

A Common Struggle: Why Sterling, Illinois? A Look Into the Disinvestment of the Northwestern Steel and Wire Mill

By Jenee Blackert

Once the Dillons sold the mill was the beginning of the end. In comes the CEO's and all their cronies, Wilthew, Gurnitz, Gildehous, and Rocchio. They all did their own damage to the demise of NWSW. One thing they had in common was they all made millions, and made their friends who they brought with them as top management very wealthy also. They all made bad investments and bad business decisions for the future of the mill. They continuously cut union jobs, yet never cut top management jobs. Yet again, as we took cuts in wages and jobs, they were still raking in their millions and hundreds of thousands. It didn't just happen to NWSW, but to mills and factories throughout the country. We referred to the management as the top 10 because each CEO brought in their president, assistant president, assistant assistant president, vice president, assistant vice president, assistant assistant vice president, director of operations, etc., and I would bet if you looked into all bankrupt steel companies, you'll discover that the same thing that happened to us, happened to them.

--a worker comments on the demise of Northwestern Steel and Wire, March 2005

“SHUTDOWN: Century-Old Steel Foundation Crumbles,” declared Sterling, Illinois’ *Daily Gazette* on May 19, 2001. The Northwestern Steel and Wire Mill announced that it shut its doors forever, displacing 1400 workers and 2500 retirees, each having approximately eight dependents. Sterling, Illinois, a city just under 60,000 citizens at the time of shutdown, housed the steel mill for nearly all of its 122 years in business.¹

Prior to moving to Sterling, the original wire mill sat on the riverbanks of Rock Falls, directly across the river from where it is located today. The mill eventually grew to

¹ Donna Newman, *Daily Gazette*, 19 May 2001, sec. A1

line miles of Sterling's riverbanks, its smoky stacks, once identified with the smell of money, is now viewed as the cause of a depressed community. At its peak, Northwestern Steel and Wire (NWSW) employed 5000 workers and ranked the world's 13th largest producer of steel.² The company shifted from family owned to corporate management after 101 years of business. Twenty short years, and a series of disinvestments later, the mill closed its gates. At the time of shutdown, the mill consisted of various inch mills, a structural mill, rolling mills and a recently shutdown wire mill. What observers would say were just vacant buildings, workers feel they represent the outcome of the many years of blood, sweat, and tears put in at the Northwestern Steel and Wire Mill.

Widespread corporate disinvestment along with government trade policies and the decline of power amongst labor unions has resulted in the deindustrialization of steel mills nationwide. Between 1998 and 2003, forty-eight steel mills declared bankruptcy in the United States,³ each bankruptcy sent thousands to tens of thousands dislocated and depressed workers into a highly devastated community. These forty-eight steel mills did not compare in the size of their employment or the net tons each produced, but the imprint left on those that relied on the plant the most have made each case quite similar. What is the explanation for the de-industrialization of America's steel plants and its affects on the community and how does Sterling's mill fall into the context of disinvested steel mills throughout America? This paper places the Northwestern Steel and Wire Mills deindustrialization in the context of the decline of steel industries nationwide. The toll of the deindustrialization of the mill on its workers and the community gives reason to uncover the ways that corporate management changed how the workers and the

² Donna Newman, *Daily Gazette*, 19 May 2001, sec. A1

³ www.steelnews.com "Bankruptcy Chronology, 1998-2003," accessed March 2005.

community were identified. The workers memories of corporate decisions, politics on trade, and labor decline deem NWSW's importance of being recognized amongst the deindustrialized steel mills nationwide.

Deindustrialization is all too common in America. Corporations across the globe never expected the grand process of industrialization to reach its apex and suddenly reverse, shifting companies backwards into a slow painful regression, ravaging all those it touches on its way down. Eventually, companies hit rock bottom and the after effects hurt far worse than the regression stage. This is the process of de-industrialization: the widespread, systematic disinvestment in the nation's basic productive capacity.⁴ Wisconsin Steel in Chicago, the U.S. Steel Corporation in Youngstown, Ohio, and the Northwestern Steel and Wire Mill in Sterling, Illinois are all examples of steel plants fallen victim to deindustrialization, the process that created ruins out of their communities.

John Russo and Sherry Lee Linkon, in looking at the toll of deindustrialization on Youngstown, Ohio, assessed that the process leads to multiple experiences of loss. First, economic loss is marked by unemployment, bankruptcies, foreclosures, arson, and declines in community service and physical and emotional health. Second, the loss of faith in institutions, such as businesses, unions, government, religion, and family may seem to have failed to provide the economic and social protection they promised.

⁴ Barry Bluestone, *The Deindustrialization of America*, 6.

Communities lose their self-esteem as the population diminishes, reinvestments fail or arrive slowly, and social and economic conditions decay.⁵

The steel industries in Youngstown, Ohio were much larger than Northwestern Steel and Wire. Unlike NWSW, Youngstown was owned primarily by the United Steel Corporation (USX). One major factor that sticks out when comparing the two mills is that each corporation could care less about its workers. With U.S. Steel being so large, the small people at the bottom could be seen as easily replaceable. Since NWSW was much smaller, you would expect management's ability to coincide with the workers to be strong, but it was not. Robert Bruno, in *Steelworker Alley*,² does not portray the capitalist executives of Youngstown's plants in a positive light. Bruno focuses on the steelworkers as the middle class in Youngstown, with little hopes of climbing the economic ladder. The workers at NWSW felt the large paychecks from their earlier years placed them in a group with doctors and lawyers. Little by little, the workers lost their boats, jet skis, and snowmobiles. Eventually, the nicer cars came into the picture, followed by their only cars, then their homes, and lastly, their dignity. U.S. Steel workers felt they could remain in their same status without their jobs at the plant.⁶

The closing of the Wisconsin Steel plant in southeast Chicago is not any different than the dilemma at Northwestern Steel and Wire. According to *Rusted Dreams*, Wisconsin Steel can be placed in the wider arena of corporate and governmental decision-making. To start, the union at Wisconsin Steel struggled for organization from 1919 to 1937. In 1937, the Progressive Steel Workers Union (PSWU) was organized. The union was successful until the workers lost their cohesiveness due to social cutbacks

⁵ John Russo and Sherry Lee Linkon quoted in "Beyond the Ruins," 202.

⁶ Robert Bruno, *Steelworkers Alley: How Class Works In Youngstown*.

by the management. Wisconsin Steel workers feel the money the company earned was never invested back into the mill.

In 1977, Wisconsin Steel was sold to Envirodyne. Although, NWSW did not sell until 2002, the later 20th century showed its various struggles to find investors to buy stock to keep the mill from being shutdown by the banks. Eventually, NWSW closed unannounced in 2001 and the only option was to sell it to Leggett and Platt in 2002. Wisconsin Steel also shut down unannounced in 1980. The day before closing, management told the workers everything looked good.

The reasons for deindustrialization amongst the steel industries may differ, but for Wisconsin Steel, an inadequate demand for steel, expensive mistakes, and competition is noted to have initiated and contributed to its decline. Expensive mistakes, also known as corporate disinvestment, lie heavily in the memories of the workers at NWSW.

The outcome of deindustrialization is important in every community affected by plant closure. With the closing of Wisconsin Steel, 15,000 jobs were lost, forcing the decline of other local businesses. New jobs were hard to find and southeast Chicago became an almost abandoned mill town. Like with other declines, worker memory prevailed and notions of who should take the blame filled the taverns.⁷ This paper continues to prove how NWSW falls into line with other declining and failed plants nationwide.

The Mill's Foremost Foundation

Northwestern Steel and Wire began as a family operated factory. Washington Martin Dillon moved to the Sterling – Rock Falls community in the late 1860's from

⁷ David Bensman and Roberta Lynch, *Rusted Dreams: Hard Times in a Steel Community*.

Zanesville, OH, where his father, Moses Dillon, built one of the first iron furnaces west of the Alleghany Mountains. Dillon and his step - brother, William C. Robinson, opened Northwestern Barb Wire (eventually NWSW) on February 28, 1879. The company consisted of a three story building on the Rock Falls side of the Rock River and employed only ten men. The company produced the newly innovated barbwire, invented in Dekalb, IL by Joseph Glidden. The ten employees turned out 600 spools of barbwire daily.

In 1892, after Robinson's death, Dillon built a separate plant, the Dillon – Griswold Wire Company, in Sterling. When Griswold died in 1902, Dillon bought all shares of that company and then moved the Northwestern Barb Wire Company, of Rock Falls, to the newer facility in Sterling. Washington Dillon died in 1920, leaving his business into the hands of his son, Paul Washington (P.W.) Dillon.⁸

Greater Industrialization: The Era of P.W. Dillon

The mill soon grew to become a major corporation. The steel industry boomed throughout the 1920's, but 1929 brought a world –wide depression forcing the government to slow manufacturing nationwide. During this time, Northwestern Barb Wire purchased all of its raw steel to run through the wire mill, but P.W. Dillon found he could save money by producing his own steel.⁹ Only one obstacle stood in Dillon's way, the government's regulations on manufacturing. In 1933, President Franklin D. Roosevelt's New Deal Program initiated the National Industrial Recovery Act, limiting

⁸ "100 Years of Progress" Northwestern Steel and Wire Pamphlet, 1979.

⁹ "Northwestern's Dillon: Steelmaker with Guts, Gall and Genius," 33-Magazine of Metals Producing, February 1966, 77-82.

American steel production and regulating competition.¹⁰ The law specifically states, “None of the members of the Code shall initiate the construction of any new blast furnace, open hearth, or Bessemer steel capacity.”¹¹ This law never mentioned electric furnaces, in which, Dillon saw this loophole and began planning construction on the steel mill. By March of 1937, the new steel mill, “the first of its kind in the country,” employed over 1400 men, 240 in the new steel plant and 1200 in the wire mill.¹² Dillon installed two small ten - ton electric furnaces and the mill began paying the largest electric bill in Illinois.¹³ The new steel mill cut spending on resources for the wire mill and helped it actively produce throughout the Great Depression.

In 1938, the company became the Northwestern Steel and Wire Mill. Throughout the Great Depression, P.W.’s son, Martin Dillon, headed a subsidiary firm in Knightstown, Indiana. This firm, known as the Parrish – Alford Fence and Machine Company, moved to Washington Dillon’s original plant in Rock Falls. It continued to operate as a subsidiary until 1969, when it officially became Plant 4 of NWSW.

World War II sent many workers overseas leaving gaps in the payroll. To fill in these gaps, P.W. Dillon employed a large number of women and Mexican immigrants. At this time, Silver City was constructed on the base of NWSW to house many of the newer workers arriving in the area. Railroad boxcars, painted silver, sat on mill property

¹⁰ “Technology Triumphs in Sterling,” written by Beth Burkhalter, found in Illinois History, 138.

¹¹ “Northwestern’s Dillon: Steelmaker with Guts, Gall and Genius,” 33-Magazine of Metals Producing, February 1966, 77-82.

¹² “Over \$2,340,000 Paid Out in Wages Annually By Local Factory,” *Daily Gazette*, 10 March 1937.

¹³ “Technology Triumphs in Sterling,” written by Beth Burkhalter, found in Illinois History, 138.

¹⁴ “100 Years of Progress” Northwestern Steel and Wire Pamphlet, 1979.

and were rented out for a small fee. Silver City lasted only a short time until two new housing projects were built near the mill.¹⁴

P.W. continued to run the mill throughout the 1970's. In 1974, the net sales of shipments of slightly more than 1 ¼ million tons of steel products equaled \$308,468,927. The company also employed 4,350 workers. In 1979, NWSW completed the \$10 million pollution project. P.W.'s timing of the project made it cheaper than those factories holding off. The workers participated in building the system that ran through the mill and were happy to hear the Illinois Attorney General congratulating the mill on its role as the "cleanest mill in the world."¹⁵

P.W. Dillon's death came in 1980, shifting a 101 - year old family owned steel business into the hands of corporate investors, who kept the company functioning for a mere twenty-one additional years.

The Era of Great Disinvestment

The mill declined slowly the first five years following P.W.'s death. Robert M. Wilthew, formerly of Copperweld Steel Company in Ohio, hired on as President and Chief Operating Officer in 1985. Prior to Wilthew occupying his position, P.W.'s son, Martin Dillon, and his son, Peter Dillon, headed the mill. In 1982, the two men initiated an across – the – board salary reduction for all salaried payroll employees. The Dillon's froze total compensation for all top management and personnel. Compensation reductions for all other salaried employees shifted quarterly. In addition to salary reductions, cost – of – living increases froze at the current levels. Martin Dillon argued

¹⁵ "NWSW Nears Completion of \$10 Million Water, Air, Anti-Pollution Projects," *Daily Gazette*, 3 August 1972.

the company continued to experience low levels of sales and production for its second consecutive quarter. At this time, steel shipments for the month shrunk to 5.4 million tons, the lowest February since 1958. The company did not deny its expectations to drop even further.¹⁶ With the U.S. government's active role in causing problems for the steel industry, America was unable to compete in the global marketplace. Our share of the world's manufactured imports had fallen from more than 25 percent to less than 17 percent. The 1980 trade deficit with Japan reached over \$10 billion. Japan's number one products sold to America included passenger motor vehicles, iron and steel plates, truck and tractor chassis, radios, motorbikes, and audio and video tape recorders. Americans exported mostly agricultural products to Japan, consisting of soybeans, corn, fir logs, hemlock logs, coal, wheat, and cotton. This left America unsuccessful in strongly competing in the international market.¹⁷

The U.S. government's problems with foreign exports critically affect the role steel industries play in the trade division. In 1981, President Reagan signed into law a bill allowing the U.S. Overseas Private Investment Corporation to expand their coverage. This government agency sells political risk insurance and other financial services to American companies investing abroad. This promotion of overseas investment caused steel industries to cut prices, hoping to attract business to their corporations, motivating investors to buy shares of the plant.¹⁸ When Wilthew joined Northwestern Steel and Wire in 1985, the company already experienced four consecutive years of losses totaling

¹⁶ "A Special Report By Captain Steel," NWSW May 1982.

¹⁷ Bluestone page 5

¹⁸ Bluestone page 189

\$170 million, including \$40.8 million loss for fiscal 1985. Wilthew believed faith lay in the strength of the company's up – to – date equipment, electric furnaces, market location, and availability of raw materials.¹⁹

In 1988, Peter Dillon sold the mill to all of its employees. The Employer Stock Ownership program (ESOP), known as worker capitalism, allowed the employees to control 59% of the company's stock sold to them to shield the company from disaster. The union fought for this control, taking a good pay-cut to pass the merger. Soon after employees owned the majority of stock in the mill, upper management decided to purchase the Armco Plant in Houston, Texas. The facility in Houston produced wide flange beams sold on the heavy structural steel market. According to Charles H. Biermann, Senior Vice President of Sales, "[Armco] will make NWSW the producer of the largest variety of structural items in the United States."²⁰ It cost Northwestern Steel and Wire \$60 million to renovate the facility and planned to employ 200 workers at full production in two and a half years. Also at full production, the plant expected to expand the company's product line by 150 percent and slated to produce 600,000 tons a year. In the early 1980's, the 10" and 20" mill in Sterling shutdown, leaving excess melting capacity. NWSW melted steel for five, but only had three rolling mills. NWSW sold the unfinished steel, or melt, on the open market. "We were successful, but that in itself is a relatively spot market...it's not something you can count on day in and day out," Biermann said.²¹

¹⁹ "Steelmaker Blues." Alice Hrnicek, *Register Star*, September 8, 1985, 4G.

²⁰ "NSW Opens Houston Mill: Aims For Bigger Market Share," *Daily Gazette*, 5 October 1990, A1.

Apart from the \$60 million investment in Texas, NWSW spent \$25 million on a jumbo beam blank caster that sent blanks via barge to the Houston facility. The Sterling division also installed a new \$6 million furnace at the same time. NWSW officials expected the expansion to earn \$1 billion in total sales within the next few years.²² Instead, the company lost \$2-\$3 million a week. Eventually, 1996-1997 saw the closing of the Houston plant and NWSW turns over its first profit in years.²³

NWSW received a high honor in 1991 and hoped to utilize this award to its fullest as it fought to climb out of debt. Japan granted the mill a Product Quality Certification allowing it to sell Illinois produced steel in Japan for the first time. NWSW became the second U.S. steel company to receive such a proposal. This deal opened NWSW's steel market to an array of new investors.²⁴

Robert Gurnitz replaced Wilthew as President in 1991. Through much of 1991 and 1992, NWSW searched for investors to purchase stock in return for cash the company needed to pay off the banks. The bankers informed the mill they needed to raise \$20 million to add to the equity of the loans. The banks granted the mill several extensions as they searched for an investor to provide the funds.²⁵ NWSW owed the banks \$180 million. If the \$20 million the bank desired did not meet the deadline, the mill sought bankruptcy. The search for an investor finally ended as Kohlberg &

²¹ "NSW Opens Houston Mill: Aims For Bigger Market Share," *Daily Gazette*, 5 October 1990, A1.

²² "NSW In Texas: Opining to Make History," Bill Watts, *Daily Gazette*, 6 October 1990.

²³ "NW Steel and Wire Agrees to Takeover," Michael Arndt, *Chicago Tribune*, 14 February 1997.

²⁴ "NWSW Wrestles With Debt Payment Problem," John N. Maclean, *Chicago Tribune*, 5 February 1992.

²⁵ "Pivotal Year for Northwestern Steel," Bill Inks, *Daily Gazette*, 31 December 1992, C1.

Company Investment Group out of New York offered \$35 million to the management team. Under this proposal, the workers needed to make wage and benefit concessions and agree to the terms by no less than two – thirds majority. The consequences weighed heavily on the workers vote, in which they rejected the offer 934 to 737.²⁶ The workers felt “enough is enough...we are tired of the pay-cuts endured over the past ten – plus years...nobody really cares anymore, it’s time for me to start looking for another job.”²⁷

The banks gave the mill one last deadline and Kohlberg allowed the workers to try the vote again. This time, management knew the importance of the vote and proposed concessions within the ranks of the front office, as well as modified requests from labor. The workers voted again and the vote passed 1,295 to 591. Kohlberg took control of 51% of the company’s stock as employees now only had 26% and non-contract employees had 23%. The workers received additional health benefits to vote in favor of the buyout. The health benefits granted to the workers included the construction of the health center in 1995.²⁸

In 1993, the mill received a \$30,000 fine for releasing toxic chemicals into the Rock River. The Illinois Environmental Protection Trust Fund caught NWSW dumping excessive amounts of zinc and hexavalent chromium. The IEPA had found samples of these chemicals in the Rock River since 1988. The company fixed the problem after the notification and fine from the IEPA.²⁹

²⁶ “Steelworkers Okay Pact as Part of Kohlberg Demand,” Charles Storch, *Chicago Tribune*, 9 July 1992.

²⁷ “NSW Contract Rejected,” Maggie Rohwer, *Daily Gazette*, 26 June 1992.

²⁸ “Steelworkers Okay Pact as Part of Kohlberg Demand,” Charles Storch, *Chicago Tribune*, 9 July 1992.

Two years after the mills buyout by Kohlberg, NWSW officials, including CEO Gurnitz, purchased a replica Houston plant in Hickman, Kentucky. This plant made wire mesh for highways. The steel industry sprung within the next few years making this type of modernization and expansion possible. In 1997 imports rose 7 percent over 1996, reaching a record 28 million MT (metric tons). The price of steel started strong until mid-1997 when the Asian financial crisis began in Thailand and spread throughout Southeast Asia. Currencies collapsed and stock prices plummeted, despite efforts at intervention.³⁰ In 1997, CEO Gildehaus took over for Robert Gurnitz. Gildehaus lasted at NWSW for only a year when Fred Rocchio Jr. replaced him in 1998. In February 1997, NWSW fooled the community and its workers by tentatively dealing with Bayou Steel Corporation of La Place, Louisiana. NWSW officials agreed to a takeover by Bayou Corp. in a cash and stock deal valued at \$240 million. Weeks later the merger terminated, as to why the deal did not go through, it is unknown.³¹

The Quality Improvement Program came into the mill in 1993 under CEO Gurnitz. The program initiatives allowed the workers and the company officials to bump heads and come up with their best ideas on how to solve problems. Unfortunately, the company tried to solve the problems prior to meeting with the participating workers. Due to the workers requests, the company introduced the Partnership Program in 1996, which did not get underway until 1997. This system became more organized than QIP as the company and the union had a say in the projects. The Joint Advisory Committee headed the Partnership Program and consisted of six union members and six company members.

²⁹ "NSW Hit With Fine of \$30,000," *Dixon Telegraph*, 10 March 1993, P1.

³⁰ www.steelnews.com "Bankruptcies," accessed March 2005.

³¹ "NW Steel and Wire Agrees to Takeover," Michael Arndt, *Daily Gazette*, 14 February 1997.

The Department Board, a collection of ten workers from all through the mill, became the heart of the committee.³²

By 1998, the first major layoff took place at the plant when the wire mill announced its closure, ridding a high percent of the entire mill's staff. In 1998 and 1999, six steel companies declared bankruptcy due to low priced steel imports flooding America's coasts. The demand for American steel boomed until the crisis in Asia took place. Domestic integrated and mini-mill industries joined with the United Steelworkers of America to fight cases against Russia, Japan, and Brazil. The cases alleged the three countries of dumping hot-rolled steel and sheet at margins as high as 199 percent, a violation of U.S. trade laws. By mid-1999, steel companies' inventories rose 11 percent compared to 1997. Producers continued to file antidumping trade cases. By the end of 1999, steel industries showed signs of recovery as hot-rolled steel imports decreased by 43 percent from 1998 levels, heavy structural steel imports decreased 49 percent, and cut-to-length steel products decreased 57 percent. Prices stabilized and the last steel industry to go bankrupt went alone for nearly a year.³³

One year before the mill declares bankruptcy it plans to seek financing for two long – overdue modernization projects. The company wanted to produce the same tonnage of steel with a single electric arc furnace and beam fabricating mill that it currently produced with two furnaces. Management hoped to compete with low cost mills by carrying on with this modernization plan. The company needed a 1.7 million ton a year furnace that cost \$10 million, but a new structural steel mill valued at \$100

³² Post on www.geocities.com/laid_off_steelworker/nsw.htm by xxxxxx.

³³ www.steelnews.com "Bankruptcies," accessed March 2005.

million. At this time, NWSW already owed the banks \$115 million, not to mention significant employer benefit obligations. NWSW stock closed that week at \$1 a share. Michael Venie, NWSW Vice President of Sales and Marketing agreed with the economy, “[T]his is not the optimum time...margins are slim and profits are becoming very severely strained. . . . We think we have a very compelling project and will get financing.” If the new facilities emerged, company officials planned to cut another 25 percent or more of the workforce to almost 1,000 employees.³⁴

Due to the import crisis in 1998 and 1999, six more bankruptcies emerged in 2000, including the Northwestern Steel and Wire Mill. The impact crisis occurred as the majority of the six industries underwent modernization efforts or faced problems with start-up operations. The year 2000 showed the second-highest U.S. steel import total at \$37,828,000 net tons of steel, 5.9 percent higher than in 1999.³⁵

In May 2001, the Northwestern Steel and Wire Mill locked its gates for good and sat empty for the next few years watching workers and their families attempt survival in a disinvested community.

The Toll of Deindustrialization on Workers and Community

May 18, 2001 the Northwestern Steel and Wire Mill ends its reign. Without any warning, the doors shut for good as many employees piled up by the gate. The effects of de-industrialization impinged workers memory and the community’s identity. The entire Sterling – Rock Falls' area depended on the mill for employment and a growing

³⁴ “Deal Union Gives Life to Sterling, IL Based Steelmaker,” Michael Arndt, Chicago Tribune, 22 February 1999.

³⁵ www.steelnews.com “Bankruptcies,” accessed March 2005.

community. The shutdown of the mill left the entire area, workers, and families devastated, a state they continue to pull out of to this day.

Looking at how the workers felt when they heard the news of the shutdown provides insight into how powerful and sustaining the mill was on the workers lives.

“Joe Schmo” had stopped at the gas station before work and heard by the attendant that the mill had shutdown.

I had 13 years at NWSW. I found out the mill was closing while I was going to the gas station to pick up the Saturday morning paper on the way to work. I did not appreciate finding out that way as you can imagine. My job ended the last day we could possibly run. I even stayed over the last shift (3-11) in the 12” mill. It was really quiet that night but I figured, why not? I thought I’ll never work here again. Oh boy, if only I could have known! It was common that when we shut down to make changes on the mill while the last bar is being run, the “heater” would blow the mill whistle for at least twenty seconds or so to let everybody on the mill know it was the last bar in the mill. The one thing that still sticks in my mind is the last bar that we ran in the mill. The roller (boss) got on the intercom and said “that’s it guys” and blew the mill whistle for what seemed like forever and I walked out with an empty stomach. The feeling was so empty it was like I hadn’t eaten in days.³⁶

Moreover, it did not just end like this for “Joe”, but for the majority of the steelworkers.

“D.A.” arrived home from work that day and had not heard anything about the mill closing down. He received a phone call right as he was coming in the door. His neighbor called to tell him he had just heard on the radio that the mill closed. “D.A.” laughed, “I just came from there, I didn’t hear anything about the mill shutting down.”

“D.A.” proceeded to go to work the following day after receiving an additional phone call from his father – in – law with the same news. When “D.A.” arrived at work, the company asked him to remain for the next two weeks and help shut the place down. Dan could remember the silence in the locker room while he got ready for work as many of

³⁶ “xxxxx”, interview by Jenee Blackert, written, Tampico, IL, March 2005.

the other workers proceeded to clean out their lockers. “We couldn’t talk to each other; we didn’t know what to say.”³⁷

Prior to the locking of the gates, the company called the union in for a meeting. Russ Lovell, president of the union, remembers walking in and listening as the CEO asked him if he had a couple million dollars to borrow, “the banks are shutting us down.” Russ, whose mother just passed away, felt as if he was losing the majority of his family, and contemplated how he would inform the rest of the workers with the terrifying news.³⁸

Russ never expected the mill to shutdown and informed the other workers to hold on because the mill would reopen. The facts did not line up, but hopes for the mill to stick together and pull through were on everyone’s mind.

Even though the writing was on the wall, I always thought we would collectively find a way to pull through. . . . with this mindset, it always amazed me the attitudes of some of the employees regarding the financial condition of the company. To the last day, 99 percent of those guys did not believe the company would close. [Russ Lovell] was not alone.³⁹

The community agreed with the workers, both still in shock of what had just happened, and believed the after effects would be devastating.

When NWSW declared Chapter 11 bankruptcy in December of 2000, a 4.2 percent unemployment rate existed in Whiteside County, as well as 1,322 residents of the county seeking jobs. In June of 2001, shortly after the mill shut its doors, the unemployment rate rose to 9.7 percent with 3,160 residents seeking work. Seven months following the closing, the counties unemployment rate sat at 7.6 percent with 2,325 residents searching for work. Sterling Steel Co., the company replacing a small percent

³⁷ “D.A.”, interview by Jenee Blackert, written, Rock Falls, Il., 5 February 2005.

³⁸ Russ Lovell, interview by Jenee Blackert, written, Sterling, Il., 18 February 2005.

³⁹ “xxxx”, 21 March 2005, email.

of the mill, began hiring in December 2002 and the unemployment rate dropped to 7 percent. The Whiteside County realtors quarterly report shows thirty-six single-family listings at the end of 2000 when NWSW announced bankruptcy. Nine homes lasted on the market 120 days or more before sold. In June of 2001, there were eighty-three single-family listings, a 56 percent growth in the number of homes on the market. Of those eighty-three homes, thirty-two stayed on the market for 120 days or longer.⁴⁰ A local realtor remembers not only the homes for sale after the mill closed, but also the amount of homes repossessed. Also, the owner of a local video store, he recalled how many families lived together in the same household after the mill closed as memberships listed nine or ten names for one address.⁴¹

Not only did workers lose their homes, all workers lost their insurance and many lost their pensions. Between 2000 and 2003, 250,300 pensions terminated from coast to coast. 4600 of these terminations belonged to Northwestern Steel and Wire.⁴² As NWSW went under, approximately one out of every six people in Whiteside County lost their insurance. The community delved into a widespread full – scale healthcare crisis. Local healthcare providers had unpaid bills and overbooked veterans hospitals had floods of new applicants, many workers had the opportunity of joining their spouses plan, but many of the workers spouses did not have jobs. Older workers “had to decide whether they wanted to live or eat.”⁴³ Prescriptions used to cost a \$3 co-pay, but after the

⁴⁰ “NWSW Shutdown Devastates Many,” Mark Nesbitt, *Daily Gazette*, 27 February, 2003.

⁴¹ Dale Reitzel, interview by Jene Blackert, written, Rock Falls, Il., 18 February 2005.

⁴² www.uswa.org “Steel Industry Pension Plan Terminations,” 30 October 2003.

⁴³ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Ed (Z11)

shutdown, workers tried to finance \$800 a month. “Some people I know personally have quit taking their life-sustaining drugs because they can’t afford the medicine.”⁴⁴

The wealthy mill workers broke down. Many men had to let their wives become the breadwinners of the family. When “John Doe” worked at the mill prior to corporate management, his wife got to stay at home with the kids. When things started getting bad, his wife found a job and he felt shameless.⁴⁵ Some felt unintelligent to go to college, most of the workers went straight to the mill after leaving high school and spent so many years there they felt too exhausted to continue with their education. Many of the workers did go to school. In the fall of 2001, a college freshmen quoted, “I went to college hoping to meet my future husband, because of the mill closing down the only people in my class are my dad’s age!” The Workforce Investment Act and the Trade Investment Act aided workers who sought to continue their education. Very few of the workers found jobs of equal or greater pay and many returned to the mill when it opened as the Sterling Steel Company.⁴⁶ Many workers who could not find jobs or felt ripped apart by the mills shutdown turned to alcoholism or drugs. Suicides seemed quite popular as well.

The Tradeoffs: What Will the Mill Give Me in Return For Blood?

The benefits the mill workers families had growing up in a steel town offered motives to other family members and friends to seek employment at the mill. The Northwestern Steel and Wire Mill employed the largest number of workers than any

⁴⁴ “Steel Town Struck with Health-Care Crisis,” James P. Miller, Chicago Tribune, 28 May 2002.

⁴⁵ “John Doe”, interview by Jenee Blackert, written, Sterling, Il., 18 February 2005.

⁴⁶ Posted on www.geocities.com/laid_off_steelworker/nsw.htm (Z1 & R3)

other business or industry in the Sterling – Rock Falls communities. Known as the best paying factory job in the area, the workers “couldn’t spend one paycheck before receiving another.”⁴⁷ The money was well deserved, as the workers had to give up so much life to work in the mill. Money, the need to provide for a family, and hopes of growing closer family bonds are amongst the few benefits the workers were willing to subtract years of their lives for.

Growing up in a small community made it easy to see which citizens succeeded monetarily. The mill workers found themselves in the same group as the doctors and lawyers when they compared the wealthiest careers of the community. Dale Reitzel worked at a gas station near the mill and remembered watching the workers visit the station before and after work, “[T]he mill workers drove nicer cars, had better houses, were the most better off.”⁴⁸ Of course, the money also drove the worker’s kids crazy.

I remember going new car shopping with my dad as a kid. As soon as he told the sales guy he worked at the mill the sales guy would get excited. He would buy a car and maybe finance it for two years and it would be paid for. There were five kids in our family and we all had our own cars at the age of sixteen. My mom stayed at home and was a full-time mom. We went on vacations every year. In 1973 dad had a 13-week vacation. We went to Mexico and Texas for four weeks. By the late seventies, I think my dad was making close to forty thousand dollars per year. My brother worked at the mill in the late seventies and bought a new Pontiac Trans Am in 1979 for 7000 dollars and paid cash for it (he still has it today). I do not know how the Mill workers felt about the seventies, but as a kid of a mill worker, some would say we were spoiled. About 1/4 of the kids I went to high school with had dads working at the mill. They all had cars and motorcycles like I did. Very few of the non-mill kids had cars except for the farm kids. We drove nicer cars than the teachers and that's no bull. I think this is the reason I wanted to work at the mill. I saw the money that my father made...⁴⁹

Workers at NWSW assumed the amount of blood, sweat, and tears they gave in all of their years of working at the mill would pay off in the end.

⁴⁷ “John Doe”, interview by Jene Blackert, written, Sterling, Il., 18 February 2005.

⁴⁸ Dale Reitzel, interview by Jene Blackert, written, Rock Falls, Il., 18 February 2005.

⁴⁹ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Dana Fellows (R7)

The pre-80's, as far as wages, was much better. I mean, where else can you work and get 13 weeks vacation a year? Now, not everyone got the 13 weeks, but those who had the years in and qualified received 13 weeks vacation. When I started in 1978, I was to get 1 week a year for the 1st 3 years. Then, I guess I hired in at the right time and I received three bonus weeks. So, I split them up and had 2 weeks vacation a year instead of one. I thought what a country! Now, I have to thank our union for that, because back then we had a strong union...⁵⁰

As you will read later, NWSW's union declined, much like labor unions throughout the country, but the benefits it struggled for motivated many workers to join the mill.

Another strong incentive to working at the mill included the healthcare facility constructed in 1995. The Northwestern Steel and Wire Family Health Center came out of a deal offered to the workers in 1992 for their approval of Kohlberg & Company's investment firm buying 51% of the shares of the company's stock, which kept the mill from going bankrupt. The health center provided life – preserving services to its patients.⁵¹ Martha Anderson, the wife of a former NWSW worker, recalls the healthcare plan at the mill, “We had the best healthcare around. We could go to the doctor for \$10 a visit!”⁵² Ten dollars covered all active employees and retirees not on Medicare, whether the service consisted of lab work, mammography, or minor surgery.⁵³

While many workers argued for better pay, the older workers topped their list with health care concerns and insurance.

Once you spend thirty years in the steel mills, on the floor, chances are your body is just plain shot and as I know only too well, lungs have problems as well. . . . Starting in the seventies, I argued for benefits rather than increases in pay...⁵⁴

⁵⁰ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Ron (R8)

⁵¹ “Center Symbolizes Survival,” *Steelabor Magazine*, January/February 1995, 15-17.

⁵² Martha Anderson, interview by Jenee Blackert, written, Rock Falls, Il., 5 February 2005.

⁵³ “Center Symbolizes Survival,” *Steelabor Magazine*, January/February 1995, 15-17.

⁵⁴ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Jim (Z9)

As the workers further put in long hours at the mill, the pay did not seem as important as their health concerns. By giving themselves to the mill, the workers felt the mill owed them benefits for life.

The benefit of forming a close bond with family came, for some, by working at NWSW. Like Milton Schuhard, the mill ran through his family's blood as he began work there in the 1940's and three of his sons took up jobs after graduating in the 1960's and 1970's. He even allowed his daughter to marry a fellow co-worker.⁵⁵ The mill also provided joy and success for other families of mill employees. "Bill Smith" went to work at the mill knowing it would help provide a conversation for him and his father.

Some people have asked why I didn't leave before the end. It is a good question, only after a few years do I really know the answer. One year to the day before NWSW announced they were closing, my father passed away. My father and I never really had a lot in common, other than NWSW. We never talked a lot when I was younger, but after I began working at NWSW, I had some of the greatest conversations I can remember with him. He was very proud of my successes there and was always interested in hearing about what was going on. I worked with many of the same men he worked with before he retired, and was known by everyone the day I walked in the door. NWSW was family to me. You couldn't walk out on a sick relative and live with yourself. I couldn't walk away until it was over.⁵⁶

"Bill" stuck it out to the end. To this day he is happy about his employment at the mill and enjoyed the long talks with his father in result of his employment. The benefits offered to him and the other workers employed at the mill would later feel incomplete as corporate management slowly disinvested in the company and their lives.

Role of Management: Sellouts & Disinvestment

Former workers of the Northwestern Steel and Wire Mill responded with three different answers as to why they feel Sterling's mill shutdown. A select few declared the

⁵⁵ Milton Schuhard, interview by Jenee Blackert, written, Sterling, Il., 18 February 2005.

⁵⁶ "Bill Smith", 21 March 2005, email.

union unhelpful in allowing the workers to maintain their jobs. More of the workers believed the U.S. government's trade policy allowed foreign countries to "dump" a considerable amount of steel in the U.S. market, thus forcing American industries to lower steel prices. The majority of the responses pointed fingers directly at management, believing bad business practices drove the mill into the ground. The workers, skeptical whether outside forces had anything to do with the mill's collapse, cited the abysmal decisions made by the management. In other words, some workers declare management intentionally created the demise of the Northwestern Steel and Wire Mill.

According to the workers, the troubles affecting the Northwestern Steel and Wire Mill included a mix of government policy and the management's reactions to these policies, as well as their bad business practices. Many mill workers believe the plants management responded oddly to the United State's problems with imports. As U.S. steel industries' lost money, NWSW officials continued investing, sinking deeper into debt. Whether or not by intentional motives, the steel mill invested itself right out of business.

Why do the workers seek to blame the management so harshly? According to historians Steve May and Laura Morrison, downsized workers view local deindustrialization as a breach of the social contract between employer and employee. Many workers feel corporate leaders overemphasize the rationales of "global competition," "customer service," and "the market" when making decisions. Employers underemphasize the human capital of workers and the social relations of the community. To the downsized worker, "big business" has lost its moral compass, affecting employees, families, and entire communities.⁵⁷

⁵⁷ Steve May and Laura Morrison from *Beyond the Ruins*, 260.

Many workers wonder why NWSW went under when they seemed to be so successful. In 1972 and 1973, P.W Dillon's plant valued at prices higher than \$60 million.⁵⁸ Prior to his death in 1980, the value of the plant equaled \$140,390,860.⁵⁹ In 2002, Leggett & Platt purchased 145 acres of the 700-acre Northwestern Steel and Wire Mill, including the melt shop, caster, and rod mill for \$4.4 million.⁶⁰ In 1979 and 1980, the mill kept busy with construction in the 14" Mill area and the conversion of a 250-ton electric arc furnace to a 400-ton furnace, decreasing capital expenditures. The 1981 annual report expected expenditures for fiscal 1982 "to reach a record high level" due to the construction of the \$30 million six-strand bloom caster and an eight-strand billet caster.⁶¹ Net sales in 1982 actually decreased from \$468.1 million in 1981 to \$323.3 million in 1982. Net income drastically decreased as 1981 turned a profit of \$28.1 million and 1982 showed a loss of \$14.2 million. Net income continued to decrease from 1983 to 1985 by approximately \$27 million.⁶² Plant value in 1982 increased, by over \$32 million, due to the construction done its last two years.⁶³ Since 1990, NWSW has lost a total of \$85 million, including a \$63.1 million loss in fiscal 1997. A strong steel market existed in the 1990's, so, how did all the company's money and value disappear, especially as corporate management believed expansion and modernization was the key

⁵⁸1973 Annual Report as of July 31st, 1974.

⁵⁹1978 Annual Report as of July 31st, 1979

⁶⁰ Recycling Today, July 31, 2002.

⁶¹ 1981 Annual Report as of July 31st, 1982.

⁶² "Steelmaker Blues." Alice Hrnicek, *Register Star*, September 8, 1985, 4G.

⁶³ 1981 Annual Report as of July 31st, 1982.

to success?⁶⁴ Many workers comment on the disinvestment that took place during the mills last twenty years.

*It seems when the Dillon's were gone so were words like ethics, eudemonism, conscience, fair play and I found myself in a wake of every man for himself. A sinking feeling "what next" was always in the back of our minds.*⁶⁵

The workers memories of corporate disinvestment provide insight into why they feel the mill deindustrialized.

Workers Comment on ESOP

For many of the workers, the mill went downhill as soon as soon as it was sold to the employees.

*The big fall for the mill came when the other side of the family (Goddard's) wanted to get rid of Pete as CEO and wanted to sell the place. To ruin their plans to sell, Pete had a contract negotiated with us getting 25% of the profit, knowing that no one could buy the place with employees getting a cut of the profits like that. Only mistake he made was using up all the loose cash and not paying out any more than \$300 at a time to employees. So when the offer to buy the place ourselves and get all the profit came about, people thought there wasn't that much to lose. (Little did we know!)*⁶⁶

What the employees did not know is that although they would soon own the leading shares of the mill's stock, they still lacked in having any control of the company.

*We supposedly became employee owned...ESOP was in name only. What it really amounted to was yet another reduction in pay to buy 'mill stock'. Stock, by the way, that ended up being worth about 3 cents a share when the mill shut down.*⁶⁷

The Employer Stock Ownership Program ended when Kohlberg bought the majority of the shares in 1992. To this day, the majority of the workers do not understand what

⁶⁴ "NW Steel and Wire Agrees to Takeover," Michael Arndt, *Daily Gazette*, 14 February 1997.

⁶⁵ Post on www.geocities.com/laid-off_steelworker/nsw.htm by Jim Moorehead (Z11)

⁶⁶ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Ed (Z11-12)

⁶⁷ Post on www.geocities.com/laid_off_steelworker/nsw.htm by BW (Z2)

ESOP did for the company, nor the workers. The mill continued to be bought out by investors and employees lost the little share of the company they “owned.”

...on Houston

Workers who grew up in the steel industry are able to spot bad investments as they happen. By stating the facts, this worker had better plans for the money spent on the Houston mill.

Houston was a good investment in 1987, and it was a poor investment in 1989, does that make sense? When Houston was purchased in 1987-88, the selling price of a ton of structural steel was between \$450-\$490. In 1989, it was \$325-\$350. The material produced in Houston was ‘semi-finished’ in Sterling. The scrap was melt and cast, and then shipped to Houston for rolling. This added about \$50-\$60 per ton to the cost of the finished product. It was seen as a better investment to purchase an existing mill, much cheaper than building a new mill at that time.

However, the worker agreed Houston could have been made possible in its early stages.

There were only three producers of this product when the mill was purchased, US Steel, Bethlehem Steel, and NWSW. It was acceptable in 1989 on when the margins were much smaller. In 1988, Bethlehem got out of this product business, still leaving three producers. In 1991, US Steel got out, leaving only Nucor and NWSW. We were trying to compete with a state of the art facility, using a 1970’s era mill and were doomed to failure.⁶⁸

The worker is right. As stated earlier, the Houston plant lost \$2-\$3 million weekly and until it was sold in 1996, NWSW had trouble turning over a profit.

...on Proper Safety

P.W. spent \$10 million initiating a pollution control project at his mill in 1979. In the 1990’s the mill failed to keep up with the safety project and caused the mill to receive a petty \$30,000 fine.

The old man PW made a smart move when he installed the pollution stuff right away. Other steel mills fought it, but by the time they were done the costs for it quadrupled!!! (BTW, an uncle of mine was one of the engineers that designed it.) [In the 90’s] the Mill was always turning

⁶⁸ “Bill Smith”, 21 March 2005, email.

*down the electrical for the pollution equipment at night (when ya could least tell). As for chemical dumps...if they only knew!*⁶⁹

What was not petty is the effect of the pollution on the workers at the mill:

*Dump chemicals? I heard, I never saw it with my own eyes that they buried large locomotive batteries on mill property because they didn't know what else to do with them. One day in nail packing, I saw this with my own eyes, hundreds of gallons of Trichlorethene was dumped into the city sewer. Someone left the valve open and the tank drained out onto the floor. The foreman had the laborer sweep it into the drain. I remember getting dizzy and my eyes were burning but they kept us working through the spill. Trichlorethene has since been banned because it causes cancer. It was used to clean the nails. Some of the old-timers used to wash their hands with the stuff. Others washed their dirty clothes and gloves in it with their hands. Now people wonder if working at the mill caused guys to get cancer. The tank that it ran through would get very hot. Guys use to lay their lunch (only wrapped in tin foil such as taco's and meat) on this tank to heat up their lunch. Yum Yum!*⁷⁰

Let us reconsider the tradeoffs mentioned earlier. The workers gave the company blood, sweat, tears, and life and, in the end, the mill gave the workers cancer, no health insurance, no retirement pay, unemployment, and, for most, years of depression and shame.

...on Hickman, KY

“D.A.” believes, “[the mill] took one of our most profitable items made here in Sterling and shipped it to Kentucky.”⁷¹ Many workers agree purchasing the wire mesh plant in Hickman, Kentucky was like purchasing another Houston plant. To the workers, the plant did not make any sense.

*Hickman was a boondoggle from the beginning. Again, trying to semi finish a product in one location and then ship it to another when most of our customers were in the general area of the first stage of the process. I don't have an MBA, but I can figure this one out. The perception of the workforce at this time was that the company was trying to run away from the union, and they were probably right. I don't have any factual data to base that on, but it sure seemed to be the impression most people had.*⁷²

⁶⁹ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Ed (R10)

⁷⁰ Post on www.geocities.com/laid_off_steelworker/nsw.htm Dana (R10)

⁷¹ “D.A.”, interview by Jenee Blackert, written, Rock Falls, Il., 5 February 2005.

⁷² “Bill Smith”, 21 March 2005, email.

Although, union power was weak in the 1990's, the workers believed corporate management should have known purchasing the plant would be a mistake. The plant turned over very little profit as shipping costs contradicted its purpose to save money. The plant lasted only a few years, but so did NWSW.

...on Closing The Wire Mill in 1998

This worker feels that closing the wire mill took money out of other areas of the mill. By keeping it open, the entire NWSW plant could have done much better. The workers main concern lies in why corporate management never considered the other options.

Once it became evident we could make more money selling rod directly, the decision was made to close all but the most profitable sections of the wire division. Unfortunately, one key thing was overlooked. A large part of the rod sent to the wire division was reject rod, unusable for direct sale. Without the wire mill to send all of the non prime rod to, the rod mill soon began showing a loss as well. This was brought up several times during the analysis about the wire division but senior management preferred to ignore it. Money could have been invested in the 12" mill to decrease the number of tons of reject rod, but it was never discussed as part of the effort.⁷³

This is what the workers meant by feeling corporate management purposely disinvested in the mill. When other options were available, the workers felt management just turned their heads.

...on Partnership

Partnership did more for the mill than QIP, but most workers still found both programs to be a joke and a way for the workers to stay out of companies' hair. When the mill announced bankruptcy in December 2000, the company asked Partnership to

⁷³ "Bill Smith", 21 March 2005, email.

meet and develop various strategies to work their way out of debt. When Partnership presented their ideas to the company, the company replied the mill is already gone.

No matter what teams did, the company always got their way. The company was in complete control of all projects, team meetings, presentations, results and the union officials never bought into the program because the union had absolutely no input, the company didn't involve them in the idea at all. So, in the end it was only company people that worked on any projects because no union people would participate....[meetings] were usually held after their regular shift or before. The only structure QIP had was upper management and facilitators. So much of the work done by union teams were projects already decided upon by the company.⁷⁴

Corporate managements lack of involving the life-long steelworkers in making decisions regarding the mills “health” can be seen as a lack of effort to save the mill. It also proves the union was weak and unable to voice their opinion on bad investments.

...on Bankruptcy

When the mill declared bankruptcy in December 2000, many workers feel the management had many options in keeping the mill open. The workers feel management’s efforts to save the mill were poor and money could be used more wisely.

There is plenty of blame to go around for the failure of NWSW in the business world. I believe the majority of blame should go to upper management (past and present), the board of directors and the recent supervision of the bankruptcy court. The \$1.4 million (golden parachute) money should have been used for buying scrap to keep the mill going. Instead, they used \$1.4 million to keep the management from bailing out of the company. . . . [T]he top most managerial people [should have been] a little more concerned with managing the company than lining their pockets.⁷⁵

This worker comments after little was done between the declaration of the bankruptcy in December 2000 and the closure in May 2001. Many workers feel there were other options than letting the plant shutdown. Still concerned about the mills unannounced

⁷⁴ Post on www.geocities.com/laid_off_steelworker/nsw.htm by BW.

⁷⁵ “Mistakes Doomed the Mill,” editorial by Steven Grimes found in *Daily Gazette*, 19 June, 2001.

closure, Jim Moorehead has dug into every piece of information he can find and plans to justify the situation. Jim, as well as many others, believes the collapse of the mill became a scheme ever since P.W. Dillon died. Jim has contacted many prominent political figures and has reached a man he heard visited the factory prior to its death, telling the company he had plans to revive it and would offer his ideas for little pay. Hearing of the company's rejection of this man's determination, Jim is setting out to line up his facts and bring the situation into the limelight. He feels corporate managements bad practices can, and should, be considered another Enron.⁷⁶

No Power to Save the Mill - Labor Decline At NWSW

Organized American labor worked and fought hard for many years to improve the lot of the working person. Now all that progress is slowly being eroded by the greed of the "holy" few that are at the top of the economic food chain. Everything that was gained is now being lost. Pensions, benefits, decent wages, the 8-hour work day, overtime, workplace safety, and the rest.

---Former NWSW worker on the decline of labor, April 25, 2005⁷⁷

Many former NWSW workers have commented on how their strong union helped them in the 1960's throughout the early 1980's, but because of trade policies and corporate dreams of beaucoup bucks, unions, particularly the one at NWSW, have become powerless in their struggle against disinvestment. America's labor unions have encountered year- to - year struggles with the U.S. government and within their corporations. Labor unions endured extreme hardships in their most formative years as

⁷⁶ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Jim.

⁷⁷ "Trade," Posted on www.geocities.com/laid_off_steelworker/nsw.htm by BW 25 April 2005.

many attempted organization. On November 9, 1935, John Lewis and seven other leaders of the American Federation of Labor (AFL) founded the Committee for Industrial Organization (CIO). In just two years, thirty-two CIO unions had 3.7 million members. The Steel Workers Organizing Committee, soon to be the United Steel Workers of America, had 550,000 members and contracts with all U.S. Steel subsidiaries.⁷⁸

Northwestern Barb Wire workers fought for their local steel union when, in July of 1936, a strike organized by John Lewis attempted to settle on allowing the workers the right to collective bargain, a 10 percent increase, and employers being granted open shops. Employers agreed on a no –picket policy, when groups of picketers threw stones at a police officer and a carload of non-union workers. The settlement was put on hold.⁷⁹

Future struggles between NWSW workers and corporate management occurred and the union was strong enough to gain great benefits, including health and vacation, as well as good pay for their strenuous duties. Corporate management’s ability to make decisions over the workers during ESOP showed a lack of strength amongst the union, but the union’s responsibility in 1992 to vote in favor of Kohlberg’s buyout, showed their ability to have some bargaining control over the management. As for the future of the workers voice at NWSW, programs like QIP and Partnership failed to recognize the workers strategy. As the mill went downhill, the workers felt straining themselves to be heard was pointless. Where did management get the power to sustain the worker’s rights?

⁷⁸ Priscilla Murolo and A.B. Chitty, *From The Folks Who Brought You The Weekend*, 203.

⁷⁹“Rioting Cancels Truce Hopes At Sterling Strike,” July 29th, 1936, *Chicago Daily Tribune*, 16.

*After the mill was sold, the union seemed to get weaker and weaker with each new CEO, but back when the union was strong before the 80's, pay was good and life was good.*⁸⁰

Union memberships took a major turn for the worse as the twentieth-century headed closer to the twenty-first, as the above workers quote recognizes. Plant managers often threatened to relocate industries to other parts of the country, even overseas, to places where unions did not exist and labor was cheaper. Even when unions felt the strongest, management found some method to win the war. In the 1970's, the National Labor Relations Board cited American businesses with unfair labor practices 300 percent more than in the previous decade. Many industries found it more profitable to break the law and pay a petty fine than to allow unions to organize their plants, stores, and offices successfully.⁸¹

The decision to challenge unions through disinvestments accelerated in the 1980s, when a new President, Ronald Reagan, sought to force unions to retreat further. The signaling act was the firing of PATCO union members who struck the Federal Aviation Administration on August 3, 1981. "John Doe", former grievance committeeman for Northwestern Steel and Wire's Local 63, believes the problems for the union came under Reaganomics, "when Reagan fired those air traffic controllers from PATCO...our strength went downhill."⁸² After Reagan elected into office in 1980, he initiated tax cuts for businesses with the notion that this money would be used to invest in

⁸⁰ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Jim (Z9)

⁸¹ Barry Bluestone, *The Deindustrialization of America*, 179.

⁸² "John Doe", interview by Jenee Blackert, written, Sterling, Il., 18 February 2005.

American infrastructure. Critics charged this as a tax giveaway to the rich, thus helping them over the middle class.⁸³

The National Labor Relations board enacted even stronger policies against unions in 1984. The board ruled that negotiations need not take place over management's decisions to close plants, hire non-union contractors over union contractors, and firing union members for verbal conduct.⁸⁴ This gave management an upper hand to bat off the union as union members found themselves with little strength in bargaining.

As corporate management took over NWSW, the North American Free Trade Agreement (NAFTA) set in. NAFTA, enacted by President Clinton, removed restrictions on investment and trade between the United States, Mexico, and Canada. In NAFTA's first five years, 200,000 U.S. jobs were lost to trade.⁸⁵ NAFTA also allowed companies moving overseas to take advantage of low wages, dissolving benefits, avoidance of environmental regulations, and the avoidance of safety regulations. This resulted in the increased profits for companies at the expense of American Labor.

The Clinton administration was a great disappointment. His approval of NAFTA and favored nation trade status towards China has caused the U.S. economy to go directly into the toilet! Make no mistake. The money fat-cats in the U.S. are making beaucoup bucks of all this, or it sure wouldn't be happening....To hell with the people that actually do the physical work that made them so much money in the past. If they have to screw them over to make more, that's what they'll do.⁸⁶

⁸³ *American Labor*, 260.

⁸⁴ Folks, 280.

⁸⁵ Folks, 309.

⁸⁶ "Trade," posted on www.geocities.com/laid_off_steelworker/newse.htm by BW 25 April 2005.

Aware of what foreign trade does to local companies and their workers, this former NWSW worker realizes the power of NAFTA on the labor force. To add to the NAFTA trouble of the 1990's, corporations now had the power to dissolve unions from the company. Many fired employees at any sign of union involvement, a common activity in the early 1900's as workers fought for organization.

Many of the workers participate in various political activities to this day hoping to help other steelworkers throughout America. Right after the mill's closure in May 2001, a group of workers from NWSW's Local 63 chartered a bus to Washington D.C. to lobby congress to help defend America's steel industry.⁸⁷ Nineteen industries declared bankruptcy that year as additional cases continued to transpire. Not even one year later, President Bush placed tariffs on steel imports. U.S. industries continued to file for bankruptcy, seven cases in 2002, and eight cases in 2003.⁸⁸ Many workers feel the tariffs are not enough, as Japan, and other foreign countries, are still allowed to export steel to the United States as long as they do not exceed what they were already exporting.⁸⁹ Others, on the other hand are satisfied with the tariffs. In October of 2003, forty-eight steel industry leaders and international union officials comprised a letter to President Bush, thanking him for his decision in placing tariffs on foreign imports. The letter also urged President Bush to keep the tariffs the full three years as promised. The letters ending plea is as follows:

Mr. President, we are doing everything that you have asked for us, or that could be asked of this industry and its workers. Fairness dictates that we have a chance to see the job completed. We need that chance to provide hope and future to the thousands of workers, retirees, and

⁸⁷ "NWSW Delegation Heads to Washington," *Daily Gazette*, 5 June 2001.

⁸⁸ www.steelnews.com "Bankruptcy Statistics" Accessed March 2005

⁸⁹ Post on www.geocities.com/laid_off_steelworker/nsw.htm by Jim (Z11)

*communities across the country who are depending on this program. We need, and are relying on, the full three years of your program to realize our mutual objectives.*⁹⁰

This letter may help control foreign imports and help big business produce in its own nation, but what is going to help the workers struggle to keep businesses in America and rid the threats of corporate management from the workplace?

* * *

Former Northwestern Steel and Wire worker's memories of the deindustrialization of the mill has allowed them to view corporate disinvestment as a major cause of unemployment and depression throughout their community. Due to bad business practices and government policy, NWSW's union weakened as the entire mill declined causing a thriving steel town to have to struggle to bring business and jobs into the community. The identity of the worker was also challenged as, once a leading breadwinner of their families, the shutdown forced many to become the inferior money-maker. The reasons behind NWSW's closure and its effects on the community and workers places the mill in the midst of deindustrialized steel industries nationwide.

Overlooking the abandoned rusted plant, the workers relive the memories they have of viewing the mill as a thriving business due to hard work and camaraderie amongst the laborers. The buildings also represent the good life the workers bargained for by signing away their soul to work at the mill. In February 2004, the original plant of the Northwestern Steel and Wire Mill in Sterling caught fire and burnt to the ground. The city came together that night in the park across the river from the fire and watched as the building that built the community became ashes in the wind.

⁹⁰ www.steel201.org "48 Steel Industry Leaders Urge President Bush To Stay the Course on Steel Tariffs," 17 October 2003.

