

HISTORY IN THE MAKING: THE ACTIONS OF U.S. STEEL AND THEIR EFFECT ON BAYTOWN EMPLOYEES AND THEIR FAMILIES

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Large corporations provide economic advantages to the area in which they locate, and the population in the surrounding area finds itself enjoying the benefits. The opening of a large business creates job opportunities at the business itself, as well as throughout the community. After an extended period of prosperity, some members of a community become dependent upon the job and revenue that these companies provide. When one of these large businesses closes down, the entire community directly feels the effects, but the terminated employees and their families feel the impact even more. The shutdown of U.S. Steel's Texas Works located in Baytown, Texas, southeast of Houston, drastically affected and altered the course of the lives of its employees and their families.

Looking at the extensive growth since the corporation's beginning, any community would consider U.S. Steel as a stabilizing addition to its area. The United States Steel Corporation (now a division of USX) developed from J. Pierpont Morgan's "sincere, if domineering, sense of responsibility towards doing his part to keep business steady" (Tarbell 114). That development included Charles M. Schwab's idea that "instead of having one mill make ten, twenty, or fifty products, the greatest economy would result from having one mill make one product, and make that product continuously" (Tarbell 112). Morgan combined that plan with Judge Elbert Gary's idea to make, at the lowest cost, all the principal forms of finished steel for sale in all parts of the world" (Tarbell 116). The United States Steel Corporation, which incorporated on February 25, 1901, included original member companies: "Carnegie Company, Federal Steel Company, American Steel & Wire Company, National Tube Company, National Steel Company, American Tin Plate Company, American Steel Hoop Company, and American Sheet Steel Company" (United States Steel Corporation 125). With the addition shortly afterwards of the American Bridge Company and the Lake Superior Consolidated Iron Mines, The United States Steel Corporation became "the first billion-dollar corporation in the world and the first integrated steel-making company, where all steps from the gathering and transporting of the raw materials to the production of finished products ready for shipment to customers were included in one corporation" (United States Steel Corporation 124). Since its beginning, U.S. Steel had continuously expanded to meet the changing needs of the steel industry.

Due to the vastness of U.S. Steel, it is understandable that Baytown, Texas, would look forward to a stable addition to its economic community when on December 8, 1965, U.S. Steel announced plans for a mill near Baytown. Excitement exploded throughout the area. A Humble (now Exxon) spokesman said, "The location of this new industry here will open up a new source of employment and . . . should have a positive effect on the economic life of the community" ("Humble Welcomes U.S. Steel"). An editor of the *Baytown Sun* said, "There is no accurate way of gauging the long range impact this industry will have on the Greater Baytown, area, but is safe to say that it will provide the impetus Baytown needs to become a full-fledged industrial center. The community prepares to welcome a

'bread-and-butter' industry that no doubt will transform the entire economic system of this area" ("Baytown Welcomes USS"). According to U.S. Steel president Leslie B. Worthington, the United States Steel Corporation expected the Baytown plant "to become one of the greatest steel producing complexes in the nation, if not the world" ("Baytown Plant").

Baytown and nearby communities looked forward to all the advantages which U.S. Steel's new Texas Works could provide. The facility opened in 1969 and provided welcome jobs. According to Bob Clowers, the local steelworkers' union president, "everybody was saying it was going to be another Gary, Indiana. There'll be thirty to forty thousand people working out there. Baytown's going to boom." Although never reaching its expected employment potential, the company expanded and provided around 2,500 blue-collar jobs at its Baytown facility. This number dropped to around 800 blue-collar workers just prior to the "lockout" in August 1986 (Pentecost, Rusty).

One family affected by the change provides an insight into how the closing of a major plant echoes throughout a community. Jack Pentecost, his two sons, Rusty and James, and a cousin, Kenny Dykes, worked at U.S. Steel's Texas Works. Jack began his job at Texas Works July 17, 1972, James on February 2, 1973, Kenny on March 7, 1978, and Rusty on June 16, 1978. All four men, as did the majority of employees, intended to continue working at the Baytown facility until reaching retirement age.

The planned future of these men, their families, as well as all Texas Works employees and their families, began a drastic change when the U.S. Steel Corporation and union representatives failed to agree on the terms of a new contract. The union offered to continue working for the company under the terms and conditions of the old contract while negotiating a new one. USX refused to let the steelworkers stay under the stated conditions, and they were "locked out" of their jobs at midnight, July 31, 1986. Clowers stated, "We did not walk off the job. They (USX) locked the gate on us, and they would not let us come to work." Speaking about the contract negotiations, Clowers further observed, "You go and you negotiate . . . on a day-by-day and hour-by-hour situation . . . and a lot of the local union presidents thought that U.S. Steel would settle at the eleventh hour." Most union members and their families did not expect a lengthy work stoppage. James Pentecost said, "I expected it (work stoppage) to last a month, possibly two months . . . but not much longer than that." Rusty, however, felt less optimistic. He commented, "If the 'lockout' wasn't settled by the end of August, I didn't look for us to go back until after the first of the year." Kenny Dyke's wife Jackie agreed with Rusty and figured that the "lockout" would last a while.

As the "lockout" dragged on, financial hardships became more prevalent. Many employees had made preparations for a work stoppage by reducing their financial obligations. Rusty stated that he and his wife Cindy "whittled our bills down to practically nothing" — a mortgage payment and utilities. The company still provided health insurance until the end of January, 1987. Jackie said that they realized there might be a strike and had paid off everything within reason, too, except their mortgage payment and truck note. Sandy, James' wife, anticipated a work stoppage in November, 1985, and started getting all of their bills paid. They borrowed money from Sandy's parents to pay off their car loan and waited to make payments to her parents until they could financially afford it.

Although many of the employees had worked plenty of overtime prior to the "lockout," few could have been prepared adequately for months of financial hard-

ship. As savings dwindled and bills mounted, many of these families desperately needed financial help. Such help came from the International Steelworkers' Union, and, in many cases from churches and family members. James said, "The international (steelworkers') union provided money for homes and cars when people got to a point to where they just flat were just desperate. They furnished the payments so that they (members) wouldn't lose totally everything. U.S. Steel there again offered nothing." According to Clowers, for a little more than a year, the International Steelworkers' Union, through a local union committee, awarded almost one million dollars in assistance to steelworker families. When asked if U.S. Steel had given any type of financial assistance, Clowers firmly stated, "No, absolutely not." It did not take long for steelworkers to realize that they could not depend on the company for any financial or emotional support. However, the union pulled its members together by providing needed financial help, holding various activities for members and their families, and providing information and emotional support at the local union hall.

At the time of the "lockout," Jack and his wife Faye found themselves on an extremely tight budget. As they added part of their savings to the unemployment benefits each month to pay bills, both watched their savings dwindle. Nevertheless, they managed to pay their monthly expenses without the necessity of asking for financial assistance. They did, however, depend on family members and the union for emotional support (Pentecost, Faye).

Jack's oldest son Rusty, his wife Cindy, and their five children did receive financial assistance through their local union. Rusty had recently returned to work at the steel mill following a layoff of two years. During that two-year period, he worked in Channelview, Texas, for a company which produced offshore components and rigs until it went out of business. Following the loss of this job, he worked at a temporary job on an offshore oil platform. When Baytown Works called Rusty back to work, he and his wife were aware of a possible work stoppage if the company and the union could not reach an agreement by the end of July, 1986. Rusty and Cindy decided to take their chances with U.S. Steel since it appeared that the offshore job would soon end. Neither, however, felt secure with the job at Texas Works. This family had only four months in which to build up their savings, and if there were a work stoppage, they hoped "it would be solved quickly" (Pentecost, Rusty).

During the work stoppage, Jack's youngest son James, his wife Sandy, and their two children managed without the need to ask the union for financial help. Sandy's part-time work as piano teacher, substitute teacher, and bookkeeper provided additional income to James' unemployment benefits (Pentecost, Sandy). Within a few months, James found a job at Power Operating Company in Channelview, Texas, and maintained that when the steelworkers returned to work he would stay with his new job (Pentecost, James). James and Sandy felt thankful that they did not need to ask for financial help, other than a temporary loan from Sandy's parents to pay off their car. However, James and Sandy both felt that if James had not found a job so quickly, they would have found themselves in a financial bind.

Jack's cousin Kenny, his wife Jackie, and their two children received some financial assistance through the union. Kenny had worked many hours overtime prior to the "lockout," and they had paid off their bills, except the mortgage payment and truck note. In an effort to not completely deplete their small savings, they requested financial aid through the union. Kenny drew unemployment benefits, while Jackie worked for a local veterinarian; when Kenny's unemployment benefits ran out, he worked odd jobs to supplement their income.

After a work stoppage of six months, USX and union representatives reached an agreement in January, 1987. The local steelworkers' vice-president, Pete Brady, felt confident that local members would approve the proposed contract. "Brady discounted rumors that the Texas Works Plant might not reopen and expressed confidence that local Steelworkers would be back at work sometime in the (near) future" (qtd. in "Results of USWA"). The members of Steelworkers of America voted in favor of the new contract and fully expected to return to work within a few weeks. Families excitedly discussed how things could shortly return to normal.

However, within a few days, these same families who had shown so much excitement, felt "really shocked" (Pentecost, Sandy). Local steelworkers heard the announcement that a portion of Texas Works was to be "indefinitely idled" and that chances for reopening were remote. The plate mill would reopen if and when it had sufficient orders. In terms of profit at Texas Works, Roderick, chairman of the board at U.S. Steel, explained, the mill had "pretty well been a continual dog . . . It isn't like we are idling the crown jewel. We're getting rid of Ugly Susan" (Gynn).

Reaction to this announcement varied from stunned disbelief to already knowing it probably would not reopen. One steelworker mentioned that the workers went "from lockout to layoff - to fired - all in one simple operation" (qtd. in "Steelworkers Tire"). About the idling of the plant, Clowers, the local union president, commented, "I tell you, I would never have believed it." He was almost sure that several of the older plants would be shut down, but did not expect the inclusion of the Baytown facility because "you have the state-of-the-art mill right here. It's one of the newest mills that they've (USX) got, . . . and I tell you what--I couldn't believe it when they announced it (idling) over the radio" (Clowers). Rusty said that he felt as though he had his "sails knocked down," and Jack, his father, commented that he "felt like the bottom fell out." Jackie felt devastated and her husband Kenny stated that he never expected to go back to Texas Works after he had heard that four plants were going down (Dykes, Kenny & Jackie). Faye summed up the reactions when she said that the idling of Texas Works was a "total disaster, (and) everybody was in a state of shock because you work out there that long. You have a regular paycheck coming in. It was bad enough living on unemployment for that length of time, and then all of a sudden, you don't have a job, period. You don't have any income. You have nothing. You have no support to keep you going."

Steelworkers could no longer count on returning to Texas Works. These workers and their families had to face the fact that their lives had changed drastically overnight. Previously, "they had benefits. They had salaries. They thought they were secure, and it's all gone" (Clowers). Lynn Williams, union president, maintained that "union employees deserve(d) better treatment by the company" (qtd. in "Union Head Outraged").

Many workers and their families wondered why U.S. Steel would close down Texas Works and leave the steelworkers jobless. Roderick, chairman of USX, reminded workers that he had previously warned that an extended "work stoppage would threaten the future of some of USX's steel manufacturing facilities." Roderick also said that the work stoppage was not the only reason for Texas Works being placed on "idle status" (*Baytown Sun*, February 4, 1987, 1). No matter what the reason, 800 blue-collar workers' immediate future did not include Texas Works.

When asked about future plans, Rusty said that he had no particular plans and "didn't know which direction to go." He further said that his family's life had changed dramatically; the "quality of life has fallen, added strain on the family, left

us with no savings, stopped the plans of expanding the house, (and) generally gave me a bleak outlook on the working industry as a whole." Many other Baytown Works' employees who had similar thoughts now found it necessary to adjust and make plans for a future that did not include Texas Works--plans such as to search for another job, to retire, to transfer, or to go to school. Families who had felt the stress of the past six months now had to cope with and handle even more problems while they tried to pull their lives back together. These families, who once had a common bond of being steelworking families, were forced to go their separate ways and find new futures.

Some families adjusted more quickly and easily than others. James, like a few other workers, had already found a satisfactory job, and Sandy said, "It (the idling) really didn't (hurt) because he wasn't off long enough for it to really affect us." James said, "I was glad to get a job. It is a securer feeling." His new job pays more per hour, but the benefits are not quite as good as they were at U.S. Steel (Penecost, James). According to Clowers, some union members have found jobs; however, others are now underemployed, but at least working (Clowers).

Some steelworkers and their families have transferred to other U.S. Steel facilities. According to Clowers, around one hundred union members went to Fairless Works, fifty to Lorraine, five to Gary, and three or four to Birmingham, leaving a void in the community of approximately 159 families. This exodus left the community with a tremendous sense of loss, not only socially but economically as well. Due to his age, Jack felt that he had no other choice than to go to Fairless Works in Pennsylvania. Staying with U.S. Steel until April, 1988, enabled Jack to receive an extra \$400 a month in an early retirement incentive program as well as his retirement benefits and hospitalization.

Kenny also went to Fairless Works. Out of desperation for a job, he left for Pennsylvania in October, 1987. His family followed one month later. The family found it hard to acclimate to the area, hated Pennsylvania, and returned to Baytown before the new year. Two weeks after returning, Kenny found employment and now works for Payne and Keller at Exxon Chemical. He likes his job and makes approximately as much as he did at the mill. However, because his new position has no benefits, Kenny plans only to stay with this company until he finds a better job (Dykes, Kenny & Jackie).

Some steelworkers did not want to transfer to another facility and have yet to find a decent job. Some of these workers decided to return to school to further their education in hopes of attaining a decent job with a good future. Rusty now attends ITT Technical Institute in Houston, where he also works as a part-time lab assistant. He is working toward a degree in electronics and hopes to enhance his other capabilities and open up new career opportunities. His wife attends Lee College and participates in the federally funded work/study program. Their family works together to keep expenses to a minimum during this time of financial struggle, which they hope will end when Rusty graduates in June, 1989. Their eligibility for grants and scholarships, along with their part-time jobs and assistance received through their church, enable them to continue in school as they work toward a brighter future (Pentecost, Cindy & Rusty).

In January, 1988, as Baytown steelworkers continued to adjust and seek their future, they learned that USS, a division of USX Corporation, planned a permanent shutdown of Texas Works by May 1, 1988 ("Late News"). Although most workers and their families had already assumed that U.S. Steel would not reopen its Baytown facility, they could not understand the decision. James said, "Yeah, I was

surprised, too, because they had just spent somewhere in the neighborhood of twenty or thirty million dollars on new equipment that they were just implementing right when they had the 'lockout', and it was designed for that particular mill . . . It surprised me that they would be spending that kind of money and turn around and shut it down."

Workers and their families speculated on reasons for the shutdown. Clowers said that he felt U.S. Steel was "downsizing" its operations and making less steel in order to raise prices and create a false market (Clowers). Similar to Clowers, Rusty believes the shutdown was "partly political and the same as the oil industry did in the 1970's--which has proven itself out--to drive the price of steel up with supply and demand. Demand has been there, but they've shut down their facilities, which has pinched down the supply of steel just as the petroleum companies--less supply, more demand, higher prices." Other workers speculate that U.S. Steel now finds other products more profitable than steel and will deal with steel less and less (Pentecost, James). Kenny said, "It wouldn't surprise me if they totally went out of the steel business even though they're the United States' largest steel company." Jackie sees the closing as a way to get rid of union workers and believes USX will reopen the mill under a new name with nonunion employees. Clowers also believes the plant will eventually reopen and said, "It's just a matter of when. It's just too new of a plant to remain idle." He, however, did not speculate as to which company he thought might reopen the mill.

James described the steelworkers' future when he commented, "Life does go on after the steel mill, you know. That's not the end of life. It's just a job locally, and it's not the end . . . There was (sic) people that had jobs before the steel industry . . . that ought to have jobs somewhere else now." This idealistic view, however, may not comfort families whose lives remain torn apart and completely changed due to the closing of the steel mill. Some families have yet to put their lives back together. They still search for a direction in life that will satisfy their needs and give the security they desire. No matter what reason is found for the shutdown of U.S. Steel's Texas Works, the fact does not change that lives have been drastically altered due to the vital loss of Baytown's steel mill.

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