TROUBLE IN BRASS

By Jeremy Brecher

O
tHE THREE-QUARTERS OF THE nation's brass was produced in Connecticut's Naugatuck Valley. This spring Century Brass, the last integrated brass producer in the Valley, is threatening to close.

After a meeting with one of their creditors, Century officials announced last month that they would close the company unless workers accepted $4.8 million in wage and benefit concessions over the next year. Local union leaders and the UAW, which represents Century workers, opposed the concessions.

At an emotional union meeting addressed by Century President Lewis Segal, workers voted two-to-one to reject the concessions. Two days later the company started laying off workers, and its officials asserted the entire operation would be closed before the spring was out.

The Century brass mills were once the core of the Scovill Manufacturing Company, whose roots in Waterbury date back to 1802. The Gosses and Sperrys, Yankee families that ran the company through World War II, were old-style captains of industry who sent their sons into the plants to learn the business from the ground up while dominating the economic and social life of the community. Scovill was one of the "Big Three" brass producers, along with the American Brass Company and Chase Brass and Copper, that gave the area the name "the Brass Valley."

In the wake of the great Western copper discoveries in the late 19th century, it was widely believed that the brass industry would leave the Naugatuck Valley and migrate west. But it didn't happen, largely because the brass entrepreneurs were committed to keeping the industry in the Valley. They made sure that transportation to the Valley was strong. They invested in the western millfields to preserve their access to raw materials. And they sponsored local industries in Connecticut that would use brass and thereby keep the market for brass centralized there.

Against the logic of shifting raw materials and decentralizing national market, they managed to keep Waterbury the brass capital of the country. However, the brass mills were an important part of the city and its region. Waterbury was their home and the center of their daily lives.

Into the early '70s, the brass industry in the Naugatuck Valley superficially looked sound. Yet as with the rest of American industry, a low rate of investment was silently eroding the competitiveness of the plants, as buildings and equipment deteriorated or became obsolete and were not replaced. Meanwhile, when brass companies did create new productive facilities, they tended to do so outside of the Valley, following their customers to industrial regions of the Midwest or far West or seeking cheap labor in the South.

Because of copper's high price, other rustproof, malleable materials like aluminum and plastic began replacing brass for many applications. Europe and Japan, with modern, technologically advanced plants, higher rates of reinvestment and lower labor costs, were able to out-compete U.S. producers in many brass product lines during the '60s and '70s. In the '70s and '80s, low New England energy costs gave Connecticut producers an additional disadvantage relative to their Midwestern competitors. The dollar's overvaluing has led to a surge of imports in the '80s, which Century officials blame for their present difficulties.

Century Vice-President Frank S. Sanzagula recently told the Hartford Courant, "The brass industry almost completely disintegrated to foreign imports. Nine years ago, 6 percent of the brass in this country was imported. Today it's 42 percent."

In the mid-70s, Scovill decided to sell off its aging brass operations, keeping only a modernistic world headquarters building in Waterbury as a reminder of its historic ties to the area. The Scovill brass business was valued at $80 million. But when no buyer seemed eager to take on its substantial unfunded pension liabilities, a rather peculiar enterprise was created to purchase the Scovill brass division. The principal purchaser was Charles Rubenstein, a scrap metal dealer who was one of Scovill's suppliers. People long involved with Scovill played a role in the new company—at least one member of the Goss family served on the board of directors. Under considerable pressure to "save" the business, the Connecticut Development Authority agreed to guarantee a $10 million loan for the mill's purchasers. The investors in the new company acquired the Scovill brass operation for a mere $2 million in cash.

The story of Century Brass illustrates some of the most difficult problems the labor movement faces.
police and national guard repression, combined with the ability of the employers to "police and national guard repression, combined with the ability of the employers to outwait the strikers, led to the eventual defeat of the movement and the subsequent elimination of organized labor from the town."

The burgeoning labor movement of the '30s reached Waterbury by means of what might be termed "industrial unionism from below." Workers miners who worked for large national companies like Anaconda and Kennecott discovered that when they struck, they were simply continued to produce from stockpiles in their Eastern brass mills. The International Union of Mine, Mill and Smelter Workers, one of the first CIO affiliates, sent organizers East to the Naugatuck Valley to try to organize the brass workers. Mine-Mill grew slowly in Waterbury, but "left wing" national leadership and a movement of local leaders in the Naugatuck Valley who opposed them.

By the early '50s, most of Waterbury's brass workers and union leaders had left Mine-Mill and joined the UAW. In 1952 the Waterbury UAW 580, which had only a few hundred paid-up members, challenged the company in a four-month strike that became a national news event and resulted in the consolidation of a powerful and rather militant union. But its power and militancy evaporated during the following two decades.

In the mid-'70s, when Scovill decided to unload its brass operation, the union faced a dilemma. The purchasers insisted that, before the deal was closed, workers would have to accept a three-year wage freeze. According to UAW representative Mike Vervani, the state Labor Commissioner sat down with the union and said that if they didn't accept the wage freeze, the company would shut down. The local union, with the support of the UAW, voted 50-50 to reject the offer.

Last year opponents of further concessions won important leadership positions in the local. Then workers voted down a proposed three-year contract and struck for a week. But Gov. William O'Neill intervened, strikers returned to work and a contract with a wage freeze followed by modest wage increases was finally accepted.

Century's recent demand for new concessions came barely a half year into that contract. A minority within the local, spearheaded by the previous leadership, has urged acceptance of the take-backs and is pushing for reconsideration of their rejection.

Reporters assigned to the Century story and others unfamiliar with the local scene repeatedly expressed amazement that workers would vote to eliminate their own jobs. Workers' feelings, however, were articulated clearly: they were working in freezing temperatures in the winter, with furnaces blown out by inadequate ventilating fans in the summer, with broken toilets and with inadequate cleaning and maintenance of the plant. They lacked the aura that often keeps factory workers in unsatisfactory jobs—the sense of security that comes from accumulated seniority—because the company appeared bound to fail sooner or later.

While the Naugatuck Valley remains a relatively high unemployment area, Connecticut as a whole has one of the highest labor markets in the country right now; many workers figured that if they were ever able to escape from Century, this was as good a time as any to make the move.

Many workers believed they had been betrayed by management and by locals led by Century's own UAW leadership, which was working at substandard wages and which had lost a battle with the company. The perception of having been betrayed by Century's own UAW leadership is not only with disbelief but with incomprehension by newspapers who reported it. It was as if their world view did not allow for such an exhibition of labor solidarity.

The loss of Century also exemplifies a major shift in the structure of American industry. More than 25,000 people once worked in brass and related industries in the Waterbury region; the Scovill plant itself alone employed more than 10,000 workers. As brass declined, new industries moved into Waterbury to take advantage of the available workforce and factory buildings, but they are highly diversified in contrast to the single-industry concentration. Further, they employ workers by the hundred rather than by the thousand.

This is a conscious policy to prevent unions. The internal strategies of the company include embracing the closing of one Waterbury company, for example, specifically providing that no single production unit will exceed a certain number of workers, and even cities historical statistics to demonstrate that plants larger than that provide "critical mass" for unionism. It is rapidly expanding its facilities—but not in Waterbury.

Industrial diversification and de-concentration are changing the shape of the labor movement. With Century's demise, the largest remaining industrial local union in Waterbury does not represent a giant plant, but rather is an amalgamated local servicing of dozens of small companies.

There seems to be widespread belief that the failure of a company like Century must be the result of poor management. But the closing may actually have been in full accord with the management's long-term goals. Profits milked from Century were used to buy other companies, and salaries to Century executives, many of whom were also investors, exceeded their original cash investment manyfold. In 1979, the only year for which such figures are available, Century's top five executives received more than $1 million in salaries, bonuses, insurance and retirement plan payments, and Century purchased for $500,000 and $1.5 million in Century stock a company called Central Metal, all of whose selling stockholders were either officers of Century or their relatives. The goal management set may well not have been to establish a viable enterprise, but rather to see how much it could milk from the facilities before there was nothing left but a shell. And in terms of this goal, they apparently managed well.

But if that's true it raises questions about the way the brass operation was "saved" in the first place. After all, this was no model of "free enterprise." The company was a highly political affair from the start: then-Gov. Ella Grasso and the Connecticut Development Authority were its midwives, and government contracts provided a substantial part of its business.

The purchasers put up $2 million and in turn got a plant worth an estimated $80 million. They received a loan guarantee from the state of Connecticut—a procedure in which the public takes all the risk while the lenders receive their interest-risk-free. The purchasers took on Scovill's pension liabilities, but these were insured by the federal government if the company failed. The closing of Century Brass is a monument to a public policy that subsidizes the entrepreneurs—mainly to save jobs, yet which regards public oversight of those so subsidized as an interference with the free market system.

**Alternatives To Decline**

One search for an alternative to industrial decline is represented by the Naugatuck Valley Project, a joint effort by unions like the UAW, community organizations like the Connecticut Action Group and Catholic and other religious groups. The Project was put together by Ken Goldston, an organizer for Yale University's School of Organization and Management. Its program includes identifying local enterprises in danger of closing and attempting to shore them up before they go under, encouraging the investment of local money in local enterprises and supporting worker and/or community buyouts. Such buyouts provide part of the answer for ailing brass mills. In the town of Seymour in the lower Naugatuck Valley, a buyout assisted by the Naugatuck Valley Project is about to be consummated at the local plant of the Bridgeport Brass Company with strong support from the local union and local management people. Another was underway in New Milford to purchase a tube mill owned by Century Brass—the deal may be an additional casualty of the Century closing. While such an approach is unlikely to save integrated brass productions in the Valley, it is likely to be viable where specialized producers have a market niche that depends more on the skills of the workforce than on large inflows of capital.

But what about a situation where a company cannot be made economically viable? A major problem with worker/community buyouts is that many companies threatened with closing have already been run into the ground. Workers/community purchase then promises only a participatory version of "lemon socialism." It has been suggested, for example, that Century workers accept...
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a wage cut and receive equity in the company equal to their losses. But what is the good of equity in a company that is already worthless?

Perhaps the Scovill brass mills could not—or should not—have been saved. After all, even in a socialist economy, changes in technology and social need make some facilities obsolete. And even from the workers' point of view, aging factories, often with substandard health and working conditions, may be better phased out than perpetuated.

In one sense, Century's management may have been on the right track when it decided to milk the company's assets rather than reinvest them to keep it a going enterprise. Perhaps there was no chance for the company to survive in the long run, and it could continue in the short term only by reducing its workforce year after year, running down its assets and closing each line of production as it became too deteriorated or obsolete to compete.

But are the only alternatives maintaining such companies as profitable enterprises or shutting them down? UAW-representative Richard Cardinal spoke of Century Brass as an "industrial hospice," a company doomed to die. Why not take the "industrial hospice" idea seriously? Why not assume that certain companies are indeed doomed to die, but try—hospice style—to make that passing as easy as possible for the workers and communities affected.

In Century's case, the original government loan for purchasing the company could have been made conditional on meeting specified public policy objectives. It could have provided for a planned-gradual scaling down of the company and specified that older workers be kept on until retirement, that the profits milked from the shrinking company be reinvested in local job-providing enterprises and that younger Century workers be retrained for the jobs thus created. Worker and/or community control of such a company might have a valuable role to play if the enterprise was treated from the start not as a sucker's investment but as an industrial hospice.

Even after a decade of milking, it may still be possible to save parts of Century Brass through such an approach. Various forces appear to be converging in an effort to keep the non-brass segments of the company open.

A few days after announcing it would close, Century filed for protection from its creditors under Chapter 11 of the bankruptcy law, maintaining that the general products and ordinance divisions of the company were still profitable. The UAW, using the Naugatuck Valley Project as an intermediary, asked to purchase the entire company. Century officials said they were not interested at the time. Waterbury Mayor Edward Bergin offered to seek a deferment of $2.5 million in tax liabilities to keep Century open. Along with State Rep. William Scully, he is seeking public disclosure of all Century Brass finances.

The recognition that Century was created by public funding, and therefore has special responsibilities to the public, seems to be catching on. Edward Stockton, who was state economic development commissioner when Connecticut guaranteed the loan with which Century was started, says, "I don't think Charles Rubenstein or the president of the union have got the right to close the doors of Century Brass."

But if still more public money is to be used to keep those doors open the question will be: should it simply be handed out to those who have already run the company into the ground or should ways be found to assure that the company hereafter is run for the benefit of its workers, the local community and the general public?

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