Chapter 1

Collapse of the Steel Industry, 1982

It is a trip weighted with shock and nostalgia. I am driving east on Second Avenue in Pittsburgh, heading out of the city and up the Monongahela River. Behind me stand the eminences of steel and glass, bunched in the heart of the city, where management makes decisions for its far-flung steel empire. Ahead lie the mill towns and steel plants, strung along the winding river artery, where labor produces molten iron and steel and finished steel products. Once vital parts of Andrew Carnegie's wondrously profitable linkage of mines and mills, most of these plants now sit idled and empty, soon to be churned into rubble.

Times are hard in the Monongahela Valley. The most devastating business slump since the Great Depression has eviscerated the steel industry, causing plant shutdowns and widespread unemployment. On my right, the black metal siding of the cavernous old plant of the Jones & Laughlin Steel Corporation looms over the street, as intimidating as ever, forcing me instinctively to lean away from it as I drive past. A large "For Sale or Lease" sign is posted on one end of the building. It is a bold stroke on someone's part, advertising a mile-long steel plant for sale as one would a corner grocery store. The plant had been expiring slowly for years, the victim of foreign steel's relentless attack, as well as capital starvation and an ill-suited merger of J&L with the LTV Corporation. Across the river, J&L's Southside plant is still working, though at a low level of operations.

I have flown in from New York to take a reporter's measure of this destruction. But I can make no pretense of objectivity. This is my home. I was born in the valley, grew up here, went to school, played, worked, and was part of a family here, and I dread the sight of silent mills and dying mill towns. I have made this trip up the valley from Pittsburgh hundreds of times over the years, in automobiles, commuter trains, trolley cars, and once or twice by boat. It has always been for me the prototypical journey home, coming from the harsh outer world into the mysterious inner world of earliest memories and first thoughts. The further I penetrate the valley and move into the shadows of the river bluffs, the more I shed journalistic indifference.

The J&L plants are the only steel mills remaining in the city. Pittsburgh itself shows little visible evidence of the recession which started in the summer of 1981 and is now, in October 1982, approaching its low point. The visitor's eye tends to focus on the impressive skyscrapers which house the corporate offices of such giants as U.S. Steel, Alcoa, Mellon Bank, Westinghouse Electric, Rockwell International, Koppers, Jones & Laughlin, National Intergroup (formerly National Steel), Consolidation Coal, Joy Manufacturing, and Wheeling-Pittsburgh Steel. It is an enormous concentration of power, an island remaining high and dry while the rest of the industrial Midwest struggles in neck-deep debt and jobless misery. The appearance is somewhat deceptive, for thousands of white-collar employees of these companies also have lost their jobs. Hundreds of offices also stand vacant in the newer buildings, thrown up to accommodate a business expansion that hasn't occurred.

Nevertheless, Pittsburgh always puts forth its best front, aided by the spectacular juxtaposition of hills, rivers, bridges, and architecture. The city lies at the "forks of the Ohio," as early settlers called it, where the Monongahela and Allegheny rivers join to form the Ohio. A visitor driving in from the airport first sees the city upon leaving a tunnel that cuts through a high ridge on the south side of the Monongahela. At night, emerging from the tunnel is like bursting into a dazzling new world of light and form. The skyscrapers, with row upon row of floors lit for the night cleaning crews, give off a white glow that shimmers on the dark rivers. This spectacle, you might think, must surely radiate outward, projecting strength and prosperity into every corner of the surrounding countryside.

To cross the river, I must turn off Second Avenue, drive up the hill into the Greenfield section of Pittsburgh, and descend on the other side to the Homestead High-Level Bridge. The bridge affords a broad view of the Monongahela as it curves up the valley between stiff-backed ridges and disappears around a hairpin bend. The river is about a half mile wide, greenish brown and slow-moving. As I gaze up the valley, I am struck by the absence of smoke. Not even a suggestion of a wisp hangs over the Homestead Works of U.S. Steel, which sits to my left at the end of the bridge. But something else is lacking—a sense of life, the teeming, active, energetic life the valley once knew. I dislike exaggeration, but this is what I feel: Death is in the air.

The October day is cool and bright. There is still plenty of green foliage on the steepest parts of the river bluffs, where not even the craziest house can safely perch. For all that we have done to the Monongahela Valley over the past century, the wooded hills and bluffs retain the primitive look of the dense forests that once blanketed the region. When times are bad, and no plumes of sooty smoke drift across the bluffs, that appearance of rusticity distracts one from what man has made of the valley's narrow flatlands by the river. The industrial detritus of a fading culture stretches for mile upon unrelieved mile on these riverbanks: abandoned furnaces, mill buildings, railroad tracks and bridges, storage yards, pumping stations, pipelines, transmission towers. The American steel industry lies dying in its cradle.

I am a labor journalist, and I have come to report on relations between labor and management in the steel industry. As of now, the United Steelworkers union (USW) has refused to grant wage concessions that the industry says it needs to become competitive. There is a standoff. Both sides have displayed an obduracy to change that is all too common in American industrial relations.

Indeed, the steel industry is the best example of what has gone wrong with union-management relations in the United States. Such poor relations are one reason why organized labor is declining in most industries, and why American companies have lost their competitive edge in the new international marketplace.

I can see that an immense tragedy is unfolding in the "Mon Valley," as it is known to the people who live here. The industry is now operating at only slightly more than 30 percent of capacity, close to the record low of the Depression. Some twenty thousand steelworkers, or about two-thirds of the work force in the Mon Valley, are laid off. Most will never work again in a steel plant. The almost legendary mill towns in the valley—Homestead, Rankin, Braddock, Duquesne, McKeesport, Clairton, Monessen—are being drained of their life's blood. The same is true of many other mill towns: The Southside and Hazelwood sections of Pittsburgh, Aliquippa on the Ohio River, Johnstown on the Conemaugh, Youngstown on the Mahoning, Bethlehem in eastern Pennsylvania, Lackawanna in New York, Cleveland, Gary, South Chicago, and others.

I grew up in McKeesport and have vivid memories of the way it used to be. In the late 1940s, when I was a teenager, a dozen great steel plants lined the banks of the Monongahela, extending forty-six miles up the valley from Pittsburgh. The mills worked twenty-four hours a day and provided jobs for nearly eighty thousand men and women, not counting employees in the companies' Pittsburgh offices. They were enormous steaming vessels, clanging and banging, spouting great plumes of smoke, and searing the sky with the Bessemer's reddish orange glow. The narrow brick streets of the mill towns were filled with streetcars, automobiles, workers going to and from the plant, and shoppers carrying big brown paper bags. There were two or three saloons to a block on the main street near the mill, and almost as many churches scattered through each town.

And, yes, noondays were often as dark as night—as awed visitors usually reported, when inversions trapped great clouds of smoke close to earth, and the downtown sidewalks were so thick with ferruginous dust from the open hearth and Bessemer furnaces, that they gave off a metallic sheen. Smoke seemed to seep out of the very pores of the mill buildings. Every morning housewives all over town put on babushkas and swept clouds of dust off their front porches.

The activity in the plants was never frenetic, but always intensive. You would see diesel engines hauling long strings of tank cars filled with molten iron along the riverbanks; heavy trucks heaped with smoking slag grinding out of the plant gates to dump their loads on the huge, incessantly burning slag piles; skip cars laden with iron ore crawling up cable hoists on the 100-foot tall blast furnaces to feed the vessels from the top; crane buckets dipping into mounds of coke on barges tied up along the river wall. Crane sirens were always screaming out in the depths of the mill, diesels were honking, pipes were banging against pipes with a resounding, hollow noise. Workers moved about everywhere. From outside the plant you could see them strolling on the plant roadways, or hooking up loads on cranes in the storage yards, or striding out of plant offices with blueprints under their arms, or lined up just inside the plant gates, awaiting the siren for shift change.

Now those giant sprawling places of enormous energy have become rusting hulks: silent and lifeless, like obsolete dreadnoughts sunk to their stacks in shallow water. This image occurs to me as I turn left off the bridge and drive south through Homestead on East Eighth Avenue, the town's main street. The Homestead Works, the largest plant in the valley, is a few blocks to my left.

Twelve thousand people once were employed here; a few thousand are left. There is little traffic on Eighth Avenue, where it once took fifteen minutes to drive four or five blocks. Gone are the retail emporiums, the movie theaters, most of the bars, the crowds of shoppers. Amity Street, which leads down to the main plant gate, is deserted. Farther south, where the plant crosses into the Borough of Munhall, the mill buildings extend right up to Eighth Avenue. Their open ends face the street, but they are dark inside. Nothing moves. At one of the half dozen entrance gates, I see a sign: "This gate closed. Use Amity St. gate." Now there are so few working that all gates except one are closed.

I drive on through Munhall and up the steep four-lane highway that cuts across the face of a high bluff. At the top is Kennywood Park, where three generations of steelworkers, and everybody else in the valley, have spent the traditional end-of-school holiday riding roller coasters and picnicking. Just before getting to Kennywood, I pull into a cinder parking lot and walk to the edge of the cliff overlooking the Monongahela.

The cliff is at least a hundred feet high and makes a sheer plunge down to railroad tracks on my side of the river. Directly across the river is Braddock and the Edgar Thomson Works of U.S. Steel. In 1872 Carnegie and a group of investors bought 107 acres of farmland in what was known as Braddock's Field (where the French and Indians ambushed and slaughtered General Edward Braddock's army in 1755) and built Carnegie's first steel plant. Its two Bessemer furnaces and rail mills, representing the latest in steelmaking technology, began operating in 1875. The early success of this plant launched Carnegie in an enormously lucrative steel business which set the pattern for all other steel companies in terms of commercial and production practices, formed the core of the future U.S. Steel Corporation, and forever changed the face of America.

The plant extends about a mile along the riverbank and consists of a score or more of different structures—furnaces, tanks, metal buildings, brick buildings, all of varying sizes. It is dominated at the northern end by a huge, pale blue building housing the basic oxygen furnaces. Nearer the river is a two-story, red brick building with high arched windows that have been bricked over, which looks like a turn-of-the-century structure. I see nothing moving in the plant. No trucks, no trains, no people, no smoke. The river locks adjacent to the plant, where strings of coal barges would be lined up awaiting passage over a five-foot change in water level, are vacant. After a while I hear a faint sound of metal beating on metal. It seems to come from the old brick building, as if someone were pounding a sledge on an anvil, pounding for no reason but to proclaim his existence in that vast and empty place.

I drive on, glancing wistfully at the arching curves of Kennywood's three famous roller coasters, the Rabbit, the Racer, and the Thunderbolt. The Thunderbolt, which used to be called the Pippin, was the most exciting. It dived over the side of the cliff toward the muddy river and zoomed back up again as our cries of thrill stretched out behind like a flyer's scarf. The park is closed for the winter. Across the street, showing more life than anything I've seen so far, is a large McDonald's where once stood a row of brick homes. A big red sign in the parking lot says: "McDonald's. Billions and billions served. Drive through." Cars are queued up at a red light, waiting to drive through.

Now I'm going down the hill into Duquesne, where another U.S. Steel plant dozes in the bright sunlight. The pride of the Duquesne Works is Dorothy Six, the largest blast furnace in the valley, 125 feet high and swathed in piping that looks like rippling muscle. As I drive past, a cloud of steam envelopes Dorothy's cast house at ground level. Is she tapping iron or just blowing steam? A number of friends from high school days work in the Duquesne plant—if they still have their jobs, I remind myself.

A half mile beyond the Duquesne Works, I turn onto the bridge that crosses the Monongahela to McKeesport. Now I am really coming home. McKeesport's National Works lies on the riverbank just south of the bridge. From my viewpoint on the bridge, I note that the plant gives off a pale blue glint hinting of fresh paint, and the dashing USS logo is prominent on one of the mill buildings. This neat, fresh look is an optimistic sign.

At the end of the bridge, I turn south once again on Lysle Boulevard (named for a mayor who for years banned union meetings) and drive past the plant. On the town side, it looks completely different, old and worn out. Nothing is painted. The blast furnaces, long unused, are piles of dirty rust. The buildings housing the finishing mills expose to McKeesporters ancient, yellow-brick facing and rows of broken windows. It's as if the plant promoted itself as a sleek, modern mill to the outside world across the river but revealed its obsolete, abandoned face to its own community.

The mill buildings look the same as they did thirty years ago. Like most young men of my generation who grew up in steel towns, I worked in the mill during summers and other time off from school. One job lasted a year. Going to and from work every day, I walked past the buildings on the mill roadway and took a short cut through a dark storage building where electric motors, steam engines, pumps, generators, and unopened crates of forgotten equipment lay heaped in dusty rows. Great age was stamped on everything in the mill, including the lined faces of older men who still wore narrow-brimmed hats with grease spots in the finger hollows near the peak. I dreamed of finding footprints of an ancient steelworker in the dirt of the mill grounds, like the arrowheads still reported to be buried in Braddock's Field. I worked then for a construction company that was building a new boiler house in the plant, but I felt as much a part of the mill as a steelworker. The boiler house is still there, looking weary and depressed but still spouting little puffs of steam now and then.

It is close to three o'clock, and so I park the car and walk to the corner of Locust Street and Third Avenue to watch the shift change. Workers stand inside the Locust Street gate as always, waiting to burst through at quitting time. When the siren sounds, everybody in town will look at their watches and think, "Mmmm, three o'clock. The men'll be coming out now."

But I am wrong. There is no siren. Now it is only a faint tinkling sound. The mill doesn't want to embarrass itself by proclaiming an enormous change of shifts, I think, when in fact only a fraction of a normal day turn is now working. In the old days, indeed only a year ago, it would have taken ten or fifteen minutes for the entire day turn to file through the gate. Now the exodus takes a total of one and a half minutes. Only 150 hourly employees, out of 4,200, are still working.

I begin to walk away. Someone calls my name. I turn and see a straggler coming out of the gate. He is Manny Stoupis, an acquaintance since the 1940s and now chairman of the grievance committee of USW Local 1408. I always remember Manny (nobody used his full name, Manuel) as a slight, wiry kid who was good in solid geometry. He has grown a bit thicker since I last saw him a few years ago, and his black hair is graying above the ears. Manny has the same earnest look, though now it is more knowing and verges on the bitter. He has been a grievance committeeman for the better part of twenty years. Anyone who survives this long as an elected local official will have experienced more than the normal share of human conflict.

After we shake hands, I ask what it is like to work in the huge plant with only 150 fellow workers. "It's eerie," he says. "You don't see anybody. You don't hear anything. There's no security. The company closed the two gates at the lower end of the plant and laid off the guards. They canceled the roving guard who used to drive around in a jeep. People are breaking in at the lower end, climbing over the fence, and stealing brass and iron scrap." He laughs. "Two foremen down at the lower end lock themselves in their office all day."

Manny was an ambitious young man who, like so many back in the early 1950s, got caught in steel's good times. For young men in the mill towns of those days, there was a very tangible sense of having to make an implicit bargain with life from the outset. There were two choices. If you took a job in the mill, you could stay in McKeesport among family and friends, earn decent pay, and gain a sort of lifetime security (except for layoffs and strikes) in an industry that would last forever. You traded advancement for security and expected life to stick to its bargain. Or you could spurn the good pay and long-term security, leave your family and the community, and take a flyer on making a career in some other field. In a sense, everybody growing up in America must decide whether to stay or move on. In the Mon Valley, however, the very presence of the mill on the riverbank, its gates flung open to young men (though not women and not blacks in the better jobs), forced you to make this choice.

Manny could have moved on, but his ambition trapped him in McKeesport. He started working part-time in the mill in 1947 during his junior year in high school and never stopped. His steelworker wages carried him through college and graduate school, and by the time he received a master's degree in mathematics from the University of Pittsburgh in 1958, he was making too much money as a steelworker to leave the mill. He had accumulated seniority by then and was grossing $4,000 more a year than he would have received if he had gone into biophysics. Manny stayed in the mill and got into union politics. I had talked to him many times in the 1960s and 1970s when he held a variety of local union offices.

We walk slowly toward the Local 1408 hall. Manny talks in hard, curt sentences. He doesn't complain, but I can guess. The way things are going, he will have to take early retirement before he is fifty-five... and then what? There is plenty of anger in him, but it comes out only a little at a time. "Most of our people will never see the inside of this plant again," he says. There is a long pause. "National Works is just about done for."

The Local 1408 hall is a two-story, pale green building fronting on Fifth Avenue, McKeesport's main business street. Several men in the lobby are discussing recent layoffs; somebody with forty-two years of service has just lost his job. I leave Manny and walk down a narrow corridor, passing a committee room where more men sit around a table and talk about layoff benefits. I find Dick Grace, the local president, sitting behind a desk in his tiny office. There are three chairs and a bookcase containing union brochures. On the wall are color photographs of John F. Kennedy, the five current International officers of the USW, and Grace himself competing in various road races. In his late forties, Grace took up jogging and has run in several ten-kilometer races. Now fiftyish, he is trim around the middle and wears a brush moustache that is turning gray.

I've known Grace for several years. Sometimes he is evasive about union business, but not today. He pulls his baseball cap advertising "Local 1408" more firmly down on his forehead and throws his feet up on the desk, ready to talk. He is angry. The company wants to padlock the unused locker rooms in the plant and has been calling laid-off workers and telling them to come in and pick up their clothing. "They call them at home and just say, 'Come in, empty your locker out.' That scares the hell out of them. These bastards have no finesse."

We talk about local negotiations. The company has asked the union to approve changes in the local agreement which would enable management to move workers from one department to another inside the plant. Grace doesn't like the idea. I ask a demurring question: If the union wants National Works to continue in business, doesn't it make sense to help management reduce labor costs?

Grace drops his legs behind the desk and straightens up in the chair. He has called off negotiations, he tells me angrily, upon discovering that the company has sent a letter to all employees ordering them to take their vacations in January so the plant can shut down for two weeks. It's not the policy that angers him so much as the fact that management negotiators failed to tell him about the mailing (purposefully, he suspects) even as they were asking him for concessions. "I haven't talked to them for two weeks," Grace says. "My relations with them are at the worst level I've ever seen."

Tragedies are made of such things.

I drive back to Pittsburgh after dusk. There are no stars out, and the valley is dark and silent. I feel as if I am in another country, or another time. The Mon Valley that I have known, a socioeconomic system that for a hundred years provided the labor for America's industrial explosion, is slipping into the past. Perhaps it should. Perhaps it is time to discard that culture and build another someplace else. What's one century in the sweep of progress?

The Mon Valley, 1987

By the middle of 1987 the death whose presence I had felt five years earlier had moved in on bulldozer's treads. The steel depression of 1981–82, followed by a continuing dismantling of the industry in a worldwide economic upheaval and a 184-day shutdown of U.S. Steel plants in a labor dispute, had left the Mon Valley reeling and helpless. The Homestead, Duquesne, and McKeesport plants of U.S. Steel were closed, permanently. (In 1986, after acquiring two large energy companies, U.S. Steel changed its name to USX Corporation.) Farther up the valley, Wheeling-Pittsburgh Steel shut the gates of its historic plant in Monessen in 1986. The old Jones

& Laughlin mills in Pittsburgh were being torn down. Dozens of related manufacturing plants had also closed.

The number of people who derived their income from steel had declined to less than four thousand, down from over thirty-five thousand in 1981, and from eighty thousand in the late 1940s. The mill towns, once so alive with the heavy throb of industry, now gave off the weak pulse of welfare and retirement communities. The degree of suffering caused by lost jobs, mortgage foreclosures, suicides, broken marriages, and alcoholism was beyond calculation. Many people, especially the young, had left the valley, but middle-aged and older workers, unable or unwilling to migrate from the only home they had known, went through the anguish of trying to start new careers. The standard of living, boosted to a high level by the bargaining strength of the United Steelworkers, was falling steadily.

More than might have been suspected, families held together. Many steelworkers *did* start new lives, discarding forever the hard hat and accepting employment as clerks and low-skilled technicians in service industries. The mill towns, instead of giving up, kept searching for new employers. Grassroots organizations dedicated to self-help served as advocates of the jobless before legislative bodies and government agencies. Some groups urged a revolutionary new role for labor, as employee-owners of abandoned enterprises. Other activists turned to physical confrontation with bankers and corporate executives, the symbols of uncaring wealth. But the real struggle in the Mon Valley was waged by individual people who, in countless cases of quiet heroism, prevailed over difficulties they had never before experienced.

They were left with bitter memories, however. From 1981 on, U.S. Steel acted with a callousness that will not soon be forgotten. The economics of the world steel trade dictated that the corporation shut down plants and reduce its work force. There was no pleasant way to do that. U.S. Steel, however, seemed to go out of its way to turn unpleasantness into nasty displays of power. It fired thousands of supervisors and managers—its most loyal employees—on no more than a moment's notice: "Clean out your desk, this is your last day," they were told. In fairness, it must be said that U.S. Steel poured out enormous amounts of money to support retirees and their families; in 1985 alone, it paid $123 million in pension and medical benefits to recipients in the Mon Valley.

Nonetheless, the company left a legacy of bitterness, even hatred, that will last for many years in the valley.[1]

The times clearly called for a partnership between steel management and the USW to meet the new competitive challenges. At companies such as National Steel, leaders on both sides managed to break out of old patterns of adversary relations to forge such a partnership. This did not happen at U.S. Steel, partly because of union resistance to change, which was more pronounced at some plants than others. But the company's confrontational style of management also impeded cooperation, with unhappy consequences. The corporation practically invited the 1986–87 work stoppage through bad faith dealings with the union.

What were the comparative dimensions of the disaster in the Mon Valley? The life expectancy of single-company towns in the fast-changing American economy is counted in decades, not centuries. New England's Merrimack River Valley, with its acres of abandoned textile factories (some now restored as historic sites) is another example of an industrial valley that went bust. Starting in the 1820s, this birthplace of America's Industrial Revolution grew into a mighty textile and apparel-producing area. The introduction of electricity eliminated the valley's water power as a competitive advantage, and the textile industry moved to the South, which offered an abundance of raw materials and cheap labor. After a generation of economic depression, the Merrimack Valley is now experiencing a resurgence as an electronics center.

The Merrimack Valley's major period of decline extended from the 1920s to the 1950s. The economic destruction of the Mon Valley was even more swift and brutal. The valley's manufacturing base had been eroding, it is true, for twenty-five years, but the final paroxysms would not be those of a moribund creature. A vibrant forty-six-mile stretch of river valley, providing primary jobs for over thirty-five thousand steel employees, and subsidiary jobs for nearly three times as many people, would be devastated and expunged from economic memory in less than five years.

An entire industrial culture overthrown and trampled into the dirt within a few years! There would be no gradual change here, no slow dying of one technology and the simultaneous growth of another. This isn't the Ruhr Valley, where old steel communities are kept alive even as their mills are torn down and replaced with other industry. This is wide, broadshouldered America, where there is always room someplace else for people abandoned by their livelihood. Are you an unemployed steelworker in the Mon Valley? Well, move on, brother! The first hill is the hardest one to cross. After that, the opportunities are limitless . . . Texas, Arizona, or anyplace from here to there where McDonald's needs someone to serve the one-trillionth burger.

For more than a century the mill towns had sustained an economic system that provided labor and social stability for America's industrial explosion. In the 1980s these towns—Homestead, Braddock, Duquesne, McKeesport, and Clairton—lost industries, people, pride, and their tax base. And not just the mill towns themselves were affected, but also dozens of other suburbs and river communities that form part of the same system: Munhall, East Pittsburgh, Turtle Creek, Dravosburg, Glassport, West Mifflin, White Oak, Elizabeth, Wilmerding, among others. Schools, roads and highways, transportation systems, churches, sewerage, business districts, and shopping centers—the entire infrastructure of the region was in danger of being swept away, as if a huge wave were surging down the valley from the headwaters of the Monongahela.

How would the region survive without its manufacturing base? Well, it was said, Pittsburgh would become a center of high technology and financial service industries, transmitting its knowledge and expertise around the world via satellite and electronic networks. Instead of exporting steel and machinery, the region would export services and research (medical research already was well established) and employ people as office workers, technicians, and operatives in high-tech manufacturing. So said the bankers and regional development experts. This forecast had some merit. While the five-county Pittsburgh metropolitan area lost 127,500 manufacturing jobs between 1979 and 1987, it gained 75,800 service-type jobs. Many of the latter, however, were low paid, demanded little skill, and existed largely in Pittsburgh and surrounding communities, not in the decaying depths of the Mon Valley. The truth was, nobody knew what to do about reviving the mill towns and their suburbs.[2]

What This Book Is About

This book tells two stories. The main story is about the decline of the labor movement and the deterioration of the

American system of industrial relations. The second, related story is about the wastage of the Monongahela Valley. The valley was *not* primarily a victim of labor-management conflict. However, I believe, and hope to demonstrate, that the singular use of the valley as a factory system for the steel industry produced a unique social and economic environment. Both the conduct of work in the mills and the course of labor-management relations were profoundly influenced by this environment.

The two stories, therefore, are intertwined, and the telling of both helps illuminate the major theme of this book, which is that the American system of organizing and managing work is obsolete.

The precipitous decline of the steel industry in the 1970s and 1980s provides the most dramatic evidence of the need for reforms. The industry's shrinkage resulted from many complex, interrelated forces (see chapter 4). In some part, it was inevitable, given powerful structural shifts in the international steel industry: the growth of foreign steel and the resulting excess of steelmaking capacity over demand by 1986; the increasing use of plastics, aluminum, ceramics, and other materials as a substitute for steel; and the rise of American minimills with modern equipment and low labor costs which enabled them to capture high-volume products such as rod, wire, and bars from the integrated steelmakers.[3]

The USW's resistance to wage cuts and work-rule reforms constituted only one element in this array of causes. But it was a critical one. And for every barrier thrown up by the union, higher barriers were raised by management. Management was too arrogant to see that labor could contribute ideas and commitment that might arrest the decline. That these antagonisms remained intact fifty years after unionism came to the steel industry is proof of fundamental flaws in the union-management relationship and, more importantly, in the shop-floor organization of work. The USW and the steel industry failed to work together to make the plants more productive, even though a mechanism existed for doing this, the voluntary Labor-Management Participation Teams (LMPTs) which could be established at the department level within plants (see chapter 6).

Aside from LMPTs, which dated from 1980, the steel companies had engaged in little innovation, social or technological, for most of the postwar period. Led by a management that ranged from mediocre to poor, the American steel industry simply failed to make the right business decisions at the right time. Most important, it failed to change its authoritarian style of managing people in order to gain cooperation in a common endeavor.

As a result, the conflict between union and management on the shop floor, which was necessary and healthy to some degree, degenerated into pointless battles for supremacy between rival bureaucracies. The union's one-time fight for a decent standard of living and better working conditions became the captive of a bureaucratic industrial relations system. By the 1980s, the Mon Valley plants—indeed, most American steel plants—were no longer competitive.

In the six years covered by this book, practically everything that could happen to an industry and a union *did* happen in the steel industry: massive unemployment, wage-cutting, national and local bargaining, internal union strife, rank-and-file rejection of labor pacts bargained by their leaders, bitter disagreements between companies, the collapse of an employer bargaining group, the breakdown of industrywide wage patterns, plant shutdowns, chaotic market conditions and bankruptcies, and—in some instances—the beginnings of new labor-management relationships.

One of the more dramatic of these events had occurred a few months before my October, 1982, trip to the Mon Valley.

Union Drama in a Ballroom

At 10:30 A.M. on July 30, 1982, a great shout of defiance rang out in the Grand Ballroom of the William Penn Hotel in Pittsburgh. Some four hundred local union presidents, who constituted the ratification body of the United Steelworkers, had rejected by voice vote a steel-industry proposal calling for wage concessions. As the echo of the vote receded, many of the delegates leaped to their feet, shaking their fists and shouting.

It was an extraordinary demonstration. In the 1970s the same body, called the Basic Steel Industry Conference (BSIC), had ratified new wage agreements once every three years. Elated cheering had accompanied the votes—and for good reason. Each new agreement in those years was described as the "best ever," and cumulatively they made steelworkers the highest paid industrial workers in the United States, if not the world.

In 1982, the circumstances were reversed. The steel companies wanted to modify the wage terms they had agreed to in 1980. Although the USW's contracts with eight large steelmakers would not expire until August 1, 1983, the companies had proposed replacing those pacts with new, lower cost contracts. The companies were U.S. Steel, Bethlehem, Jones & Laughlin, National, Republic, Armco, Inland, and Allegheny-Ludlum. In 1982 they were still bargaining as an industrywide unit, a practice that began in 1956 and ended in 1985. A bargaining committee named by the companies negotiated an industrywide labor agreement, which set forth wage and benefit terms, as well as general provisions on matters such as hours of work and the grievance procedure. The companies, therefore, paid identical rates of pay and levels of benefits. Each firm also had its own labor contract which spelled out other noneconomic provisions, which differed to some degree from company to company.[4]

Because the wage terms were identical across the industry, this method of negotiating met the union's goal of "taking wages out of competition." The companies gained the protection of unity; the USW couldn't strike them singly and leverage one firm against another. The uniform wage policy also suited the industry's oligopolistic pricing structure. But by 1982 industrywide bargaining was an anachronism. It was not flexible enough to cope with the industry's changing problems. Despite the strong arguments of some executives to disband the committee, however, the companies hadn't mustered the nerve to take that bold step.

The industry had been falling deeper into financial trouble since the brief recession of 1980. Now, in the midst of the 1981–82 recession, the nation's mills were operating at only 43.8 percent of capacity. Japanese steelmakers, along with American minimills, had captured more than 25 percent of the U.S. steel market. In the Big Eight companies, the average hourly cost of providing wages and benefits (pensions, medical care, vacations, and holidays, etc.) had risen to between $22 and $23 in 1982, roughly twice the employment cost of Japanese steelmakers and $5 per hour above the minimills' cost. One of the Big Eight, Republic, was said to be close to failure, and the industry negotiators told Lloyd McBride, the Steelworkers' president, that all eight companies would vanish by the end of the decade unless the steep upward trend of labor costs were leveled off.

About 107,900 hourly workers, or 37 percent of steel's 1981 work force, were laid off at the time of the BSIC meeting, and many of the local presidents realized the business slump was no ordinary recession. Largely for this reason, the conference had reluctantly authorized McBride to "discuss" labor-cost issues with industry negotiators. McBride and two union aides, Vice-President Joseph Odorcich and General Counsel Bernard Kleiman, met throughout July with the industry bargainers, J. Bruce Johnston of U.S. Steel and George A. Moore, Jr., of Bethlehem. It was a peculiar set of negotiations, the first in which the USW had contemplated breaking John L. Lewis's old dictum of "no backward step" in bargaining.[5]

Nothing came of the July talks. The industry asked the union to cancel a wage increase scheduled for August 1, 1982, and accept a pay freeze for the next three years, with limited cost-of-living adjustment (COLA) payments. McBride would have accepted a wage freeze, but he rejected the COLA limit. The negotiations ended in a deadlock.

The USW president called the July 30 BSIC meeting merely to ask the local presidents to ratify his rejection. The delegates' response indicated in part the depth of their anger with management. But in part it resulted from an internal union problem. McBride had bred suspicion among the presidents by refusing to admit that he actually was discussing possible wage cuts with the industry men. A few dozen local presidents had taken a stand against any wage concessions, at any time, for any reason. McBride's reticence made the militants' campaign all the easier. They spread the word that the USW president had already "cut a deal" with the industry bargainers and intended to ram it down the throats of the BSIC delegates on July 30.

So it was that the presidents who assembled in the William Penn for the 10 A.M. meeting were in a rebellious mood. Many were annoyed that the companies seemed to have placed all the blame for the industry's predicament on labor. The "no concessions" group included unionists from each of the major companies, but especially from Bethlehem and U.S. Steel, where relations had deteriorated in recent years. The delegates from U.S. Steel plants were furious that the company had bought Marathon Oil instead of investing the $6 billion in steel. As they filed into the ballroom on the seventeenth floor, their faces grim and angry, one might have thought they were about to do battle with a hated foe rather than to meet among themselves to decide the fate of their industry, and their jobs.

It has been an abiding irony that the Steelworkers use the William Penn ballroom for many of their large meetings. Gaudily dressed in late Renaissance decor, the ballroom today differs little from the original of sixty-five years ago. Gold draperies cascade down over high, domed windows, three enormous chandeliers with tiers of glass candles hang from concave pits in the ceiling, and maidens carrying baskets of fruit stand out in bas-relief on wooden panels. The walls are covered with white paper flocked with undulating gold curls and lined with dozens of candelabra that give off a dull glow. A kind of ornate gloom permeates the place—a curious setting for a latter-day class struggle.[6]

Today, the ballroom is an interesting museum piece. But when the William Penn opened in 1916, the ballroom's Old World dazzle represented the pretentious aspirations of the businessmen who built the seventeen-story building. One of their leaders was Henry Clay Frick, the coal and steel magnate who in 1892 sent bargeloads of Pinkerton goons up the Monongahela River from Pittsburgh to attack striking steelworkers at Carnegie's Homestead Works. Those were heady days for capitalism in Pittsburgh. It must have seemed that the iron and steel furnaces would never stop pouring out molten metal, belching smoke and dust, and employing endless streams of immigrants.

By July 30, 1982, everything had changed in Pittsburgh and the Mon Valley. In one sense, however, nothing had changed: Management-labor relations in the plants were still implacably hostile.

McBride told the BSIC meeting that the companies had asked for "more than was reasonable" in negotiations and that he had turned down their proposal. When he called for a vote on a motion that the BSIC reject the companies' demands, an overwhelming shout of "aye" resounded in the ballroom. The local presidents jumped up from their chairs and cheered and clapped. In the balcony, scores of nonvoting union "observers" joined in the demonstration. It was loud and boisterous.

Why did the steelworkers react this way, knowing even then that their vote might mean a further loss of jobs? Some of the delegates applauded out of relief that they had not been called upon to vote yes for concessions. For others, particularly from U.S. Steel and Bethlehem plants, the demonstration was the release of a collective anger, a challenge to a hated enemy, "the company." McBride stood grimly at the podium. At that time he was a relatively young-looking sixty-five, a chunky, solid man of medium height with a balding head and a professorial face. (Thirteen months later, he would die of a heart ailment probably aggravated by the strains involved in trying to steer the union through a perilous time.)

Most union presidents would have turned such a showing of militancy to political advantage; an obvious tactic would have been to make a stemwinding speech attacking the "greedy" companies. But it was not in McBride's style, or character, to use political rhetoric. Believing that the survival of the industry and the union was at stake, he had tried to reach an accommodation with the companies and had failed only because their price, in his view, had been too stiff. When the noise finally subsided, he told the delegates in a stern voice: "I say to you, the decision we have made today is not cause for celebration. The problems are mutual [between labor and management], and they have to be solved. This is a mutual failure."

As the delegates streamed out of the ballroom, one group went whooping down the corridor, clapping backs and saying: "We did it! We did it!" They were claiming credit for having forced McBride to reject the industry's proposal, a dubious claim but one that indicated the temper of the more militant delegates. Although relatively few in number, they were louder and more passionate (either from serious intent or demagoguery) than the delegates in the opposite camp and tended to pull the undecideds in their direction. McBride's rebuke at the end of the meeting had annoyed rather than sobered the militants and added to their suspicions that McBride sided with the companies in favoring wage concessions. "Sometimes you wonder which side he's on," one of them said to me.

The events of the next seven months, however, confirmed McBride's assessment of the economic picture. Indeed, it was even bleaker than he suspected. The steel industry had been badly hurt by the 1981–82 recession, and it continued sliding downhill through the late summer and fall of 1982. Steel unemployment soared; by the end of the year, 153,000 hourly workers, or 53 percent of the work force, were laid off. Many thousands of the jobless had run out of unemployment benefits, and hundreds had lost, or were on the verge of losing, their homes and cars in mortgage foreclosures.

Nevertheless, in November 1982 the ratification committee once again rejected an industry proposal, this time repudiating McBride by voting down a package of concessions that he negotiated and recommended. Once again, the local presidents' anger at the companies, particularly U.S. Steel, played a large role in the rejection. Not until March 1, 1983, would the Basic Steel Industry Conference finally approve a settlement accepting an immediate 9 percent wage cut.

Those seven months of negotiating impasse became one of the most momentous periods in the history of steelmaking in the United States. This book will tell the story of what happened during that time and afterward, from 1981 to 1987. The story unfolds in many places, in negotiating sessions between top-level union and industry officials, on mill floors and picket lines, in turbulent union meetings and staid company conferences, and in the homes of workers and managers in the Monongahela Valley.

The Procedures Obscured the Reality

As a journalist, I have been reporting on and writing about labor since 1960. By far the most excruciating rounds of collective bargaining I have covered were those in the steel industry in 1982–83 and again in 1986–87. I became convinced that the problem in steel was rooted in forty years of poor management of people and a misdirected union-management relationship. For most of that period, steel management regarded hourly workers as an undifferentiated horde, incapable of doing anything more than following orders and collecting the paycheck. Suddenly, in 1982, that horde was expected to turn into an enlightened group of rational individuals with implicit trust and faith in the company and a willingness to accept whatever management said was necessary to put its financial affairs in order.

Some companies had better relations with their employees than others, and the atmosphere differed from plant to plant within companies. Generally, however, those decades of adversary relations on the shop floor had created an atmosphere of suspicion and hostility that could not be overcome by the normal methods of communication.

This was not evident on the record. There had not been a major strike since the 116-day national steel walkout of 1959. Such a long streak of peaceful bargaining was extraordinary in a major U.S. industry. But it obscured the real problems in the steel industry, largely because the negotiating procedure did not reflect the reality of everyday life in the plants. Industrywide bargaining put control of the negotiating process in the hands of top-level industry and union leaders who were determined to avoid strikes, a worthwhile goal but one which, by itself, could not contribute nearly as much to solving steel's competitive problems as improving relations on the plant floor.

This misplaced emphasis had its beginnings in the 1950s and 1960s, when the collective bargaining procedures that had evolved during and after World War II became ever more procedural and bureaucratic in form. Management wanted to maintain stability at almost any cost, and avoiding unnecessary strikes became a primary mission of industrial relations professionals in American industry. Company negotiators accumulated power in the company, and were compensated and promoted, on their ability to hold the union at bay while eschewing conflict. This was especially true in the steel industry, which went out of its way to buy labor peace in the 1970s with its no-strike agreement.[7]

The USW's contract ratification procedure inserted another blurred lens between the leaders' eyes and what was happening down at the mill-and-furnace level. Industrywide pacts were approved by a vote of the BSIC, local union presidents from all companies that were construed, however remotely, to be part of the basic steel industry. While the BSIC in its later years became an increasingly independent creature, still it was essentially a committee whose votes were subject to some degree of leadership control. Ratification by committee had been used in the USW since its inception in the 1930s, an outgrowth of its top-down organization. It was one of those traditions—of which there were many on both sides in the steel industry—that seemed to survive all evidence that it was outmoded.

By the early 1980s, the neglect of shop-floor relations had adversely affected attitudes, productivity, and product quality. On one side a managerial bureaucracy consisting of the plant manager, department superintendents, general foremen, and line foremen, ran the plant in the old authoritarian fashion. Orders came down through the hierarchy and, right or wrong, were to be followed to the letter. On the other side, a union bureaucracy consisting of the local president, chairman of the grievance committee, and his committeemen (few women held these posts) protected the workers' "rights," as spelled out in the contract. Management made no attempt to involve the union officials, much less the workers, in cooperative efforts to improve the work process; such an effort would have violated management's unilateral "right" to run the plant. The union officials spent most of their time reacting to management decisions and protecting work rules which established crew sizes and work jurisdictions, even though those rules might be obsolete. In this climate, there was much yelling and puffing of chests on both sides, and ordinary workers were caught in the middle.

This stultifying relationship was particularly true of the old plants in the Monongahela Valley. Not much had changed since the USW organized them in the 1930s. It was as if a regiment of paratroopers (the union) had been dropped into hostile territory and remained surrounded all these decades by management, the two sides accommodating to an uncomfortable balance of power. The degree of hostility waxed and waned over the years as managers and union leaders came and went. But management usually sets the tone of a relationship, and in the Mon Valley that tone was at its best one of polite belligerence.

The local unions became highly politicized; any leader who made peaceful overtures to the company was promptly denounced as a "sell-out artist." Union officials and supervisors conducted daily warfare over such matters as discipline, job assignment, and the handling of worker grievances. It was as though each side had to prove to itself, day after day, that it had the capacity to hurt the other.

Over the years, this relationship hardened and became impervious to change. Many people tried to reform the system, only to run into barriers of tradition and bureaucracy—on both sides. At U.S. Steel's Duquesne plant, for example, Local 1256 President Mike Bilcsik went to management in 1983 and proposed that the union and company begin an LMPT program. He was repulsed. Plant management wanted no part of participation.

On the management side, many supervisors had to suppress their participatory tendencies and instead act as disciplinarians. One of these was Lawrence Delo, who worked for more than twenty years in several Mon Valley mills as a first-line foreman, one of the toughest jobs in any industry. In late

1983, when he was working at U.S. Steel's Homestead Works, we talked about the corporation's management style. "I really think a lot of Homestead's labor problems are caused by management," Delo said. "They are so hard-assed! That's been the history of the steel industry in the Mon Valley. You have to manage by force and by setting examples, rather than by reason and persuasion. You can't get ahead if you don't scream and yell at people."[8]

By the early 1970s, I began to realize that the "mature collective bargaining relationship" that the academics were ascribing to the steel industry existed only between top-level union and company negotiators. But even then I didn't perceive the depth of the hostility in the plants. From the summer of 1982 on, however, it became clear that the union and industry hadn't advanced beyond primitive stages in their relationship. Each side sought only to advance its own interests. But the decline of the steel industry—its poor profit showing, decreasing productivity, and lack of investors—should have galvanized both sides to focus on their mutual interests. Instead, each side blamed the other and stood aside as jobs dwindled.

The result of all those years of neglect was best summed up by Joseph Odorcich, a blunt-spoken USW vice-president. Odorcich started work in the coal mines of western Pennsylvania at the age of fifteen and went on to a colorful career in the Steelworkers, first as a local officer at a McKeesport foundry during the late 1930s. Later, as a union reformer in the Mon Valley, he had to buck entrenched union leadership to make his way to the top of the union.

One day in the fall of 1983, we sat in his Pittsburgh office, reviewing events of the past year. The bargaining failures of 1982 had embarrassed the union leadership, and Odorcich conceded that serious errors in strategy and tactics were partly responsible. The largest problem, however, was that local union leaders and rank and filers distrusted management, and even the union to some extent. "One of the problems in the mills," he said, "is no union man would trust any of the companies. To the average union man, they're always crying wolf. And the wolf finally came."[9]