

Lackawanna & Johnstown: Shutdowns, Steel Towns and the Union

by Jack Metzgar

On a family vacation to Niagara Falls in the 1950s, my father insisted on a side-trip to the Lackawanna Plant of the Bethlehem Steel Corporation. He was a steelworker in Johnstown, Pennsylvania, which also had a major Bethlehem steel mill.

We drove around the Buffalo-area mill for what seemed like hours. Then we stopped across the street from one of its gates and walked along its perimeter. He pointed out various parts to me, but I don't remember much of what it looked like. I do remember not being able to comprehend why we were spending so much time looking at a steel mill that looked exactly like the one back home.

And I remember that he kept saying, "This is Bethlehem's jewel." As a 10-year old, I couldn't imagine why my father was calling what we were looking at a "jewel." Long black and drab-green buildings with red dust all over them, huge orangish furnaces topped by a spectacular blue flame, and lots of smoke.

That was in 1953. Steelworkers were not paid that well then. The old steel towns, like Lackawanna and Johnstown, still looked like "hell with the lid off"—drab frame houses, built by the company 50 and 60 years earlier, squatted in oddly neat rows amidst the dust that the smoke left behind each day. But Lackawanna was the largest of

Bethlehem's mills then, with nearly 25,000 people working; Johnstown, with only about 16,000 workers, was small by comparison.

On December 27, 1982, Bethlehem announced that it was all over for Lackawanna. Ironically, this was greeted with a sigh of relief in Johnstown.

Ever since 1965 when Bethlehem built a multi-billion dollar greenfield plant at Burns Harbor, Indiana, people in Johnstown had thought *their* days were numbered. Many of them held Lackawanna in such awe that they couldn't imagine that the nation's second largest steel producer would abandon it, especially because for a decade Bethlehem has been threatening to leave Johnstown instead.

Lackawanna Mayor Ed Kuwik called Bethlehem's decision "a disaster for the city," but Johnstown Mayor Herb Pfuhl acted as if he'd been given a Christmas present. The Johnstown newspaper bannered the announcement "Bethlehem keeps steel in Johnstown's future." And a United Steelworkers official in Johnstown proclaimed: "It's a sad day for Lackawanna, but it's a happy day for Johnstown."

It was a hollow victory for Johnstown, however. Since 1977 Johnstown and Lackawanna have been competing with each other to see who's going to be left



with cold furnaces. Both are losing. In 1977 Bethlehem shut down parts of both facilities, eliminating 5,000 jobs in Johnstown and 3,500 in Lackawanna. On December 27 it wiped out 7,300 more in Lackawanna, but it also permanently eliminated another 2,300 in Johnstown.

Thirty years after my father looked over Bethlehem's "jewel," only 5,800 of 41,000 jobs remain at the two mills—1,300 at a few remaining facilities at Lackawanna and 4,500 at Johnstown. And, as Bethlehem's announcement made very clear, another 2,300 jobs may be eliminated in Johnstown unless Steelworkers there grant extensive local concessions.

The loss of more than 35,000 jobs over 30 years is insignificant when viewed from the perspective of the national economy, which added some 40 million jobs during the same period. Even the loss of 10,000 in one fell swoop is just one day's headlines in an economy where more than 11 million people are unemployed.

But the local effects of these job losses

are well understood. The Lackawanna area economy will lose \$200 million in payrolls and \$6 million in taxes, for example. And social scientists can predict, "within an insignificant margin for error," the increases in hypertension, ulcers, depression, child abuse and suicides that will follow.

Bad as the local devastation will be, the suffering in Johnstown and Lackawanna is only a part of larger, and more ominous, picture. The social contract between capital and labor that has accounted for most of the dramatic increase in American living standards since 1953 is being "renegotiated." And most of the bargaining chips appear to be on capital's side of the table.

The American steel industry is dying, and steelworkers and steel communities are not only suffering the consequences, they are being blamed for it. Worse, workers and communities have responded by battling each other instead of joining together to fight the corporations.

Looking back to 1953 may help suggest just how ominous things are now.

In many ways life was more grim in steel towns in 1953 than it is now, but the future was brighter. Layoffs after the peak production of the war years caused high unemployment, and few mills were hiring new workers because modernization allowed for substantial productivity improvements. Steel towns were incredibly dirty places with inferior schools, worn out housing and depleted public facilities. Steelworkers had increased their wages substantially during the wars, but owning a decent house was just beginning to be a possibility; vacations like the one we took

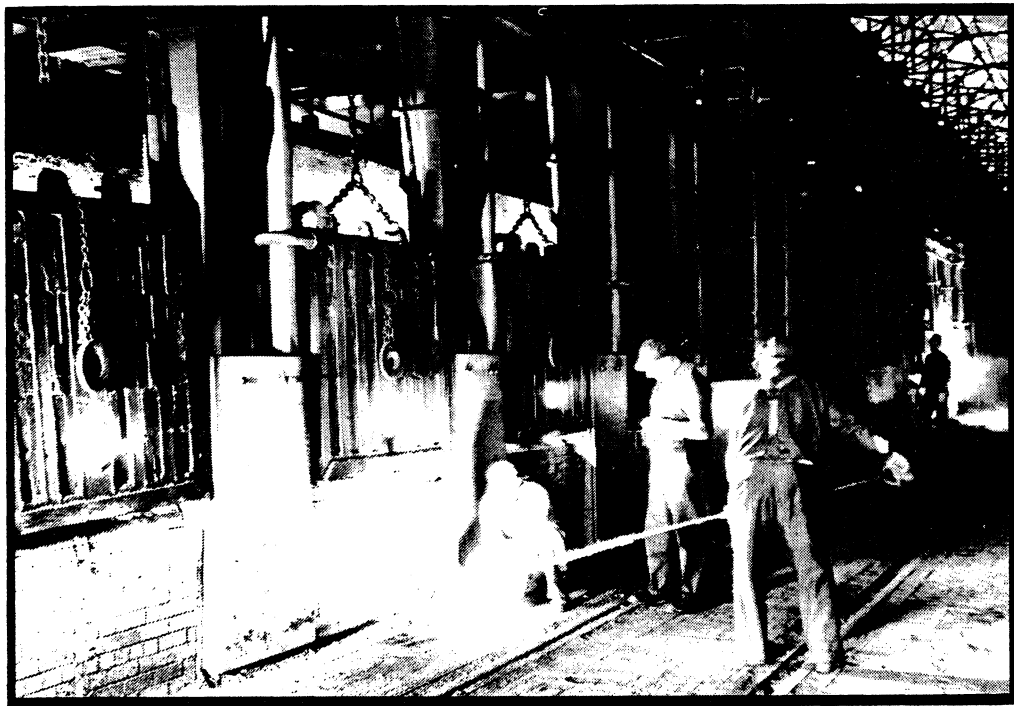
to Niagara Falls were still a novelty.

And, contrary to the myth that labor peace was achieved in the decade after the National Labor Relations Act, labor relations in steel in the 1950s were pretty rough. Besides the daily battles with the bosses, the United Steelworkers had to strike four times during the decade to advance their wages and benefits. Even though the industry boomed in the mid-fifties and the companies recorded historic profit rates, the tension between labor and management grew. Finally, in 1959 the two sides squared off against each other in a match which was to determine their relative strengths for the following two decades: the Steelworkers won one of the longest strikes (116 days) in American history.

As steelworkers' wages improved so

did everything else. Though total employment continued to decline and most steel towns lost population over the years, through local taxes and steelworkers' wages steel towns were able to expropriate some of the companies' profits. As a result everybody's conditions of life improved steadily and, over the long run, dramatically. Owning a home and taking vacations came to be taken for granted. Small and large contractors, auto dealers and other local businesses prospered. And, despite fierce resistance from the companies, most of the worst pollution—the dust in the air and the raw industrial waste in the water—got cleaned up.

Even more important for former company towns, like Lackawanna and Johnstown, was how the union had



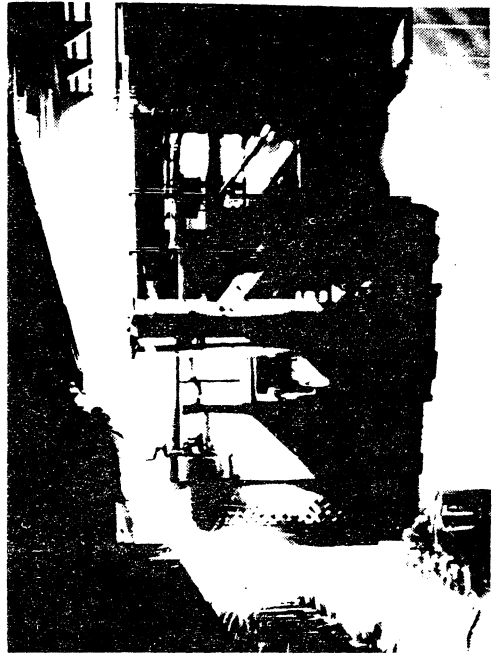
humbled the giant corporation. In 1953 one still heard of "old-timers" who lived the life of fear and humiliation that ruled before the union won its first contract in 1941. Many older steelworkers were still too intimidated to file a grievance because they didn't really believe that the boss could no longer fire them just for griping.

In Johnstown the United Steelworkers organized everybody in sight—from small machine shops to dairy workers. The local press, politicians and business leaders gradually learned a cautious respect for blue-collar workers, whether they were in a union or not. The USWA not only established the standard for wages and benefits in the area, it set the social "tone" for class status as well. Steelworkers learned that merchants, doctors and school teachers respected a man with a couple bucks in his pocket.

Steelworkers' wages and benefits and steelworkers' power were at the root of everybody's improved condition of life and prospects for the future.

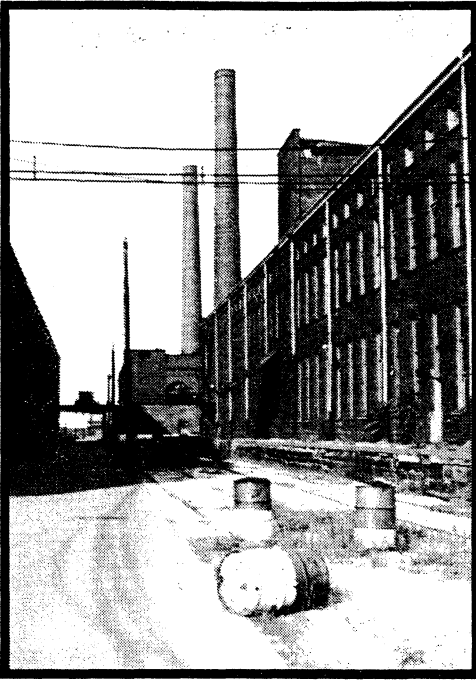
Now, however, with 150,000 of them laid off, with unemployment benefits running out and families losing their homes, a tremendous campaign to humble them has been mounted. They and their union are said to be responsible for the industry's crisis. If they'd just grant "concessions" to the companies, somehow their jobs would be restored. Public sympathy goes out to the companies, and steelworkers are said to be cutting their own throats. Lackawanna is said to deserve its fate because it taxed Bethlehem too heavily.

The root causes of the American steel industry's decline are complex, but it is not quite the dinosaur most people



think it is. It is the largest and the second most productive steel industry in the world; over the past ten years it has been the most profitable, two and three times more profitable than Germany and Japan. In 1981 it posted record profits, and its second highest *rate* of profit since 1956. Lackawanna had a nearly state-of-the-art Basic Oxygen Furnace, and Johnstown has the world's largest, most modern electric melt shop.

This is not to say that the industry does not have serious long-term problems trying to compete in a national economy where extremely high rates of return are required. But its long-term problems have little to do with why 150,000 steelworkers are laid off. The layoffs, and the new wave of shut-downs, are a direct result of Reaganomics' thoughtless mixture of



supply-side fiscal policy and monetarist monetary policy and of the Reagan administration's redistribution of national income from consumers to investors.

The immediate crisis in steel is but a reflection of the Reagan recession. There is very little demand for steel, and no amount of wage cuts and "concessions" will change that unless the economy enters a robust recovery.

But assume that the current drift of public opinion about steelworkers has some logic to it: Steelworkers have gone too far, they've made it impossible for steel companies to make a decent profit. What does "going too far" mean?

A steelworker who is covered by the Basic Steel contract is the highest paid industrial worker in the world. On average, when he works a full year, he earns about \$25,000. Is that too much?

It's about \$6,000 above the median income, but then a steelworker doesn't work in an air-conditioned office: he or she works shifts—7 am to 3 pm one week, 3 to 11 the next and 11 to 7 the next.

How well will an income of \$25,000 support a family of four? If the family is frugal and that yearly average income actually comes in every year (which it often does not), they'll be able to buy a house and take in one expensive vacation a year. Is that too much for an industrial worker?

Still, steelworkers are not living in poverty. Surely they could give up a little to help their companies' cash flow during the hard times?

That seems reasonable, but the problem is they have not been asked to "give up a little." Last summer USWA President Lloyd McBride offered the steel companies \$2 billion in contract concessions and the companies, led by U.S. Steel and Bethlehem, turned him down. In November, McBride and the companies agreed on a much more radical concessions package, but USWA local union presidents rejected it.

Chuck Molnar, chair of the Bethlehem locals' coordinating committee and president of Local 2635 in Johnstown, voted against that package. He estimates that it would have cost the average steelworker \$7,000 in the first year.

So, it looks like what an industrial worker is "supposed" to earn in the United States is about \$18,000 a year. As a family income, that would not be enough to buy a home or take a vacation or to think about sending your children to college. In Johnstown this wage cut would have removed \$50 million a year

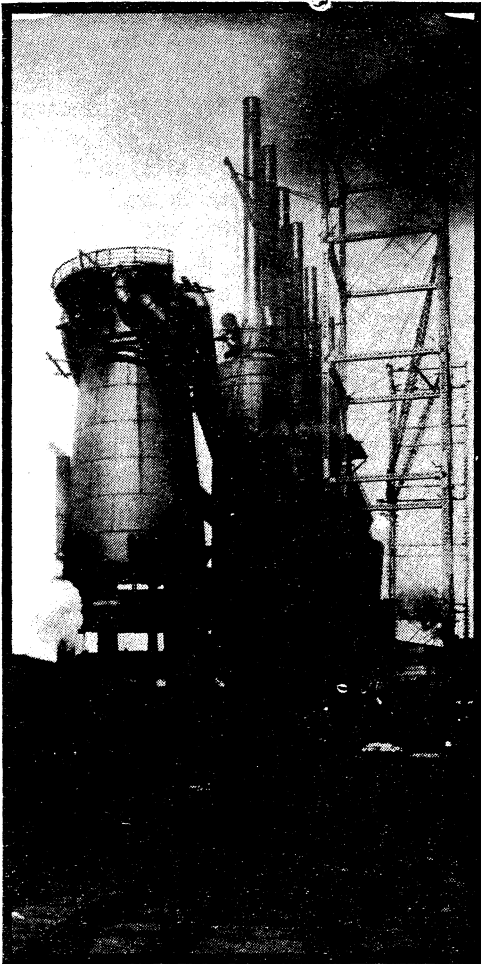
from an already depressed local economy. And, steelworkers have always been pace-setters for blue-collar wages. Whatever they make, other industrial workers will get less, many much less.

Many people in Johnstown, including many steelworkers, were upset with Chuck Molnar when he voted against this prospect. Since mid-summer the local newspaper, television news and radio talk shows have provided steady

pressure for "concessions." One hears nasty comments about "bull-headed steelworkers" and "union bosses" wherever one goes, even in classic working-class settings like bars and family gatherings. Many steelworkers are confused and disheartened. One, after proclaiming against concessions for a half-hour, said he would give up \$3 or \$4 an hour if he had to. Another, who is trying to prepare his family for a possible strike in August, was told by his 19-year-old son that he would not hesitate to take his dad's job for \$5 an hour.

This strain of public opinion in a formerly solid union town did not come from nowhere. Unemployment in Johnstown has been about 20 per cent for nearly a year. In the local steel industry, it's been over 50 per cent. The steel companies are taking maximum advantage of these desperate conditions.

When McBride turned down their original concessions demands in July and again when the local presidents rejected their package in November, the companies sent letters to all "Steelworker-Represented Employees," some 300,000 of them. The letters blame "your union leadership" for the plight of the industry and for "indifference to the unemployed." Now, if an unemployed steelworker or a member of his family write a letter to U.S. Steel, as some have done, they receive a personalized reply from J. Bruce Johnston, USS head of industrial relations and the chief bargainer for the eight basic steel companies. The personal letter blames specific local USW leaders and urges the addressee to write or call them.



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The steel companies are not seeking “concessions” from the steelworkers. They could have had \$2 billion worth of those in July. What they’re after is a complete restructuring of their “industrial relations,” a dramatic reduction not only of steelworkers’ wages but of their solidarity, their power and their pride.

Bethlehem Steel has now played the trump card with shutdowns in Lackawanna and Johnstown. It threatens more shutdowns unless it gets local agreements on work rules and job combinations at specific facilities. Some 800 workers at rod and wire mills in Johnstown and Baltimore, for example, have been told that half of them will be gone next year; the group that remains will be the one that allows the most “flexible” work rules. Other companies are seeking similar local contracts under the threat of plant closings; some have already been won.

These local concessions mean permanent job losses for some and more harried and unsafe worklives for the rest. More than national wage concessions, they threaten the credibility and power of the union where it matters most—on the shopfloor day in and day out.

The United Steelworkers faces this onslaught divided against itself. USWA Vice-President Joe Odorcich, in a fit of pique after local presidents turned down the contract he helped negotiate

in November, advised the companies to go after concessions at the local and district levels. “It would be the end of industrywide bargaining,” Odorcich said, “but our guys put us in that position.” The USWA leadership has made no secret that it too blames the steelworkers.

Businesses open and businesses close, but there’s something incredible about the shutdown of a steel mill. An integrated mill is so huge, it so dominates the landscape and the lives of the people around it, that it’s not quite believable that it will no longer be operating.

My father wanted to visit a steel mill on his vacation because as a union worker he identified with the industry in which he worked. He had machined some of the rolls for one of the bar mills at Lackawanna, and that somehow seemed to give him a stake in the place. He’d have trouble imagining that this jewel could be gone now.

The shutdown of a mill in a town that has built its life around it, that has struggled to exert some control over it, robs people of a sense of security and self-esteem that is difficult to recover. But if the United Steelworkers allows itself to drift into listless submission, a lot more will be lost than a steel mill. And we’ll all be the worse for it.

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