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LABOR'S ATTEMPT TO SAVE THE STEEL INDUSTRY

by Clair Brown

An exciting effort is being made by a coalition of organized labor and church and community groups to save the steel industry in the Tri-State Area (western Pennsylvania, eastern Ohio, and northern West Virginia). The Tri-State Conference on Steel was formed in 1979 to create a plan to revitalize the steel industry in the Tri-State Area. Their plan, which relies upon the use of "eminent domain," is to create a "Steel Valley Authority," which would publicly own the abandoned mills.

The Tri-State Area has suffered economic hardship as many steel mills have shut down. In the western Pennsylvania area surrounding Pittsburgh, 65,000 of 90,000 basic steel workers have been on indefinite layoff. In 1979, six U.S. Steel integrated mills, known as the Mon Valley plants, employed more than 28,000 production and maintenance workers. In 1984, they employed less than 8,000 steelworkers. U.S. Steel did not follow through on its earlier promise to modernize its Mon Valley facilities. Now the workers are concerned that U.S. Steel may abandon all of its Mon Valley facilities. As *Labor Center Reporter* No. 138 reported last month, the primary reason for the decline of the American steel industry is not imports or high wages, but rather deliberate disinvestment in the industry combined with a shrinking market.

A Three-Part Plan—The Conference's Plan to save the steel industry has three key steps:

- (1) the innovative use of the power of "eminent domain" to condemn and allow acquisition of abandoned (or soon to be abandoned) steel mills,
- (2) funding from federal and state governments to provide financing for the acquisition and modernization of the mills,
- (3) increased demand for steel through a major federal program to rebuild the nation's infrastructure.

Use of Eminent Domain—The legal basis of their plan is the concept of eminent domain, or the right of a government to take private property for public use. In Pennsylvania, the power of eminent domain can be granted to a "public authority" (such as the "Steel Valley Authority") by a borough or town council. The granting of eminent domain would allow the authority to condemn, acquire, and hold private property for a public purpose upon payment of "just compensation." This power can be used specifically for "industrial development projects, including . . . projects to retain or develop existing industries and the development of new industries." The law permits acquisition of the land, buildings, and machinery.

In other areas, judicial interpretation has recently broadened the use of eminent domain. For example, the California Supreme Court ruled in the fight by the City of Oakland to keep the Raiders football team from moving, that eminent domain could be used to acquire any kind of property. The Michigan Supreme Court ruled that eminent domain could be used to expand industry in order to retain or create jobs in its decision allowing Detroit to condemn land so that General Motors could extend its plant.

Financial Backing and Demand Revitalization—Recent experience in the attempted use of eminent domain to take over plants that would otherwise be shut has shown that this tactic requires supportive political and financial structures. If the local union and politicians are not actively involved in the process, use of eminent domain will not work. Without loans from a bank or the government, the newly-acquired plant will not have the capital for financing continued operations and upgrading facilities.



Although the Tri-State Conference has built a broad-based political coalition, it realizes that any public ownership of the steel mills also needs a supportive economic structure, which is the goal of steps two and three. The need for government funding through loans for acquiring and modernizing the mills has precedents in the government loans to Chrysler, Lockheed, Penn Central, Continental Illinois Bank, and other industries.

Even though the steel industry has benefitted from military orders and from limitations on imports (to some 21% of domestic sales in 1985), the demand for steel will remain depressed as long as high interest rates dampen demand for construction, both public and private, and for durable goods and capital investment. The future of the steel industry depends on a healthy economy along with new government construction programs that rebuild the country's infrastructure (roads, bridges, mass-transit systems, sewers, dams, etc.) as well as housing and community buildings. The Associated General Contractors of America estimated in 1983 that rebuilding the infrastructure would cost three trillion dollars. Repairing the nation's highways, sewers, and water systems alone would require 9.2 million tons of steel and would create 33,220 more jobs in the steel industries. A major public rebuilding program would allow the federal government to guarantee at least a minimum demand for domestic steel, and it would provide jobs for union labor in construction and other basic industries that have been severely hit by the lackluster economic performance of the past decade.

Organizational Structure and Industrial Relations—The “Steel Valley Authority,” which would own and operate the steel mills, would be run by a Board of Directors appointed by the governmental entity creating it. For the Authority to be responsive to community needs, the Board must be composed of representatives of organized labor, government, and community institutions. The union would negotiate wages, hours and working conditions with the management, and the Board would resolve any disputes. But since the Authority would be community/worker run, the workers would have a direct voice in the production process. The Conference plan is to replace the position of foremen with “working group leaders” elected by production units. These group leaders along with management would constitute the “Divisional Production Councils,” which would direct production at the division level. Management and the union would handle discipline outside of this structure governing production.

The Tri-State Conference's plan to revitalize the steel industry through public ownership is an ambitious, long-term project that is only in its infancy. This project demonstrates that, even in an industry that has been declared “dying,” trade unionists may not be helpless as their jobs are being threatened. Indeed, labor has a role to play in creating alternative programs to revitalize key industries and save union jobs.

--Clair Brown

For a more detailed discussion of the Tri-State Conference's plan, and the use of eminent domain, read the article “Eminent Domain and Bank Boycotts: The Tri-State Strategy in Pittsburgh” by Mike Stout in **Labor Research Review**, Vol. 1, No. 3, Summer 1983, or contact them at 118 Kennedy Avenue, Munhall PA 15120.

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