

US Steel announces up to 200 layoffs at Great Lakes Works in Ecorse, Michigan

By Jessica Goldstein
22 August 2019

US Steel (USS) will temporarily lay off up to 200 workers at its Great Lakes Works facility in the suburban Detroit city of Ecorse, Michigan by the end of September due to the idling of a blast furnace at the mill. US Steel blamed “market conditions” for the layoffs, adding that the time off could exceed six months and that there could be even more layoffs later based on market demands.

The company said all parts of the mill will be affected by the job cuts. Fifty production workers were already laid off between July 21 and August 4, according to company reports to the State of Michigan. According to a US Steel spokeswoman, layoff notices to at least 200 employees were issued earlier this month.

The steel layoffs come as the officials in Gary, Indiana and the State of Indiana have offered US Steel a \$47 million tax break in order to help it invest \$750 million into its Gary Works plant. The company has reported \$6.86 million in gross profit for the first two quarters of 2019. Although below its gross profit for the first two quarters of the previous two years, USS has earned well above its total gross profit for the entire year of 2016.

The layoffs are part of an escalating number of job cuts across all industries in the US and internationally since the beginning of the year. Chicago-based global outplacement company Challenger, Gray and Christmas noted in April that layoffs increased by 35.6 percent compared to the same quarter in 2018. This was the worst first quarter for layoffs since 2009, a year after the Wall Street crash plunged the world economy into recession.

US Vice President Mike Pence visited Detroit on Monday to defend the Trump administration’s trade war policies, which have reverberated to hit the US economy. Retaliation by China has hit US farmers as well as farm equipment makers like John Deere and is now impacting steel manufacturers. “Despite the irresponsible rhetoric of many in the mainstream media, the American economy is strong, and the US economic outlook remains strong, as well,” Pence declared.

Steel prices in the US rose at the beginning of 2018 after

the Trump administration’s 25 percent import tariffs against foreign steel were initially rolled out in March, mainly aimed against China. Since then, as companies around the world have opted for cheaper alternatives and countries have retaliated with their own tariffs, steel prices have dropped significantly. Prices of hot-rolled coil are down 37 percent from their peak in 2018, and US Steel’s stock price dipped 73 percent below its high point when the tariffs were announced.

The United Steelworkers union has been the staunchest supporter of Trump’s trade war policies, which is in line with the USW’s decades-long promotion of anti-Asian and anti-foreigner chauvinism and promotion of economic nationalism.

Workers expressed their disgust on Facebook toward the Trump administration’s protectionist policies and the planned layoffs. “Thanks Donald, tariffs are working great!” one worker posted. Another said, “Trump does things for the benefit of his business and his rich friends. Tariffs are hurting our economy and jobs. How does this make America great?”

“Sure glad those corporate tax breaks went to stock repurchasing,” one worker said, while another added, “Bye-bye, jobs. Corporations got their tax breaks so they don’t have to care about employees. They always care about their bottom line.”

Another steelworker posted: “US Steel has operated like this since my dad worked for them in the ’50s. They run full-bore and then shut down for months. ... But here was the real rub: if you were laid off you had a hell of a time collecting unemployment because the ‘lay off’ was ‘temporary.’ It’s how US Steel dodges high unemployment experience ratings. It’s not illegal. Immoral? Sure. Illegal? No.”

“How do they expect people to not pay their bills for six months?” wrote another.

For their part, the Democrats are equally reactionary and pro-big business. Some sections of the Democratic Party have criticized parts of Trump’s trade war agenda but only

from the standpoint of the interests of Wall Street and particular sections of import-dependent industries. The Obama administration's response to rising global competition was the policy of "in-sourcing," i.e., working with the unions to slash labor costs so low in America as to attract foreign capital.

In any case, the protectionist measures against China, which include the 25 percent tariffs on foreign steel, have earned wide support among Democrats. Bernie Sanders and Elizabeth Warren, who posture as the capitalist party's "left wing," have echoed Trump's nationalist agenda in the name of "protecting jobs" for US workers.

The recent layoffs serve to shatter any illusions that the contradictions of the capitalist system can be saved through economic nationalism, and that workers' jobs and living standards can be protected and even elevated by such measures. Instead, the trade war measures backed by both the Democratic and Republican parties have further deepened the contradictions of US capitalism and plunged it further into a crisis that it cannot solve through peaceful means.

Michigan Democratic Representative Rashida Tlaib said on Tuesday that President Trump's recent attacks lodged against her for her criticisms of Israel were a "distraction" from the layoffs at the Great Lakes Works plant, tweeting "The President should focus on this rather than his hate agenda."

While downplaying Trump's increasingly authoritarian methods as a "distraction," and boosting illusions that the administration can be pressured into defending workers' interests, Tlaib and the Democrats share the Republican president's efforts to whip up nationalism and divide American workers from their class brothers and sisters across the world who are facing similar attacks.

Just as much as Trump, Tlaib and the Democrats fear a growing movement of the working class against layoffs and economic security, which threatens to evolve into a direct political conflict with both big business parties, the unions and the capitalist system they all defend.

In 2015, US Steel laid off thousands of workers across the US as contracts with the United Steelworkers were set to expire. The USW blocked any resistance by workers to these attacks and then signed contracts that imposed wage freezes, cuts to health care benefits, and sanctioned layoffs the company said were necessary to stay "competitive."

The contracts the USW pushed through in 2018 offered no protections against layoffs and provided a meager 14 percent wage increase over four years after a three-year pay freeze.

The promotion of economic nationalism by the USW has gone hand in hand with its collusion with the steel companies in the destruction of hundreds of thousands of

jobs and the gutting of working conditions, wages and pensions.

The USW has long been part of joint labor-management safety committees, which have ensured the stripping away of safety measures in order for companies to boost profits. This has put workers' lives in danger. At Great Lakes Works, several such preventable safety incidents have taken place over the years, including the poisoning of a number of workers and several injuries and deaths.

The USW is a thoroughly pro-capitalist organization and cannot be reformed. Newly installed President Tom Conway, who negotiated the last round of sellout contracts at ArcelorMittal and US Steel, makes over \$200,000 in union salary before any additional bonuses, stock options or other payoffs. While steelworkers and their families and communities have suffered terribly, the USW has investments and assets worth \$848 million and disburses over \$80 million in salaries and perks to its bloated staff.

Workers need to fight back with their own independent program. This requires a break with the unions and Democratic and Republican parties, and an outright rejection of the economic nationalism in which the USW and other trade unions are rooted. The working class must have a strategy capable of linking up workers across the globe and across industries to fight the transnational corporations, aimed at placing the means of production—including the global steel industry—into the hands of the working class to meet the needs of all workers around the globe, instead of the few wealthy oligarchs.

Google is blocking the *World Socialist Web Site* from search results.

To fight this blacklisting:

Share this article with friends and coworkers

- Facebook
- Twitter
- E-Mail
- Reddit

To contact the WSWS and the Socialist Equality Party visit:

<http://www.wsws.org>