have access to the mailing list. Since few people are working in the mill, that arena for campaigning was out, too.

The mail ballot included a letter urging members to vote "yes." And the actual ballot read, "Advisory Ballot. Should Local 65 Rail Mill Negotiating Committee sign the Rail Mill Manning Agreement in a joint effort to reestablish South Works as a viable competitive facility?"

In desperation, the opposition turned to the press. They even called a press conference, where President Frank Guzzo of Local 1033 at nearby Republic Steel expressed concern that concessions at South Works could hurt his local. And Steve Alexander charged the agreement might make it hard for minorities to get hired at the rail mill.

But against President Stazak's power to orchestrate the election, the opposition was of no avail. 1,795 members approved concessions, only 305 opposed.

Why did Local 65 approve concessions? Clearly, the South Works story was part of President McBride's quest to establish cooperative relations in the steel industry in the face of concerted corporate attacks. Joe Kransdorf comments: "How could the International expect a local with 6,000 of its members on layoff to make a rational decision? The International should make sure that locals are not picked off one by one."

Still, when all is said and done, 1,795...
steelworkers voted to approve concessions. Their decision needs no explanation; they saw no alternative.

But Local 65's decision might have been different had the vote been conducted at a meeting where Kransdorf, Perualia, and Mezo could explain their opposition. Then the members' anger at U.S. Steel and their sense of honor might have prevailed, as it had at the August 27 meeting.

But when members at home face the choice alone, cut off from the feelings of solidarity that prevail at a union meeting, they consider mostly their own interest. Those who are still working vote "yes" to keep the mill open; workers whose preferential status is abolished by the manning agreement vote "no." Laid-off workers with 10 to 20 years seniority vote "yes"; here they were the bulk of the voters. Low-seniority workers, who cannot hope for reemployment, have been laid off so long they can't vote. In short, here the leadership of the International and of Local 65 combined their effort to enable the calculations of self-interest to overwhelm sentiments of solidarity.

The decision by South Chicago unionists to make concessions to save their mill is but the opening scene of a long drama. More difficult choices will follow, because the underlying problem steelworkers face has not yet been resolved. Fundamentally, the unions' dilemma is that the world economy has changed.

For a hundred years, the American steel industry produced for domestic consumers without worrying about foreign competition. The internal steel market grew so rapidly that employers and workers could share "the growth dividend," even if unequally.

Things have changed. Foreign manufacturers have penetrated the domestic market. Our steel industry lost one major cost advantage when the Mesabi iron range became depleted; now Japanese steelmakers can buy Venezuelan and Brazilian ore as cheaply as can U.S. companies. Changes in transportation costs are also significant; today Japanese manufacturers can ship steel coils to South Chicago cheaper than American firms can transport coal from Pennsylvania mines to Calumet harbor.

Our steel industry faces a competition it has not known since U.S. Steel was organized in 1901. The conservative habits of U.S. manufacturers, their high-price strategy, their slowness to introduce new technology, their short-term profit orientation, and their managerial inefficiency are all no longer viable.

When international competitors gained the ability to produce steel for sale in U.S. markets, American firms responded slowly. They upgraded their mills piecemeal, kept prices high, delayed introducing new technology. At the same time, they began moving capital to more profitable sectors. As a result, Japanese and other steel producers steadily increased their share of domestic sales, first selling low-grade steel, then switching to high-grade alloys that were the big money-makers. Today imports account for more than 30 percent of the value of all steel sold in this country.

The steel industry's internationalization poses a challenge to the union. For the past 40 years, American steelworkers have gained decent living
Foreign competition was a threat, not just a phase. Industries like steel, which once thrived, now face the specter of foreign competition. Coal, for example, has seen its market share diminish as cheaper coal from abroad becomes more available. Workers in these industries have faced the need to adapt to new conditions.

To gain perspective on what this means, let us look back a hundred years; when trade unionists faced another wrenching change. After the Civil War, American industry outgrew local boundaries, as the railroads stretched across the continent. At the same time, iron manufacturers developed the Bessemer process and other improvements. Suddenly, iron workers were caught up in a competitive flood that washed away old institutions and work practices.

Cooperage, one of America’s leading industries in 1860, producing barrels for shipping food, beer, liquor, and manufactured goods, was transformed in less than two decades. The proud cooper, who had controlled his skill as his union controlled the workplace, passed into oblivion.

But the transformation of most industries proceeded gradually. Workers used their skill and concerted power as levers to gain a voice in determining how employers would organize the new factories. Workers could not shape the industrial world solely on the basis of their local unions and work rules. To gain leverage, skilled workers had to establish national unions strong enough to ensure that the various locals followed the same policy; and national officers struggled to gain the power to prohibit locals from striking in hopeless situations.

During that struggle, unionists debated concessions with an intensity that Local 65 members would find familiar. Members of the Hat Finishers’ National Association, for example, debated for five years whether to give up the right to strike for wage advances, whether to give up the right to call shop meetings whenever grievances arose, and whether to shorten the apprenticeship term. Reluctantly, hatters made these concessions to management, but the institutions they created in the process proved successful in defending the journeymen’s “culture of work” for many years.

After all the concessions hatters made in the 1880s, their national union’s “label boycotts” succeeded in organizing more workers after 1895 than had ever been organized before. And they united with allied craftspersons in 1896 to form a larger, more powerful organization. As the reinforced union pursued its label boycotts with the help of other AFL unions, hatters drew ever
closer to workers in other crafts, until their "craft pride" began to give way to "class consciousness." The hatters' path, of course, was just one of those taken by unionists in the late 19th century, but all activists discovered that the growth of national markets necessitated more collective strategies for labor. The internationalization of markets will transform the contemporary labor movement just as profoundly.

Recent concession bargaining in South Chicago makes clear that the United Steelworkers of America possesses a valuable resource—a membership dedicated to unionism. Workers' anger at their bosses and commitment to unionism enabled them to resist in the face of severe unemployment and corporate blackmail. Yet militancy is not enough. It will take leadership to forge a new relationship between steelworkers and their employers. Here the USWA seems weak. In negotiations between eight companies and the union last summer, President McBride never took a position on whether steelworkers should reopen their contract; instead, he conveyed the employers' request to begin discussions. When the companies asked to run slide shows describing American industry's problems in international marketplaces, McBride agreed; but steelworkers never saw an analysis by their own union. And McBride made no effort to involve the union's secondary leaders in the bargaining. No wonder steelworkers grew so suspicious that anti-concession sentiments overwhelmed the bargaining process.

Compare the Steelworkers' approach to that taken by the United Automobile Workers. In the auto industry, concession bargaining was a relatively open
process in which President Fraser played the role of passionate advocate, while thousands of union activists participated in shaping events. In the course of bargaining, the UAW developed a political dialogue that informed members about the issues, enabling them to make a decision they're willing to back up. By contrast, steelworkers are uninformed about what's happening to them and divided amongst themselves.

The UAW has another advantage. It has a program for stabilizing employment. Recognizing that hundreds of thousands of jobs will be eliminated in auto plants no matter what scenario is played out, the UAW established a joint training program with Ford. To deal with foreign labor-cost advantages, the union proposed legislation requiring all auto companies selling cars in this country to buy or produce most of the parts here. The UAW has also taken steps to gain “job security” for members through experimental “lifetime employment” projects at two Ford plants and through limited bans on plant closings at General Motors. But the limits of the UAW's program have become painfully evident, as Chrysler places newspaper ads boosting its cars' "Japanese craftsmanship" and General Motors turns to Japanese manufacturers to produce subcompacts for GM to sell.

If workers are to benefit from concession bargaining, they must gain some control over decisions about capital investment and new technology. Cooperative labor relations will not help unionists if corporations install robots and computers without input from their employees, or if they flee American taxes and labor laws for low-wage havens abroad.

Can American workers gain a handle on decisions that have for so long been in the corporations' domain? Certainly, workers in South Chicago alone cannot do it; even their international union will have little success in the absence of a national political movement committed to social controls on corporate decision-making.

Nor is it only industrial workers that are suffering from the international economic upheaval. Manufacturers need cooperative relations if they're to become competitive. The corporations' needs give unions leverage. They can threaten to strike; they can also offer to help boost production. As long as steelworkers remain committed to unionism, concession bargaining can be transformed into a struggle for the future of the labor movement.

Postscript

Christmas did not bring good tidings to South Chicago. U.S. Steel's Christmas present to its employees at South Works was an announcement that the rail mill would not be built until 1985.

Many steelworkers in the Calumet region speculate that the mill will never be built, that South Works itself is finished. Mike Ally, Local 65's grievance committee chairman, has been most vocal. "If they don't make some kind of decision, and quit stalling and all the rest of the bunk they've been giving us on the rail mill, we will come out swinging. There are a lot of options. That's definite," Ally said.

(This article is reprinted from Dissent, Winter 1983.)