

THE 42 MONTH WAR: BAYOU STEEL AND THE USWA'S  
COORDINATED CAMPAIGN

A Thesis

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## ABSTRACT

This thesis examines how coordinated campaigns, conducted by labor organizations, affect strike outcomes. Recent changes in the industrial relations environment have forced unions to find new ways to exert pressure on employers beyond tradition collective bargaining and, in the event of impasse, withholding their labor. Many believe that corporate campaigns have the potential to change the ways labor struggles are waged and their results. These campaigns are characterized by diversity, but past ones have included actions targeted at the company's owners, creditors, customers, and suppliers. Others have focused on the firm's health, safety, or environmental record with the hope of compelling them to sign a favorable contract.

This thesis examines the literature available on bargaining and strikes, includes brief case studies of several corporate campaigns and the USWA's experiences with them, and forms an argument based on the evidence. It is proposed that a well-planned corporate campaign will lead to union victories in strikes or lockouts.

The evidence used to test this statement is a detailed case study of the Steelworkers' 42 month coordinated campaign at Bayou Steel. This thesis finds that although the union waged an almost ideal campaign, they did not win the strike. Instead, it was only a partial victory. This is attributed to the fact that the USWA's campaign, while extensive, was unable to influence the company's ability to make money to the necessary degree.

## BIOGRAPHICAL SKETCH

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## CHAPTER ONE: INTRODUCTION

The last two decades have seen major changes in industrial relations. Past patterns in collective bargaining have collapsed, giving rise to an entirely new environment. This new system is characterized by declining union density rates and the rise of increasingly aggressive employers.

Concessionary bargaining became the norm in the 1980s, and labor organizations were forced to accept major reductions in real wages and employment levels. Others were compelled to agree to contracts including major work rule and subcontracting guideline changes. This meant that not only did union membership decline, but also collective bargaining was less effective for those that remained.

Labor unions had difficulty resisting concessionary bargaining. The failed strike by the Professional Air Traffic Controllers Organization (PATCO) in 1981 opened the doors for employers to use permanent replacements in the event that their workers struck. Unions were both more afraid to fight for a decent contract and had less success when they chose to do so. Companies' use of replacements meant that if a union went on strike, they could lose their jobs and see their organization decertified.

Believing that, often times, traditional strikes by themselves may be ineffective in the new environment, some unions began searching for a solution. Although most were slow to adapt, several began using corporate campaign tactics to fight aggressive employers. This promised the chance to win when before unions had failed and to end the pattern of concessionary bargaining.

Corporate campaigns, while a source of hope, are not the solution to all of labor's troubles. Some have been successful, and others have not. What makes a campaign successful? This is the question this thesis, in part, will answer.

### ***Methods and Materials***

In the next chapter, the existing strike literature is discussed. Looking at models of bargaining and strikes from economists, psychologists, sociologists, and political scientists, the strengths and weaknesses of the research are discussed. Conclusions are drawn, avenues are suggested for further research, and the importance of case studies is stressed.

Chapter three looks at corporate campaigns in the 1980s in more detail with a focus on three case studies and a discussion of what labor learned from these experiences. It also briefly looks at possible tactics unions can use to pressure employers. The next section of the chapter is an analysis of the Steelworkers' experiences with coordinated campaigns by 1993, changes they made, and directions they were likely to take. Looking at their three largest strikes or lockouts in recent years, Phelps-Dodge, USX, and Ravenswood, does this. Finally, I develop an argument about what is necessary for a coordinated campaign to be successful.

Next is a look at changes in the steel industry since the Second World War and the growth of a new sector, minimills, as well as the direction they are taking. Industrial relations practices at minimills are looked at in greater detail and recent trends in the industry are studied by examining existing research and newspaper or journal articles on the subject.

The fifth chapter is the test of my argument. The USWA's 1993-96 coordinated campaign at Bayou Steel is studied in great detail. The research was conducted primarily during the summer of 1998 and included a search of newspaper articles and legal papers, the accumulation of internal union documents, and the collection of personal interviews with rank and file members, Local 9121's president,

vice president, and recording secretary, the international's officers and staff, researchers formerly with the Industrial Union Department of the AFL-CIO, and others connected with the campaign. These sources were used to generate an in-depth case study describing the events in Laplace, Louisiana, the campaign's actions elsewhere, and the effects of the strike on the union's membership.

Finally, there is a critical analysis of my argument based on the results of the coordinated campaign at Bayou Steel. Questions will be answered including, Was the strike a success? and What factors contributed to the victory or defeat? Conclusions are reached by looking at the strike in terms of the contract settlement and effect on union power overall.

## CHAPTER TWO: STRIKE LITERATURE AND MODELS

In the 1980s and 90s, strike levels decreased. During the period 1971-1980, there was an annual average of 269 major strikes or lockouts involving 1.3 million workers. Between 1981 and 1990, strikes occurred less frequently, averaging 68 per year involving 475 thousand workers. By 1991-1997, the numbers had dropped to 36 large strikes per year involving 295,000 (BLS 1998). The decline in the number of strikes, however, did not deter academics from continuing to study strikes, developing models, and doing empirical research. Among their many tasks was to attempt to explain the contradiction that the 1980s and early 90s have presented: economic expansion with a decline in strike rates. Academics had previously believed strikes increased during periods of growth and declined in recessions. Today, this must be discarded, and with it many of the strike models we took for granted.

The 1980s brought many changes in industrial relations. We saw the rise in the use of permanent replacements during strikes and an era of concessionary bargaining on such issues as wages, benefits, work rules, and subcontracting. Although fewer strikes occurred in this period, due in part to declining union density rates and the passivity of organized labor, many of those that did occur lasted much longer and became bitter, drawn out battles at places such as Phelps-Dodge, Hormel, Eastern, Ravenswood, and Bayou Steel.

Before we can begin to understand strikes in the 1980s and 90s, we must look at existing models of strikes and their outcomes. Models can loosely be classified by the area of academic research from which they originate. These are economic and behavioral-organizational-political. They attempt to explain why strikes occur and

how they will be settled. Then, I will evaluate the strengths and weaknesses of the current literature and suggest avenues for future study.

### ***Economic Models***

John Hicks (1932) created the base for most economic models of strikes. Using a simply model, he explained bargaining by creating an upward sloping concession curve for the company and a downward sloping resistance curve for the union. These points intersect at the wage W after a strike of S days. In this model, the challenge of both parties is to assess the shape of each other's curve, thus reaching W without having to go through a work stoppage.

Under Hicks' model, strikes should not logically occur, but obviously they do. He explained this by stating that occasionally the bargaining parties fail to correctly estimate the shape of the other's curve, resulting in a strike due to imperfect or faulty information. What causes the breakdown in communication has been the subject of much follow-up research, studying how unemployment, welfare, and inflation affect bargaining and strikes. Another reason given is that strikes must occasionally occur to demonstrate the power of the union and thus justify the size of their curve to management. Finally, he reasoned that strikes may occur because rank and file workers may have unrealistic expectations about the expected wage increase and the shape of their resistance curve and force their leadership to pursue an illogical policy.

An alternative explanation, which gained followers in the 1960s, came from the work of Adams and Sumner (1905) and was updated by Rees (1952). This model viewed unions as the primary instigators of labor stoppages and traced their action to a calculation of their bargaining power. The union's motives are key in this model. During times of prosperity, when labor organizations have power, they strike to gain concessions from management and improve their wages and working conditions. In

recessionary times, when unions are weak, they strike less frequently and only in a response to extreme circumstances when they fight to protect basic contract provisions they gained in good economic times.

Since the 1980s, economists have focused primarily on Hick's research as a base for their own. The bargaining power model was found lacking for two primary reasons. The first was that, although it explained why unions might demand more in expansionary periods, it did not lend an understanding as to why strikes occur when both unions and management should be able to adjust their resistance and concession curves. Secondly, this theory appeared less valid when strike patterns between the 1970s and 1990s are considered. Strikes have declined between 1982 and 1988, yet this was a period of economic prosperity. Logically, strike activity should have increased. For the time being, economists have thus relied more heavily on Hicks for their theoretical foundations, yet made significant alterations.

Building on Hicks, some researchers have built an imperfect information model to explain strike occurrence. Kaufman (1981) believes that strikes are the result of the union's inability to accurately consider the influence inflation will have over the life of the collective bargaining agreement. During periods of low inflation, unions are likely to estimate that this trend will continue and demand a wage increase which will fall short of their requirements when the cycle picks up, thus creating discontent. When inflation is high, unions will demand large wage increases, which the company understands it will not be able to afford later, when inflation is lower during the end of the contract. Using this model, Kaufman states that strikes will occur more frequently near the end of an expansionary period, since unions are likely to estimate higher inflation than management believes will exist.

Although this model seemed plausible in 1981 when it was developed, its validity must be questioned today. Its base is the belief that most economists held

that inflation corresponds with economic growth. We now know this is no longer entirely accurate. For example, the mid-1990s have been a period of economic expansion with very low inflation rates, thus it no longer holds that strikes will occur more often during the end of a prosperous cycle. Kaufman's model is appealing because of its simplicity, but that also makes it weak because it fails to consider other important factors such as government policy and unemployment. The model can be useful, however, in explaining recent declines in strike activity as the result of stable inflation rates, when the union is better able to calculate the employer's concession curve.

Mauro (1982) made another important addition to the imperfect information model. He argued that miscalculations occur because the parties put different weights on economic factors when designing their curves and estimating the other side's. For example, unions are likely to believe that employers are more willing to grant wage increases during times of low unemployment, since labor is less available, although employers are usually more concerned with product demand or prices when setting their compensation position. He developed this in response to his finding that strikes are more likely in times of low unemployment. Under this model, strikes are unavoidable mistakes unless the company and the union can accurately gauge how the other side will develop its curve. What is not adequately explained is why the parties fail to adjust their demands and reach agreement without strikes.

Kaufman (1981), a proponent of the imperfect information model, studied ways the parties attempt to overcome this barrier and adjust their information about the other's resistance or concession curve. Assuming that neither party knows the other's curve, they bargain to gain greater knowledge and simultaneously reduce their demands to more realistic levels, thus averting a strike. This study implies that adjustments must be incremental so the parties will change their demands in concert.

Kaufman also argues that the more time spent in bargaining, the closer the positions between the two parties will become, thus lowering the likelihood of strikes. This model, however, fails to take the number of issues on the table into consideration as well as, more importantly, the fact that the negotiators may have bottom line positions that can only be changed through a dramatic event, such as a strike.

Another model has been developed by Siebert and Addison (1981) and elaborated on by Cousineau and Lacroix (1986) and Gramm, Hendricks, and Kahn (1988) and builds on the explanation for strikes being the negotiating parties' inability to possess needed information about resistance and concession curves. Often called the information uncertainty model, its proponents argue that strikes are accidents which are made more likely when the parties have too many variables to consider. In an environment with very little or predictable change, the parties will be better able to develop information going into bargaining. In times of uncertainty or great change, they are more subject to miscalculations. Factors can include rapid changes in the inflation or unemployment rates, challenges to the union's leadership, or changes in the market in which the enterprise operates. These increase the complexity of negotiations and overload the parties with things to consider. Being unable to handle the number or unpredictability of the variables, they are apt to miscommunication about where their bargaining positions are with the result being more work stoppages.

While the abovementioned economists argue that strikes are the result of miscommunication, others believe that they are actually used as a screening device by unions to identify profitable firms. This has been promoted by Tracy (1986), Hart (1990), Card (1990), and Booth and Cressy (1990). According to these researchers, some firms are more profitable than others, yet even those that are well off will claim to be poverty stricken. Unions then demand high wage increases and threaten to strike to weed out the wealthy companies. Logically, profitable firms will respond by

settling to avoid the costs of strikes. Those that truly cannot afford the wage demands will have no alternative but to take the strike to convince the union that they cannot afford to pay their wage demands.

Using this model, it follows that strikes are less likely to occur in firms that have high expectations for future profits and more likely in those that believe they will be less competitive in the future. It also follows that wage settlements should be lower the longer the duration of the strike. Although this model has received a great deal of attention, there is little evidence that unions use strikes to screen employers. It is also hard to factor in how various union density levels affect this function in different industries. This model leads us to assume that unions may attempt to calculate the profitability of the entire industry when generating their bargaining demands, but do not attempt to calculate the position of the individual firm other than through the use of the strike threat. These researchers argue that firms have an incentive to pay higher wages to avoid the cost of strikes, but not that unions have the desire to adjust their wage demands for individual firms to avoid the costs they incur from striking.

Some economists believe that strikes are not only the result of imperfect information or union plans, but also of the influence of rank and file workers in the bargaining process. This has been referred to as the Ashenfelter and Johnson (1969) model. They argue that although negotiations are conducted by two parties, management and the union leadership, there is a third party that is heavily involved. This is the rank and file membership. While the first two are sufficiently able to form reasonable demands and avoid strikes, the third does not possess the same information. The rank and file forms unrealistic wage expectations and their leadership is forced ignore logic and adopt their membership's demands or risk being defeated in the next union election. This pressure on the union leadership can result in a strike, which will

only be settled when the rank and file adjust their expectations during the duration of the strike.

Although it cannot be disputed that the rank and file play a part in bargaining and strikes, there are several problems with the Ashenfelter and Johnson model. First, it does not explain how the rank and file create their wage demands, thus it is difficult to predict or reduce strike occurrence. Second, the proponents of this model focus exclusively on the union as having two sides, ignoring that management is often in the same position. The firm's owners or stockholders may also hold unrealistic expectations and force the company's negotiators to take illogical positions in bargaining just as the union's leadership is forced to. Finally, the model fails to explain unions, such as the United Steelworkers of America, where the rank and file are not required to ratify their contracts and the lead negotiator is appointed by the international union and not elected by the local's members in the workplace. It follows that in the Steelworkers' strikes would not occur because those doing the bargaining are sufficiently insulated from the extreme positions the rank and file want them to take. This, however, is not the case.

### ***Behavioral - Organizational - Political Theories***

The second class of strike theories have primarily been promoted by sociologists, psychologists, and political scientists and attempt to explain strikes by looking at what influences workers to strike and act in a concerted manner toward a common goal. They also look at what forces push unions to strike. They do this by looking at the effect of several factors leading to individual and group behavior. The first body of work focuses on individuals, while the second looks at the influence of organizations.

An important early study was conducted by Kerr and Siegel (1954) and argued that collective actions and identity are more likely to occur in homogeneous communities, where workers share a similar outlook, backgrounds, and work skills such as in isolated mining or logging areas. Moore (1954) stated that strikes are more likely to occur when dangerous or unpleasant work conditions lead to frustration and facilitate collective action.

Researchers, such as Martin (1982) have studied individuals and groups and have attempted to identify those that are more prone to militancy and strike activity. They have studied age, race, sex, the economic rewards they possess at work, and underlying values as individual characteristics and public support and community values as group factors. Although some workers have been identified as more prone to strike activity, this does not always translate into action.

Stagner and Rosen's (1965) studies have been important by analyzing the psychological factors that lead to strike activity. They identify three significant areas of how workers see the world and choose to act. The first is perception. Workers view situations much differently than management. While management may see a demand for wage reductions as necessary for the success of the enterprise, their employees often view it as an attempt by a greedy company to take money from them so they can collect more for themselves. The second area is motivation. Managers desire to raise profit levels, preserve their decisionmaking ability, and increase competitiveness, while workers want a degree of voice, higher wages, and better working conditions for themselves. Frustration is the last area. When workers' perceptions and motivations differ from management's and when they have been unable to change the situation, workers become aggressive, resulting in strike activity.

Hoyt Wheeler (1985) sought to build on Stagner and Rosen's work and expand it to an explanation of why workers engage in collective actions. There are two

important parts to his model. First is the individual's predisposition for action. He created four concepts of behavior; (1) People naturally have certain inclinations. (2) One of their goals is to gain greater rewards and have more power where they work. (3) The farther their goals are from being realized, the more likely aggression is. And (4) This can take certain forms such as rational-calculation, threats, and frustration-aggression. Of these, frustration-aggression is the most likely to lead to strike activity, which relieves the tension by satisfying their goals by gaining them greater rewards or workplace control and serving as an emotional outlet for their pent up frustrations.

The second important part is what leads the individual to participate in collective action and release their frustration. Wheeler identifies three factors that contribute to strike activities; (1) Larger numbers of employees share common goals and frustrations. (2) Fewer factors exist to prevent collective action. and (3) Greater bonds exist among the workers. Wheeler's theory has attempted to explain many of the results from empirical studies. For example, high unemployment rates reduce expectation levels and stifle aggressive behavior. He also argues that factors such as inflation and wage decline increase expectations and conflict with the employee's goals, thus leading to frustration and strike activity.

Resource mobilization theorists such as Jenkins (1983) and others sought to bring a historical perspective to the study. They believe that strike activity is indicative of a desire to change unsatisfactory conditions, but that this is only realized when conditions change to make collective action possible. These can take the form of social, political, or economic alterations, for example, the passage of the NLRA was a great change in the environment and led to widespread organizing. Conversely, the rise in the use of permanent replacements after the PATCO strike led to the dramatic decline in strikes during the 1980s and 90s.

Not all researchers believe that changes in the environment are the most important factor leading to collective action. Researchers such as Klanderman (1984) argue that workers will only participate if the strike serves to benefit their individual interests and that their participation will lead to success. Using this idea, strike organizers must work to stir up discontent among individuals, making them realize that their interests are in sync with the goals of the strike. They must also work to convince them that not only will those goals not be achieved without their participation, but also that they will incur significant costs by not working in concert with their fellow employees. This can be accomplished by generating a sense of common identity or ostracizing those who do not participate.

We cannot ignore Marxist literature on strikes. The theory of historical materialism viewed strikes as a natural element in a progression toward a new form of organization. Although not as grandiose, modern researchers such as Edwards and Scullion (1982), Lichtenstein (1985), Edwards (1986), and Wallace (1989) have adopted many of the same assumptions. They generally view that strikes are the result of an ongoing workplace struggle for control and power and are an unavoidable part of the capitalist system. Strikes are viewed as part of a larger struggle, not merely a breakdown in bargaining or imperfect information, as economists have argued

Organizational theorists also believe formal groups, such as labor unions can exert significant influence over the individual. Olsen (1965) pointed out that collective actions suffer because, as Klanderman noted, individuals may believe in the aims of the strike but that their participation is unnecessary, thus they can refuse to strike, but reap the benefits from others actions, making them free riders. Organizations can seek to combat this either by forcing participation, through such mechanisms as a union shop agreement or social sanctions imposed on those who do not take part. Others, such as Snyder (1975, 1977) believe that the larger the union membership base, the

greater the possibility for collective action, since these organizations possess the resources to mobilize workers and that membership levels have a large influence over strike activity.

Although Snyder believes that density levels influence activity, researchers such as Kaufman (1982), Skeels (1982), and Cohn and Eaton (1989) qualify this and apply it to the United States. They argue that the institutionalization of labor organizations into the system has served to lower strike rates. This partially explains reductions in strike activity. By looking at the U.S., they conclude that the establishment of unions have reduced the need for recognition strikes. They have also become bureaucratized and have fallen into a pattern of ‘business unionism’. This both reduces the militancy of the labor movement and creates an established bargaining structure. Because of this, unions are less likely to strike and work to prevent wildcats for fear of violating their contract and a good relationship with the employer.

The Ashenfelter and Johnson (1969) model, discussed in greater detail earlier, is a prime example of the literature discussing how internal union political affairs affect strike rates. Ross and Hartman’s article (1960) is another example. They argue that strike activity is related to the amount of competition for union leadership positions. Like Ashenfelter and Johnson, they believe that the union leadership is forced to call strikes to maintain their position in office. Adding to this is Roomkin (1976), who found that strikes are more common in unions with a decentralized structure, meaning that the union’s bargaining committee is more easily influenced by extravagant rank and file demands.

Not all studies have focused solely on the interaction between union leadership and their members. According to Mellor (1990), strikes increase union commitment and approval for the direction the organization is taking. Golden (1990), has taken this

a step further, suggesting that unions often promote strikes, even if defeat is likely, merely to maintain the strength of the organization and prevent its decline.

### ***Evaluation***

Much of the existing strike literature is useful. Behavioral, organizational, and political studies have helped explain the factors that create frustration and aggressive behavior in workers and what causes them to work together to solve common problems. They also view unions as complex organizations, with many factors influencing the creation of bargaining goals and the decision to strike. Many feel that the primary drawback is that they are insulated from real world events. Most researchers have studied workers and unions from a distance and generalize their thought processes and activities. This often means that they have relatively little applicability to real work events and rarely discuss in concrete terms the mechanics of bargaining and strikes. They also suffer because they have not been integrated into economic theories of strikes, which have received greater attention in recent years.

Economic models of bargaining and strikes have been useful in understanding some aspects of the negotiating process, primarily how inadequate information can create labor conflict. They have attempted to answer questions, such as the relationship between strike activity and inflation and unemployment. These researchers have been successful to some degree, but I believe they oversimplify the process in order to reach concrete conclusions. Their work has also focused almost exclusively on wage bargaining and does almost nothing to explain strikes over contract language, employment levels, or health and safety issues. Even more than behavioral, organizational, and political theories, they have become too distanced from real world activities. Studies that examine strike activity from a national or industry wide perspective ignore the complexities of each individual strike case, including the

characteristics of the workforce, union, community, and the environment in which they operate, as well as the diversity in managers, employers, and industries.

Overall, today's literature is not adequate by itself to explain strike activity in the United States. For the purposes of this paper, two areas are critical and demonstrate that not only current literature but the direction these studies are taking is outdated in the modern industrial relations climate. The first problem with the existing models is that they view bargaining as a process by which the union and the rank and file form goals and demand improvements from management. If these are not met, then the union goes out on strike to impose costs on the company until they reach an agreement. Current studies have made faulty assumptions. The first is that the only role the employer has is to react to union demands and calculate their costs. This ignores the fact that companies are complex organizations as well. They have several layers of ownership and management that often have divergent interests.

The available literature also does not consider the possibility that employers can be the aggressors in the bargaining relationship, yet this is exactly what occurred in the 1980s with concessionary bargaining. The roles were in many ways reversed. Instead of unions demanding improvements, companies were demanding takeaways from their employees. This put labor organizations in the position of having to decide whether they could afford to give more. Everything that has been written argues that unions engage in strikes with the primary purpose of imposing costs on employers, making it expensive not to reach an agreement. No model has adequately explained the rise of unionbusting by employers in the 1980s. While strikes have traditionally been waged by unions, today many strikes or lockouts are the result of a plan by management to reduce the power of the labor organization either by (1) forcing it to accept a poor contract, which will lead to its being seen as ineffective by the rank and file or even to membership losses in right to work states. or (2) destroying it outright

through decertification. The use of permanent replacement workers by management is a common response to strikes. Considering this, in the current environment, companies may actually have incentives to force unions on strike to lower their costs and increase their decisionmaking ability in the long term. The literature has not been able to develop a model to explain either concessionary bargaining or the use of striker replacements.

The second important problem with the available research is that, although it discusses bargaining, it rarely mentions what happens after the work stoppage other than a few attempts to tie strike duration to settlements. The 1980s and 1990s were characterized by some extremely long strikes. Unions also experimented with techniques, such as the corporate campaign, which went beyond merely withholding their labor. Academics have been unable to gauge the influence union strategies and tactics have in settling strikes and reaching agreement.

The environment in which unions and management operate in the 1990s is extremely complex. Empirical studies and strike models have been unable to fully explain the developments. This is why case studies of strikes are critical. Although their conclusions suffer from problems with reliability and applicability to other situations, they are able to provide real world examples of what is happening and take large numbers of factors in consideration when they draw conclusions. They are also able to avoid the problems the existing literature has had, overgeneralization and being out of touch with reality.

In recent years, several case studies have been published which have made important additions to our body of knowledge about strikes and bargaining. These include Hardy Green's On Strike at Hormel: The Struggle for a Democratic Labor Movement (1990), Peter Rachleff's Hard Pressed in the Heartland: The Hormel Strike and the Future of the Labor Movement (1993) Jonathan Rosenblum's Copper

Crucible: How the Arizona Miners Strike of 1983 Recast Labor-Management Relations in America (1995), Julius Getman's The Betrayal of Local 14: Paperworkers, Politics, and Permanent Replacements (1998), and Juravich and Bronfenbrenner's Ravenswood: The Steelworkers Victory and the Revival of American Labor. Many of these will be discussed in greater detail in Chapter 3.

Although current strike literature and models have helped researchers understand and make sense of strikes, there is room for improvement. At this point in time, it appears that case study research holds the most potential to answer important questions, especially in the areas of the process by which unions and management set bargaining goals and form expectations and how labor strategies and tactics affect strike outcomes.

Case studies by themselves can be useful, however, they are much more valuable when the context they work in is well understood. Only then can we truly understand the significance of the events that take place. First, this thesis will examine recent developments in coordinated campaigns. Then, it will look at Bayou Steel's environment, steel minimills, how they developed and what direction they are taking.

## CHAPTER THREE:

### COORDINATED CAMPAIGNS AND THE USWA

After the Professional Air Traffic Controllers (PATCO) strike and disastrous loss in 1981, organized labor was in a free fall. It became common and acceptable behavior for employers to bring in permanent replacements to break strikes and unions. Private sector employers followed their lead at Phelps-Dodge (1983), Greyhound (1983), Continental Airlines (1983), Chicago Tribune (1985), International Paper (1987), and Eastern Airlines (1989). Many labor leaders felt that in the day's legal, political, and social climate victories were impossible. We saw a round of concessionary bargaining accompanied by a decline in union membership. Although many in the labor movement had hoped to simply ride out the bad days and wait for the presidency and the composition of the U.S. Congress to change and bring labor law reform with them, in the late 1980s, it became clear this was no longer a viable strategy. Even if the Democratic Party gained control of the federal government, there was no guarantee that changes to the National Labor Relations Act would follow. As union memberships dwindled, many union leaders were convinced that something must be done. In addition to discussions on the need to organize new workers, unionists felt new strategies must be employed to win the strikes they had been losing in the previous decade.

By 1990, many people in the labor movement were talking about corporate campaigns as a way to win strikes where traditional tactics have failed. They presented a new hope for the movement. This section briefly describes the evolution of corporate campaigns, some common strategies, and the Steelworkers experiences with them up by 1993. Finally, I will make an argument about how to run and win contract campaigns.

### ***Recent Corporate Campaign History***

Corporate campaigns are nothing new. Unions have used their techniques for years. What is new is the term, “strategic planning”, the use of creative methods to expand a strike or organizing drive, and the popularity of these campaigns. Some in organized labor see corporate campaigns as a panacea for fixing all of their troubles. Unfortunately, this is not accurate. They are no substitute for having an aggressive and involved rank and file within a democratic union committed to fighting for working people. They can, however, when used properly, help mobilize a union’s membership and bring pressure on employers in ways traditional strikes are unable to. By looking at three well-known corporate campaigns, J.P. Stevens, Hormel, and BASF, we can get a sense of how they work, and the promise they hold.

Ray Roger first coined the term ‘Corporate Campaign’ when working on the J.P Stevens organizing campaign for the Amalgamated Clothing and Textile Workers (ACTWU), now part of the Union of Needletrades, Textile, and Industrial Employees (UNITE). ACTWU began an organizing campaign at seven textile plants in North Carolina owned by J.P. Stevens during the 1970s. These plants included about 3,000 of Stevens’ total production workforce of 40,000. The union, despite the active interest of the firm’s employees, had been unable to gain a base or force Stevens to sign a contract. The textile company fought the union at every turn and had even been found guilty of 111 labor law violations. In desperation, ACTWU enlisted Rogers to help organize a national boycott (La Botz 129).

The boycott strategy, however, did not appear promising to Rogers,

I realized that there was no way that you could ever beat Stevens simply through a consumer boycott. Less than one-third of all Stevens products were reachable through a consumer boycott. There were so many names it was hard for even the most ardent boycott supporter to identify them. And the laws were such that you had to be very careful in terms of how you went about organizing a boycott. Everything was stacked against the union being able to win through that kind of a program." (La Botz 129).

Instead, he researched the company's board of directors and financial backers. By pressuring those institutions, Rogers felt he could force Stevens to recognize the union and sign a contract where a boycott would have been ineffective.

This first corporate campaign focused around the most important financial backers of Stevens, banks and insurance companies, most of who held a seat on the firm's board of directors. Those companies included, Metropolitan Life, Seamen's Bank, Manufacturer's Hanover, and New York Life Insurance. Other important corporations included Avon and Sperry-Rand. Rogers' hope was that he could force the officers who sat on Stevens' board of directors to resign (La Botz 129). This was to be accomplished in two ways. First, they would embarrass those companies publicly because of their association with Stevens. Second, they would use the investments and insurance policies of ACTWU members as a leverage point.

Rogers pursued the campaign by using the character of Stevens' workforce, primarily black women, as a way to form a coalition between ACTWU and women's groups and civil rights organizations. Thousands of people, including several celebrities, wrote letters and participated in press conferences and demonstrations aimed at not only Stevens, but also the major companies they were associated with.

For example, 700 union supporters attended a Sperry stockholder meeting to pressure the company. At the meeting, ACTWU was able to get the New York public pension fund to cast 650,000 votes against the reelection of the board member from Stevens.

Even more successful was the threat that unions and their members would withdraw their money from banks and cancel their insurance policies from companies associated with Stevens. Facing a proposed withdrawal of over \$2 billion dollars from Manufacturer's Hanover in 1978, two of Steven's top officials were forced off their board of directors. This was a major shift in ACTWU's favor. According to Rogers,

A couple of weeks later, the chief executive of Avon resigned from J.P. Stevens. Then some months after that, the chief executive of New York Life, at that time the fourth largest insurance company in the country, and the chief executive from Stevens resigned from each others boards - 24 hours after the head of New York Life said such resignations would never take place (La Botz 130).

Pressure on insurance companies provided the final victory for Rogers and ACTWU. Not only did the union threaten to pull their pension funds and insurance policies out, but also they suggested that members might run for their boards of directors. Facing the proposed withdraw of money and the millions of dollars it would cost to hold the elections, the companies decided that they must force J.P. Stevens to settle. On September 30, 1980, after a meeting with top Stevens's officials, the President of Metropolitan Life stated that the textile manufacturer had agreed to fairly bargain an agreement with ACTWU (La Botz 130). This became the first victory for the corporate campaign, and it soon became viewed as a powerful addition to traditional strikes or organizing drives.

Although J.P Stevens is an example of a very successful corporate campaign, it was limited in its scope. The entire strategy revolved around putting pressure on banks and insurance companies. Rogers tried to duplicate this formula in his next major assignment, the P-9 campaign against Hormel, but with less success.

One of the most famous and studied strikes and corporate campaigns of the 1980s occurred at Hormel's flagship plant in Austin, Minnesota and was the subject of Barbara Koppel's 1991 Academy Award-winning documentary, American Dream. A year before contract expiration in September 1985, Hormel demanded that all its locals open their contracts, through a formula agreed to by the international union, the United Food and Commercial Workers Union (UFCW), and accept a pay cut from \$10.69 an hour to \$8.75 (La Botz 130). A popular insurgent group, led by Jim Guyette, ousted the incumbent leadership from local P-9, which had been supported by the international union on a platform of union democracy and opposition to concessions (Rachleff 50). This group became extremely active after the membership voted 92% to reject Hormel's offer and collectively approved extra dues to hire Ray Rogers' Corporate Campaign, Inc. to help them fight the company (Rachleff 53).

P-9 became a rallying point for labor activists throughout the nation. It was one of the first steps taken to oppose the concessionary bargaining and decline of union power that characterized the decade. It also became a model of rank and file activism and involvement in union affairs as well as how a local community can unite in support of a strike. The Austin United Support Group was one of the first organizations formed in September 1984 and was composed of the spouses of members and local activists. Operating out of the Austin Labor Center, they helped recruit volunteers and coordinate strike preparations and the strike itself. They distributed meals to needy families, helped members deal with various legal, financial,

and personal problems through the Tool Box Committee and held numerous dinners and events around the holidays (Rachleff).

Another significant program the United Support Group helped organize was the ‘Adopt a Family’ program by which local unions throughout the country were asked to pledge support, amounting to \$600 a month, to striking families (Green 91). This program was wildly successful and the publicity it generated brought national attention to Austin. Numerous groups came together to support P-9 such as the National Organization of Women and Native American activists. Even Jesse Jackson and a representative of the African National Congress visited the local to voice their support.

One of the most important and successful parts of Rogers’ corporate campaign was the degree of rank and file participation. Not only did members publish a weekly newspaper, The Unionist, but they also traveled around the country in an attempt to gain support for their struggle. Most of the early demonstrations centered around Rogers’ plan to duplicate what had worked at J.P. Stevens, putting pressure on financial institutions, in this case First Bank. They picketed First Bank throughout the Midwest, but unfortunately had little success. This strategy had worked at Stevens in part because of the threatened withdrawal of the billions of dollars unions had invested. Hormel was different. Although the international grudgingly accepted P-9’s decision to strike, the AFL-CIO and UFCW publicly spoke against it in early 1986 (La Botz 131). Without their support, the strikers could only encourage individuals to remove their money from First Bank. This strategy never effectively put pressure on Hormel. J.P. Stevens would not happen again in Austin.

Meanwhile, in January 1986, Minnesota Governor Rudy Perpich ordered 300 National Guardsmen into Austin and effectively imposed martial law to control the strikers and allow the plant to reopen with replacement workers and dissatisfied

members of P-9 (Rachleff 79). Despite injunctions, the union members responded with roving pickets and forms of civil disobedience, such as blockading the plant with automobiles. Rogers decided to focus his attention on creating support for a national boycott of Hormel products. Although opposed by the international union, the boycott generated significant support among activists throughout America but failed to hurt the highly profitable Hormel.

Ultimately, the UFCW placed P-9 in trusteeship in June of 1986, effectively ending the strike. Rogers believed, “There is only one thing that saved Hormel, and it wasn’t the National Guard. It was the international union. . . Without them, I think we could have beat the Guard, we could have beat the police, we would have had that company” (La Botz 132). Despite Rogers’s statements, I believed that there were two weaknesses with the Hormel campaign. The first was the lack of international union support. Even if the UFCW had remained silently opposed to the campaign, it does not appear as if it would have been successful. To have won that strike, the international would have needed to take an active role in supporting the corporate campaign by dedicating its resources, mobilizing other national unions, and coordinating activities with its various Hormel locals. The second weakness was Rogers’s failure to consider each employer, industry, union, and strike as unique and tailor the campaign accordingly. Instead, he tried to duplicate the J.P. Stevens strategy. After its failure, he tried to organize a nationwide boycott, which had little chance of hurting the company without the support of the UFCW or AFL-CIO. Labor unions needed to learn that there is no universal model for conducting corporate campaigns. Rather, the strengths and weaknesses of individual employers and potential pressure areas must be identified and strategies built around these before a beginning a corporate campaign.

Over the years, corporate campaign strategies became more complex and somewhat more effective as unions learned from experience. One of the successful ones was the Oil, Chemical, and Atomic Workers (OCAW) campaign against BASF. In 1984, the management of their Geismar, Louisiana facility demanded significant concessions from Local 4-620 including wage freezes or pay cuts for all workers, health care reductions, and seniority rule changes. After the union refused to accept their offer in June, management locked out their workforce and brought in temporary replacements, eventually permanently subcontracting 153 of the 370 bargaining unit jobs.

Learning from the ongoing struggle at P-9, as well as previous OCAW campaigns at Delta Refining and R.P. Scherer, the union began a corporate campaign in early 1985. Like P-9, it included a spousal support group which, among its activities, was responsible for picketing the plant since members could not without losing access to state unemployment compensation funds. They also began an ‘Adopt a Family’ program, soliciting funds nationwide. Unlike the previous two campaigns mentioned, OCAW made no attempts to pressure BASF’s investors. They examined the situation and understood that it was a German based multinational corporation and that this strategy would be ineffective.

Instead, they decided that the exposure of BASF’s poor environmental record would be the key to winning the corporate campaign. Working with the Tulane University Environmental Law Clinic and the local Ascension Parish Residents Against Toxic Pollutants, they identified BASF’s violations and brought them to the attention of local, state, and national politicians, even testifying before the Senate Committee on Environmental Issues (La Botz 138). OCAW knew that negative publicity, no matter how bad, would not be enough to force management to bargain fairly. They had to make it expensive for the company to continue its lockout.

They did this by working with community groups and politicians to block building permits, tax abatements, and land sales to BASF because of their environmental record. This strategy started in Louisiana when the state denied construction permits to BASF for a \$50 million dollar facility because of Geismar's groundwater contamination problems. The company was also ordered to pay \$225,000 in back taxes after the state found that they were abusing their tax breaks. OCAW's actions were not limited to Louisiana. They were very active in Indiana where they worked with Citizens for a Clean County (CCC) and Mothers Against Toxic Chemical Hazards when BASF proposed the construction of a \$750 million hazardous waste processing center in 1988. By June, after CCC filed a lawsuit, the company was denied the right to purchase county lands. When they tried to relocate the project to Haverville, Ohio and Terre Haute, Indiana, OCAW and their allies followed them and blocked their projects in a similar fashion. In the end, BASF was forced to reduce their ambitions to a much smaller \$100 million facility (La Botz 138).

The campaign expanded into New Jersey, where, in 1987, the union coordinated a demonstration with Greenpeace, the New Jersey Industrial Union Council, and the National Campaign Against Toxics where 250 activists got together and formed a human chain blocking the entrance to BASF's American headquarters at Parsippany. Later, in 1989, with the help of the Association of New Jersey Conservators, OCAW blocked BASF's attempts to lease land from the International Trade Center (ITC) (La Botz 138). In exchange, ITC was to receive valuable state parkland. After convincing the state that the deal would hurt New Jersey, because the company intended to destroy state forest land to build its new headquarters, the program was stopped.

Since BASF was a German company, OCAW tried to involve the German chemical workers union, I.G. Chemie, and visited Europe six times to inform them about the labor struggle and the company's environmental violations. Although the national union was unwilling to take an activist role, OCAW found an activist German local at Ludwigshafen. Together, they staged demonstrations, protested at BASF's stockholders meetings and spoke before the International Labor Organization and European Organization for Economic Cooperation and Development (La Botz 137)..

After five and half years, on December 18, 1989, BASF and Local 4-620 finally signed a contract. Although the settlement was not an all-out victory, since members received a dollar and hour less than they had before and failed to get retirement credit for the time they were on strike, they all returned to work and got important subcontracting language. OCAW's BASF campaign was important because it demonstrated how targeting other issues, in this case environmental ones, can be more effective than just putting pressure on financial institutions. Like the two other cases, it also showed the importance of maintaining rank and file support. In this corporate campaign, as in several others, the struggle benefited more than just the striking employees. It helped raise environmental awareness in Louisiana and throughout the country about BASF's record. In the future, because of the union's campaign, communities will be cautious before allowing the company to expand.

Although only three examples out of the hundreds of corporate campaigns, these demonstrate three important elements to be successful; (1) The international union must be supportive since they possess resources and connections unavailable to local unions. In cases where unions wish to conduct research in-house this becomes more important since only the international can afford to keep the experienced research professionals on staff necessary for a large campaign, (2) Rank and file members must be involved in the process. Support organizations need to be formed to sustain what

are often extremely long campaigns. Additionally, using local members in activities allows them to take ownership of campaigns and can lend insight to staff members and sustain local morale. And (3) Corporate campaigns must be tailored to the particular employer and industry. Only then can unions pursue a strategy which will hurt the company's bottom line and force them to see that settling is less expensive than continuing to fight. Effective strategies are likely to be unique in each case. A cookie cutter approach to corporate campaigns will have a much lower likelihood of success.

### ***Corporate Campaign Strategies***

As mentioned earlier, corporate campaigns can take many forms and use many tactics, not all of which will be effective against a particular employer. What is important is that they are backed up by detailed research to identify the company's pressure points. Creating a complete list of strategies that have been used would be a near impossible task. Instead, I will identify some popular techniques.

One common strategy has been to personally target important decisionmakers. For example, in an effort to get Carr Real Estate Services in Washington to hire more unionized janitorial services for the buildings it owns or manages, the Service Employees International Union demonstrated outside of Chairman Oliver Carr's residence. They also drew attention to his personal tax problems (Merline A2). These types of actions can take the form of picketing or leafleting outside the homes or offices of company managers, members of their board of directors, or important investors. Although those targeted often seek injunctions limiting these activities, they are successful not only in embarrassing those individuals because of their relationship with a particular company, but also by constantly reminding them of the labor struggle and their power to make difference.

Another common tactic has been to attend stockholders meetings. This is accomplished by purchasing shares of the company's stock and either asking questions at the meeting or submitting resolutions of their own, thereby informing stockholders of the current campaign and generating publicity with the media. Unions have also been involved in management's financial affairs by leafleting important institutional investors, such as banks, and even occasionally attend their stockholder meetings to protest their involvement with a targeted company. Other corporate campaign tactics include informing potential investors about the ongoing labor struggle and forcing companies to release important information required to be disclosed to the Securities and Exchange Commission.

During corporate campaigns, labor organizations attempt to form broad community coalitions. If the workforce, for example, is primarily composed of African-American women, enlisting the support of gender based groups such as NOW can be helpful as well as involving prominent civil rights activists and groups. Poor people's organizations, area local unions, and concerned residents can become powerful allies necessary to win a campaign.

Unions have tried to influence local and state politicians. Many businesses benefit from government support and require it to remain profitable. This can include favorable zoning or permitting arrangements and the sale of underassessed state property. Local politicians to attract or keep business in the area also grant tax abatements. In the BASF campaign, for example, the OCAW tried to convince the state to revoke these benefits with great success.

A common way corporate campaigners pressure employers is by targeting their customers, suppliers, and transporters. Although it may not be possible to organize a boycott of a company's products, it is sometimes possible to leaflet outside of a company that purchases from them or one that delivers to them. This can significantly

influence their business operations. Companies may be hesitant about being associated with another that is the target of a corporate campaign and could choose to force a settlement or take their business to a competitor.

State and federal regulatory agencies can also be very helpful to unionists. As Herbert Northrup, emeritus professor of management at the Wharton School and prominent corporate strategist, stated, “Since there is always the potential for improvement in safety, OSHA is tailor-made for use in comprehensive corporate campaigns” (Merline A2). The Environmental Protection Agency (EPA) and state offices have been used, both in filing claims and generating negative publicity. Sometimes these actions lead to lawsuits. Other times, as in BASF, they can be used to force a meaningful cleanup or prevent expansion efforts by targeted companies.

Many corporate campaigns have also been international in nature, eliciting the support of overseas unions to pressure the employer at not only domestic, but also foreign locations. Both the OCAW with BASF and USWA with Ravenswood used this strategy with varying degrees of success.

### ***The USWA and Coordinated Campaigns***

By the late 1990s, the Steelworkers were recognized as leader in waging and winning coordinated campaigns, an expansion of the corporate campaign strategy. This was not always the case. The union witnessed their membership levels drop from 1.4 million in 1980 to 680,000 in 1986 (Batchelor and Clark 16). The USWA was on the ropes. Their experiences in the 1980s taught them that waging traditional strikes, no matter how strong their base among the rank and file was, might not be enough. They were at a crossroads. Either they could accept concessionary bargaining and decline, or they could be creative and take risks with the hopes of holding the line and eventually winning gains for their members. By 1993, after their experiences with

Phelps-Dodge, USX, and Ravenswood, they believed coordinated campaigns to be the answer to their prayers.

Early in the 1980s, the Steelworkers were struggling. The decline of the integrated steel industry, their base, had forced them to agree to significant job and benefit cuts. They were struggling to maintain pattern bargaining, not only in steel, but in all the industries they represented. They chose to hold firm with Phelps-Dodge where they pursued a traditional strike strategy. After years of fighting, they learned that, no matter how strong the local, these type of strikes were not guaranteed to be successful in the new industrial relations environment.

Phelps-Dodge, located in Arizona, was the industry leader in copper mining. What happened in their 1983 round of negotiations with the USWA would set the tone for the future of collective bargaining in the industry. The Steelworkers made it clear that pattern bargaining would be preserved in copper, however, Phelps-Dodge President Richard Moolick had other ideas. Claiming that the company was approaching bankruptcy, despite positive corporate reports issued before bargaining began, management demanded cuts in wages, vacation time, and medical benefits. This was out of line with the other contracts negotiated by the Steelworkers in the copper where, through their "Strike-Free in '83" program, they negotiated wage freezes with only COLA (Rosenblum 4). On June 30, after it was clear an acceptable agreement would not be reached, Steelworkers' Secretary-Treasurer Frank McKee, seeing himself as the man who could combat concessionary bargaining, made the decision. They would strike at the plants in Morenci, Bisbee, Ajo, and Douglas, and they would win.

Unfortunately, the Steelworkers were not prepared for what would follow. Anticipating the pattern of a traditional strike, the union was unprepared when Phelps-Dodge brought in permanent replacements who, with the help of security agents and the New Mexico National Guard, crossed the lines and the mines began

operating, a possibility the USWA had scarcely considered. Ray Rogers encouraged the Steelworkers to bring a corporate campaign to Phelps-Dodge but had little success convincing the person who mattered most, McKee. He stated that Rogers, “outlined what they would do - contact the banks and all this stuff. I was absolutely against that corporate campaign. In my mind, I knew it wouldn’t create a bubble.” (Rosenblum 169).

Two months into the campaign, on November 6, 1983, Steelworkers President Lloyd McBride died of a heart attack. McKee announced his candidacy, along with Lynn Williams. The lines were clearly drawn. McKee was an old school, hardline Steelworker, and Williams represented a more progressive side, willing to disregard old practices and experiment with new concepts. The final vote was 193,000 to 136,000 in favor of Williams. As Rosenblum stated,

The defeat meant more than the end of McKee’s dream of leading the union - it also meant that his philosophy of a traditional approach to union-management relations had suffered a defeat. The Phelps-Dodge strike was still technically McKee’s to guide, but Williams and his new guard would play a much greater supervisory role (Rosenblum 174).

After a failed round of bargaining in May 1984 and Williams’s election, the strike took a different turn. On August 21st, over a year after the strike began, the new President announced the start of a corporate campaign, hiring the Kamber Group to coordinate activities. Their actions started in New York City where numerous organizations, including student and women’s groups protested Phelps-Dodge’s involvement in South Africa. Next, the campaign moved into environmental issues, drawing support from Governor Babbitt (who, ironically, had called the National Guard

out to fight the strike). Eventually, the EPA filed suit and the company was fined more than \$18 million dollars for their water pollution (Rosenblum 180).

The entire corporate campaign hinged on the success of the union's ability to influence Phelps-Dodge's creditors. The Kamber Group targeted Manufacturers Hanover Trust Company, who was having serious financial difficulties. The USWA withdrew several millions of dollars in strike and defense funds. On February 19, 1985, it looked like their campaign might be successful when Albert Shanker, President of the AFT, announced that the New York teachers planned to withdraw \$450 million dollars in pension funds and the Pennsylvania teachers would follow them with \$300 million. The next day, for some mysterious reason, Shanker stated that the previous declaration was incorrect and that there would be no new withdrawals from Manufacturers Hanover (Rosenblum 182-3). This effectively ended the corporate campaign.

The strike began its road to collapse earlier when the NLRB announced October 9, 1984 that decertification votes were to be held at all locations (Rosenblum 195).. Since the USWA members had been "permanently replaced" they were ineligible to vote. After years of fighting and much violence, the union lost 30 locals and 2000 members. The Steelworkers had a PATCO of their own. Phelps-Dodge's new nonunion strategy drastically altered the industry, and the era of pattern bargaining in copper died.

Phelps-Dodge left an imprint on the Steelworkers leadership. They learned they could lose, and employers knew this as well. They felt they had to win in the future. They just did not know how. Their next test came at US Steel in 1986. Coordinated bargaining in the integrated steel industry had collapsed and most companies were undergoing massive reorganization. This necessitated a change in bargaining for the Steelworkers. Instead of merely analyzing the strength of the

industry and their own power, they knew they had to understand each employer's financial situation if they were to intelligently set a bargaining position. Most of the other firms in the industry were cooperative and negotiations had been going smoothly. US Steel was different.

US Steel had been reorganized and was now only one division of a newly created parent, USX, who had become involved in purchasing oil and gas companies as well as speculating in real estate. In bargaining they made it clear that they would not reveal their financial position. In negotiations, they threatened changes that would break the back of the union in such areas as total compensation, employment levels, and subcontracting. Refusing their demands, the union offered to work under the old agreement after expiration, but was locked out by management in August.

The USWA believed it would not be enough to merely wait outside the plant gates. Their new strategy focused on preventing the shipment of stockpiled steel from the plants. At the Gary, Indiana plant in September, hundreds of picketers blocked the gate and tried to force truckdrivers away. In the end, several were arrested, but the picket lines held strong for the remainder of the strike. There was violence at the Lorain, Ohio plant where, in November, management finally decided to ship steel out. They were met by 600 union members. Although riot police attacked the strikers, and the shipments were made, the USWA proved they would not sit idly by (Batchelor and Clark 54-55).

Throughout the strike, the Steelworkers manned the picket lines, ran a media campaign aimed at USX, and applied for unemployment compensation, which they received in seven of the eight states they worked in.

The strength of the picket lines forced USX to negotiate with the Steelworkers. With the help of a mediator, an agreement was finally reached, six months after the strike had begun. Although the union was glad to have reached an agreement, it was

not perfect. The company received wage cuts of \$2.51 an hour, more than the 82 cents the union had offered as well as the right to layoff 1,300 union members. The Steelworkers, however, secured a \$1 billion capital investment commitment from the company as well as protections against subcontracting (Batchelor and Clark 78-79). The USWA had learned from Phelps-Dodge. They had to find details about the finances and structures of the companies they were dealing and could not rely on pattern bargaining as a fall back. They also learned that traditional strikes were outdated. Their attempts to prevent the shipment of steel was a first step.

Their next test came at Ravenswood, West Virginia. This was to be their first true coordinated campaign, which combined both established corporate campaign practices and traditional strike activities. Originally owned by Kaiser Aluminum, the plant was sold twice during the industry downturn of the late-1980s. On February 7, 1989, Stanwich Partners, Inc purchased the mill and the Ravenswood Aluminum Corporation (RAC) was formed (Juravich and Bronfenbrenner 19).

Local 5668 had a history of militancy and of taking a firm stand with regards to its members' rights, but they had a formidable challenge with the new ownership. Faced with job combinations, shortstaffing, mandatory overtime, and significant health and safety problems, it appeared as if upcoming round of bargaining, the first outside of a Kaiser master agreement, was going to be difficult.

Although an agreement was reached on most contract language issues, Local 5669 ran into trouble with health and safety and economic issues. With the contract's expiration set for October 31<sup>st</sup> at midnight, the USWA offered to continue working under the old contract only to find themselves locked out in the morning (Juravich and Bronfenbrenner 37). RAC was well prepared, having already built fences and a helicopter landing pad, and having made arrangements to house and feed their salaried

employees. It did not take long for Local 5668 to see that Ravenswood's intent was to break the union, not reach an agreement.

Soon after the start of the lockout, replacement workers were brought in with armed guards dedicated to harassing the striking workers. Despite the company's threats, the local held firm, with very few members crossing the picket lines. They created an assistance center to distribute strike and defense funds and provide for the needs of the workers (Juravich and Bronfenbrenner 38). Female strikers and the wives of members formed a Women's Support Group which effectively planned activities and worked with Local 5668 to hold rallies and solicit the support of area unions (Juravich and Bronfenbrenner 65).

Early in 1991, the situation in Ravenswood drew the attention of the international union and Vice-president George Becker. He discovered that the Steelworkers were facing a stubborn opponent and that they would need to move beyond tradition strike tactics and employ elements of a corporate campaign. With the assistance of the Industrial Union Department (IUD) of the AFL-CIO, the USWA researched RAC and laid out a battleplan.

There were to be three important parts to the Steelworkers coordinated campaign against RAC. The first was an end user campaign. Their primary targets were the beverage companies that used Ravenswood's aluminum. The union members followed the company's trucks across the country to determine who purchased the product and then the USWA led 'Justice Caravans' across the country to protest the users. They solicited support from around the country on their tours and leafleted at the beverage companies themselves and at high profile events such as the Indianapolis 500 and the Kentucky Derby (Juravich and Bronfenbrenner 142). This was one of the most successful parts of the campaign and by February of 1992, Anheuser-Busch, Strohs, and Miller Brewing had all agreed to cancel their orders with RAC.

A second important component was the documentation of Ravenswood's extensive health and safety problems and their being reported to the Occupational Safety and Health Administration. The local used public demonstrations such as the January 28, 1991 Workers' Memorial Day rally to generate attention in the community and put pressure on OSHA to take action (Juravich and Bronfenbrenner 131). After considerable opposition from the company, OSHA ordered an extensive wall to wall inspection of the facility, exposed numerous hazards and violations, and issued \$604,500 in fines (Juravich and Bronfenbrenner 188, 219).

The third major part of the campaign was the most creative and successful. This involved identifying the true ownership of the company and putting pressure on them directly. The IUD learned that RAC was held not only by Stanwich Partners, but was controlled by Clarendon, Ltd., which was owned by Marc Rich, an international commodities trader based in Zug, Switzerland and a fugitive from justice in the United States where he was wanted for mail and wire fraud, tax evasion, trading with the enemy, and racketeering (Juravich and Bronfenbrenner 113).

This part of the coordinated campaign started in the United States with a 'Justice Caravan' trip and rallies outside the offices of Stanwich Partners and Clarendon, but soon became international (Juravich and Bronfenbrenner 116). In June of 1991, the USWA and IUD led a delegation to meet with sympathetic unionists in Switzerland to put pressure Rich and to the Netherlands where NMB Postbank, intimately involved with RAC's current financial dealings, was located (Juravich and Bronfenbrenner 177). Additional rallies were held outside the US Mint after it was discovered that they awarded a contract to Rich to provide raw materials, and handbills were distributed at the London Metals Exchange where Rich's associates were known to conduct business (Juravich and Bronfenbrenner 186, 211).

The highlight of the pressure campaign was a seven week trip made by USWA representatives and Local 5668 members through seven countries in an attempt to put up a “picket line around the world” (Juravich and Bronfenbrenner 245). In an exciting trip, they traveled to Switzerland, Romania, Czechoslovakia, England, the Netherlands, France, and Venezuela to draw attention to Rich’s immoral, and sometimes illegal, international activities and put pressure on him to end the dispute in West Virginia. They spoke at rallies, met with union leaders, and used theatrical events to get their points recognized.

The Steelworkers’ hard work paid off. After the US Mint cancelled Rich’s contract, USWA President Lynn Williams helping persuade the Czech government to block the sale of the Slovakian Aluminum Corporation, and his activities being exposed across the globe, Rich was feeling the pressure.

With the added threat of an NLRB ruling against RAC on charges of bad faith bargaining and the potential for millions of dollars in back pay liability, the coordinated campaign took its toll on Rich’s resolve. He ordered his attorney, Leonard Garment, and his second in command, Willi Strohotte, along with former NLRB General Counsel Pete Nash to meet with George Becker and arrange a settlement. This was to be one of the Steelworkers greatest victories. When the striking workers reentered the plant on June 29, 1992, Emmett Boyle, the CEO and major shareholder had been replaced, the replacement workers and subcontractors had been fired, and the union received assurances that health and safety concerns would be addressed (Juravich and Bronfenbrenner 312). Furthermore, the workers received \$2000 in back pay and a \$1.25 wage increase with COLA (Juravich and Bronfenbrenner 302).

With Ravenswood, the USWA had learned the potentials of a coordinated campaign. With well-researched actions, dedication of resources, and full participation of rank and file members, they could win a struggle where they had failed in the past.

To many in the Steelworkers and the labor movement it appeared as if they had found the solution to the Phelps-Dodge problem. Then, less than a year later, came Bayou Steel. The USWA felt they had the answer.

### ***Argument***

#### **A well-planned corporate campaign strategy will lead to union victories in strikes or lockouts**

Good coordinated campaign strategies include detailed research and planning, diverse and creative tactics, and the involvement of both rank and file members and the international's officers and staff in actions. International unions are tempted to ignore the rank and file workforce while conducting campaigns, feeling they can better handle the situation. This is a mistake. Corporate campaigns can only work in combination with tradition strikes, not as a substitute. Union members must also be involved in campaigns, so they can take ownership of the actions, bring their knowledge and experience to bear, and generate support in the local area. Furthermore, coordinated campaigns are not a quick fix. They take time to be effective, therefore, it is necessary to build support organizations or stage local actions to preserve the morale and resolve of the picketers.

We have also learned from past campaigns, especially P-9's at Hormel, that the support and resources of the international union are critical. Without them, the campaign stands little chance of success.

Coordinated campaigns should be meticulously researched and designed around the individual employer and industry. Rogers' attempt to apply the J.P. Stevens model to Hormel failed for this reason. Conversely, BASF and Ravenswood were successful at applying pressure because they understood the nature of the business and its ownership. Unions would like to believe that they can take what worked in

one campaign, lift it into another situation, and make it work again. They have failed when they have tried to duplicate previous models and have won when they have been flexible. This does not mean that unions should ignore strategies used in past campaign. Quite the opposite, they need to look at what has been done before, but to generate ideas, not necessarily repeat them. If the union follows these guidelines, they should stand a good chance of success.

This argument will be evaluated using the 1993-96 USWA strike at Bayou Steel in Laplace, Louisiana as a case study. Before we can do this, however, we must establish the context by examining the sector in which Bayou operates, steel minimills.

## CHAPTER FOUR: INDUSTRIAL RELATIONS AT STEEL MINIMILLS

### ***What is a Minimill?***

Observers of the United States steel industry have typically divided it into three sectors, integrated, specialty, and minimill. The integrated is by far the largest, accounting for roughly 75% of domestic production. These steel mills involve all aspects of production. They begin by preparing the iron ore, limestone, and coal and placing them in a blast furnace. This molten iron is then combined with oxygen, lime, and flux and again melted in either a traditional oxygen furnace or an electric furnace. This process produces steel. Using either a conventional ingot teeming or more modern continuous casting process, this molten steel is usually shaped into either slabs, billets, or blooms. These products are then rolled to generate a wide range of carbon and alloy steel products. The largest integrated steel companies in the United States include US Steel, Wheeling-Pittsburgh, National, Republic, LTV, Inland, Bethlehem, and 13 others.

Specialty steel producers differ from integrated mills by their emphasis on sophisticated capital and labor intensive production techniques to create stainless, tool, and alloy steels. Although they account for only about 5% of domestic production, their employment costs per ton of steel are approximately 1.6 times as high as in the integrated sector. Furthermore, specialty production in the United States has remained relatively stable in recent years, compared to the massive fluctuations typified by domestic integrated steelmaking. Major specialty producers include Allegheny Ludlum, Crucible, and Carpenter Technology.

Steel minimills are fundamentally different than the other sectors of the steel industry. Sometimes referred to as nonintegrated mills, they use scrap steel as their

primary input and melt it down in electric furnaces, eliminating the need to prepare iron ore and coke like traditional mills. This molten steel, through the continuous casting process developed in the 1960s, is usually made into billets, which are later rolled into either reinforcing or hot rolled bars, wire rods, or structural shapes. Minimills typically concentrate on the low cost, low quality end of steel production due to their technological limitations. Most also limit the number of shaped productions they generate, focusing on a relatively narrow market. This is possible because they are much smaller than integrated mills, with an annual capacity averaging about 1/6th the tonnage. They operated cost effectively through the relatively few inputs and steps in production and the continuous casting process. Whereas integrated mills have focused on the national and international markets, minimills are regional in nature. Steel scrap is purchased from local sources and the primary customers are usually located a short distance from the plant. Steel minimills are also much less expensive and time consuming to build than integrated mills. Construction is often completed in under 2 years for a cost of about \$250 million for an average mill. This means that minimills can be erected quickly to respond to regional demand and shut down in periods of decline without incurring the expenses this would incur in the integrated sector. Today, there are approximately 60 minimills in the United States, with the major producers being Florida Steel, Nucor, North Star Steel, Birmingham Steel, Structural Metals, Newport Steel, and Atlantic Steel (Hogan, Minimills and Integrated Mills 47).

### ***History of Domestic Steel Production and the Rise of the Minimill***

Steel production built modern America. Its products created our infrastructure, contributed to success in two major wars, and set patterns in collective bargaining. Although the steel industry and its labor relations policies have been an important part

of American history since the middle of the 19th century, I intend to only address the institutions, economic situation, and their changes since the 1940s. By 1945, steel production in the U.S. was at an all-time high. Growth in the previous decade was spurred by wartime production. In the new era, it was still fueled by military spending, but also by consumer production and exports to war damaged countries. In 1950, the American steel industry, then almost entirely in the integrated sector, was dominant, producing over 45% of the world's steel. It held a lead in natural resources, size, technology, and capacity. Production also increased greatly, from 100 million tons in 1950 to 148 million in 1959 (Arthur 20-21). This lead would not be challenged for almost two decades.

The U.S. Steel industry was also typified by centralization. In 1947, eight firms accounted for 80% of domestic production, with the US Steel Corporation producing approximately 34% of this amount. Due to both fear of harmful competition and the power of US Steel, the major producers coordinated their activities, wages, and steel prices. Although anti-trust fears prevented an official price setting policy, an unofficial one prevailed. In an industry enjoying expansion and almost unlimited demand for their products, competition was held to a minimum.

Competition in wages was also standardized throughout the industry by the United Steelworkers of America (USWA). Originally formed as the Steel Workers Organizing Committee (SWOC) on June 17, 1936 with the help of United Mine Workers of America (UMWA) President, John L. Lewis, SWOC underwent a massive effort to organize the industry, with an initial budget of \$500,000, 150 organizers, and Philip Murray, from the UMWA, as president. By January 1, 1937, SWOC had an official membership of 125,000 in 154 unions and was prepared for an all-out offensive against the major steel producers (United Steelworkers of America Then and Now 51-53).

Actual events, however, were much different. In a surprise announcement on March 2, 1937, after a series of meetings with Lewis and Murray, Myron Taylor, Chairman of US Steel, agreed to recognize SWOC as the official representative of its employees. A one year contract was signed soon after. This contract became the basis for the normalization of labor relations in the industry. It included a \$5 an day wage, 40 hour week, time and a half overtime, vacation time, a basic seniority system, and a five-step grievance procedure. Although SWOC had hopes that this pattern would be immediately extended to the “Little Steel” producers, these companies viewed Taylor’s actions as a betrayal. Instead, SWOC members were met with violence during the Little Steel Strike of 1937. Changing their strategy, the union focused exclusively on Bethlehem Steel. Using a combination of strikes and NLRB election procedures recently upheld by the Supreme Court, the company was thoroughly organized by 1941. The combination of the events at Bethlehem and wartime pressures led the other “Little Steel” producers to agree to card check recognition and by the end of the summer of 1942, all were under contracts similar to the one signed at US Steel (USWA Then and Now 54-60).

Recognizing that centralization and standardization were in the interests of both the union and management, efforts were made to create an industry wide bargaining structure. This was formalized by the 1959 round of bargaining where the 12 largest producers authorized a four person committee to negotiate with the USWA on all issues (Arthur 27). This negotiating structure led to standardized wages, hours, and working conditions across all firms, as well as regular wage increases and COLA adjustments. The industry also accepted the institutionalization of what has been known as job control unionism and its large number of elaborate job classifications. This has predominated in the integrated sector to this day.

In contrast to the massive growth of the industry during the 1950s, the industry began a period of stagnation in the 1960s, which became a rapid free fall in the 1970's and early 1980s. This turn of events led to the fall of the integrated sector and the rise of minimills in the U.S. The decline of traditional steel manufacturing in the U.S. can be explained by looking at three factors; high comparative labor costs, a lack of investment in new technology, and the increase in foreign competition.

Since the stabilization of collective bargaining in the integrated sector, average compensation rates in the domestic steel industry have been considerably greater than those in foreign countries. For example, in 1969, American Steelworkers average income was three times that of their Japanese counterparts. Although this had changed by 1980 to roughly twice as much, the differential was significant. Furthermore, compensation levels in the newly developing, steel producing nations of Brazil and Korea, were far below those of both the US and Japan.

Higher wage rates could only be justified with higher productivity levels. This was true in the 1960s, but no longer was valid in the 1970s and 1980s. The primary reason for a decline in comparative productivity was due to a lack of investment by major firms. Most steel mills had been built prior to the Second World War and used outdated technology. In fact, the last integrated plant built in the U.S. was by Bethlehem in 1962. Few attempts were made to update technology in existing plants, especially with regards to the new, efficient, continuous casting process. Since the 1960s, there has been a relatively flat demand for steel internationally with a small reduction domestically. This led steel producers to believe that there was no way they could justify improvements when their existing capacity far exceeded current demand. Technological improvements, in many cases, would have required the construction of new facilities. Although the possibility existed to build smaller, more narrowly focused mills, the dominant mentality in the industry was that the only direction was

to supply all types of products through a large facility. These, however, were extremely expensive to build and would be required to run at full capacity to recover their costs, but there was no demand for this increased production. Instead, profits during the 1970s were pumped into increased dividend payouts to prevent takeovers or used to diversify into other areas of business.

The industry also declined due to increased foreign competition. Although imports had been a relatively low 5% of the domestic market in the 1950s, the Long Strike, 116 days, in 1959, changed the situation. From the 1960s on, imported steel would account for 20% of the market (USWA Now and Then 106) (Arthur 42). American steel exports also decreased to an almost nominal 0.3% by 1983. The US Steel industry failed to update itself as its European and Japanese competitors had. It also faced new producers such as New Zealand, Australia, South Africa, Brazil, and Korea. They combine both low-cost labor and cheap inputs with strong domestic demand and relatively new facilities utilizing the most up-to-date technology. Instead of combating foreign competition by updating their operations, American producers chose to do it by lobbying for import restriction and eventually massive plant closures and layoffs.

Interestingly, the changes in the market and technology that led to the decline of the integrated sector of the steel industry were the same which led to the growth of minimills from 10% of domestic production in 1970 to 30% today (Arthur and Smith). Minimills have been able to expand because they altered the type of production in ways the integrated sector was unable to. They built on this advantage and pursued marketing strategies better fitting their production process, plant size, and the market. Minimills have also been successful because they grew outside of existing structures.

When minimills developed in the U.S., existing steel manufacturers largely ignored them. Their products were low-cost, low-quality items integrated mills, who

preferred to rely on high-cost, high-profit items, were unable to produce efficiently. While it is conceivable that they could have chosen to invest in minimills themselves, in the 1960's they were still able to retain their high profit levels. By the 1970s, they chose to invest outside of the steel industry, in areas ensuring stability or greater returns on investment.

Minimills, however, were very promising. Because of the simplicity of the process, they could be erected at a cost of \$200-250 per ton of annual capacity, compared with \$1000-1500 for an integrated mill (Arthur 57-58). This means that not only could mills be built with the most up to date technology, but they were not required to operate for as long a period of time as an integrated mill to receive an adequate return. This means that operators expected them to become obsolete at some point in the future, either as the technology becomes outdated or the regional market they were built for becomes unprofitable. This was key to the success of minimills. Companies could promise profits to investors in a relatively short period of time. In 1978, the return on investment was twice as high as the integrated sector and profits per ton were three times as high (Arthur 62). The trend toward short term planning has continued to the point that some companies are experimenting with "micromills", plants which are extremely small and actually portable, able to be moved as regional demand changes.

This sector has also been able to adapt to regional markets in a way that the integrated sector was unable to. Their primary input is steel scrap, which can be purchased locally without the shipping costs necessary for a large mill. They were also able to focus on a single product, simplifying the process, keeping costs and plant size down. These products were then sold to regional steel service centers, where they were resold to local customers, primarily the construction industry.

Minimills were also successful because they developed outside of the industry pattern, primarily set by the USWA. Since established producers did not build them, the union was not automatically brought into the plant. Minimills were built in areas without a strong Steelworkers presence. Additionally, at the time most were erected, the USWA was not heavily involved in organizing and may have viewed the unionization of small plants, typically around 300 persons, as not cost effective. Although many have since been organized, the nonunion shops set the pattern. They pay much less than integrated mills and most, even unionized locations, have been able to avoid the job control unionism that typifies integrated mills, thus leading to more flexible production techniques at lower wage levels.

### ***Industrial Relations at Steel Minimills***

Unlike integrated steel mills, which accept the presence of the USWA and usually only fight over the terms and conditions of their labor agreement, minimills typically have shown that they believe their success is dependent on their ability to unilaterally set compensation rates and structure the work process. Currently, the Steelworkers represent 11,427 of America's 23,104 minimill production workers, as well as 96% of Canada's 5,518 employees (Kuster 1). Those plants which operate nonunion consider it top priority to prevent their workforce from organizing. Their union avoidance tactics usually take one of two forms, either sophisticated or traditional, although the line between the two sometimes blurs. Unionized plants follow the lead of their minimill competitors more than organized integrated mills. Most are dedicated to aggressively fighting their unions with the ultimate hope of decertification. Failing this, they have chosen to pursue more cooperative strategies, which are intended to allow them to structure work similar to their nonunion counterparts. Despite the presence of unions at many minimills, labor agreements

have never been as strong as at integrated mills and usually provide wage and benefit levels only slightly above nonunion standards.

Nonunion operators account for almost 60% of minimill production. Leading nonunion minimills include Nucor, Birmingham Steel, Florida Steel, Structural Metals, Inc, Chaparral Steel, Five of North Star Steel's plants, and Oregon Steel's Portland Plant (Kuster 1).

Most minimill managers view Nucor as an ideal nonunion operator. They have successfully avoided union organization through a sophisticated company identification strategy. One of the pillars of this strategy is a pension plan tied to company profit levels, an attractive stock purchase plan, and an incentive based pay scheme tying wages closely to productivity and profitability. These policies have been successful because wages have been kept significantly above industry averages. Company profits have remained high, despite downturns in the sector, thus providing a steady income.

Employees are encouraged to identify with supervisors, whose compensation is also based on the company's profitability. They have a relatively flat organizational structure, with only four layers of management. Similar to Japanese run auto plants, managers are required to wear the same green colored hats as the workers on the shop floor, further creating a common identity. Probably the most important part of their union avoidance strategy is their no-layoff policy. During downturns, Nucor prefers to reduce working hours rather than eliminating personnel. Despite this practice, the company has not been reluctant at all to dismiss individual employees at the mere whim of the supervisor (Berry 12).

I do not believe, however, that Nucor would limit itself to a company identification policy if faced with a viable union threat. Plant managers recognize that one of their primary responsibilities is the remain union free. If they fail at this, they

will almost certainly be replaced. In addition to socialization for new hires and current employees, Nucor also uses a sophisticated employment screening process similar to those used at Japanese transplant auto factories in the US. These tests are used to weed out potential employees who show a tendency to think or act collectively and to recognize those who are more likely to share a common identify and vision with the company. This makes it extremely difficult for the union to gain a foothold. To date, no Nucor facility has been organized, and USWA staff recognize that during an organizing drive they would face an aggressively anti-union employer.

Most nonunion minimills, however, pursue a more traditional nonunion strategy. Marvin Selig, president of Structural Metals Inc., discussed how this works with regards to new hires, “Anybody who comes and works for us has a statement put before them as to how we feel about the function of the union. We say that the labor union doesn’t contribute to our principles of making profits and keeping the company strong.” (Kuster 2).

Nonunion minimills faced with organizing drives typically view them as a threat to their survival and are willing to use any strategies, both legal and illegal to defeat them. Florida Steel and Birmingham Steel are recognized as two aggressively antiunion firms. Faced with organizing drives, Florida Steel has repeatedly violated labor laws by discouraging their employees from voting for union representation and by penalizing union activists and employees who had voted to organize by illegal reducing their pay and benefits. The National Labor Relations Board stated that Florida Steel had a, “pattern of attempting to defeat union representation at all cost by a sustained campaign of varied and repeated unfair labor practices at organized and unorganized plants alike” (Arthur 122). Although the company had repeatedly been forced to pay backpay for its illegal actions, it still remains a staunchly anti-union

employer. Even at its organized sites, the USWA has found it extremely difficult to sign first agreements and blames this on management's refusal to bargain in good faith.

Bayou Steel, before the USWA election victory in 1986, was another example of extreme antiunion tactics taken to prevent unionization. After the organizing drive began in 1984, management began forming illegal committees that dealt with such issues as wages and working conditions, which were later cited as NLRA 8(a)(2) violations by the NLRB. After the union lost a supervised vote in December 1984, the Board again intervened, voiding the results due to extreme management interference. The union was only recognized after a change in plant ownership.

Today, after several bitter organizing battles with employers, the Steelworkers represent several minimills. These include Georgetown Steel, Northwestern Steel, Steel of West Virginia, two North Star plants, Oregon Steel's CF&I, Bayou Steel, Hawaiian Western, Franklin Steel, Ivanco, Inc., Newport Steel, Seattle Steel, and others. A handful of plants are represented by independent unions.

Once unions are certified at steel minimills, many have shown themselves unwilling to accept a union presence. Several have forced their employees out on strike by demanding significant wage concessions with the ultimate hope of breaking the union.

One such plant was Cascade Steel Rolling Mills. After contract negotiations broke down after management sought a wage reduction of \$1.87 from its employees, who were already paid some of the lowest wages in the steel industry, the 280 USW members walked out on February 20, 1986, but returned after threats to hire replacement workers. One month later, after the union members walked out again, management began hiring permanent replacements in an attempt, the union believed, to break the USWA so they would be free from severance pay responsibilities (Arthur 125).

Another example of aggressive anti-union policies at a unionized plant was at Judson Steel in Etiwanda, California. Despite having shown a profit and receiving a \$5 an hour pay cut in the previous contract, the company demanded another 80 cent pay reduction in the contract expiring August 31, 1986. One month later, management closed the plant and dismissed its workers. By November, the plant had been sold to Birmingham Steel, who announced it was going to reopen nonunion since its previous employees had already been laid off and given their severance pay (Arthur 124-125).

Not all unionized minimills, however, have attempted to break their unions by forcing strikes. Many others have apparently decided they can work with their unions, although this often happens in response to a financial crisis. These plants resemble nonunion minimills more than integrated mills. A typical pattern has been to demand job classification and work rule concessions in exchange for wage level stability. Northwestern Steel and Wire Company and Soule Steel have both experimented with team production and participation programs to restructure their work operations. Unfortunately, Soule Steel was forced to shut down their operations and Northwestern has experienced financial difficulties that have limited the scope of its experimentation. Continental Steel in Kokomo, Indiana also tried cooperating with its union, USWA Local 1054, by initiating a stock ownership program in 1984 intended to give its employees 35% of the company's stock by 1990. Continental's program, however, only last a couple of years before the company was forced to file for Chapter 11 bankruptcy (Arthur 128). Although some companies have agreed to a work together with their unions, it appears that this may be more a response to business difficulties than a true desire to foster a cooperative relationship.

Despite the apparent eagerness of minimill operators to remain nonunion or reduce the influence of their existing union, compensation levels between union and nonunion firms are slight, with unionized employees in 1990 receiving an average oft

\$20.15 per hour compared to \$19.19 for nonunion workers (Arthur and Smith 140). It seems that the aggressive anti-union stance taken by most employers is a response to the belief that the sector has been successful because of its flexibility and that union representation represents an obstacle to this. They believe that they need the ability to reduce their workforce, change job assignments, and restructure work to remain competitive with nonunion firms. This belief is reinforced by the fact that nonunion facilities typically have much higher productivity levels per man hour than union plants. Although managers may attribute this difference to inflexible labor contracts, another explanation is that unions are usually found in older minimills, while newer mills using the most current technology often operate nonunion.

Employees at nonunion minimills feel many pressures. Their wages remain below those in integrated mills. Most have little if any job security and can be forced to work long hours without significant compensation at management's discretion. One of the most important issues for minimill employees is the sector's significant safety and health problems. For example, fatalities at Nucor facilities averaged 23.4% per 100,000 workers, almost twice the industry average of 12% (Arthur and Smith 141)

### ***Recent Trends***

Although steel minimills grew rapidly through the 1960s and 70s, producers encountered problems starting in the mid-1980s. Despite current reserves of almost 800 million tons of steel scrap, prices have been volatile throughout the existence of the industry. Quality scrap necessary to make high profit items has been diminishing. This resulted in a dramatic increase in the cost of scrap from 1982 to 1988 of 67% and led to the growth of billet costs by 40%, taking much of the profit out of the industry (Arthur and Smith 139). Instead, revenue could only be generated through rolling those billets into finished product, which many in the industry had not anticipated.

Competition led to the decline of the sector, as the market became saturated. Minimills controlled 50% of the wire rod market, 75% of the concrete reinforcing market, and 90% of the market for light bar shapes. Before, minimills need only to undercut the prices charged by integrated mills. Now, Instead of competing against integrated producers, as they had in the past, minimills were now fighting amongst themselves. Minimills had anticipated high growth rates in the market, but these failed to materialize. The result was that many small companies were forced to sell their plants to larger producers, such as Birmingham Steel, who either had significant cash reserves or who could attract investors with the promise of acquiring facilities for a low price in the hope that the market would recover. Many older plants were simply shut down.

As Vice President of the investment firm Kidder, Peabody, and Co., Robert A. Hageman, stated

I believe there is a misconception about minimills . . . While the general impression is that integrated mills are poor financially and minimills consistently profitable, the actual record is quite different . . . Minimills can go bankrupt. They file dumping suits. They are finding it more difficult to cut their costs by raising prices. They face slower growth (Arthur 65).

In fact, corporate profits began to decline significantly in the 1980s, although the total declines were masked somewhat because one producer, Nucor, continued to earn money through the decade.

Firms underwent massive restructuring throughout the decade. By the early 1990s, the market and profit margins for minimills began to improve. Output in 1995

exceeded 95 million tons, compared with 61.5 in 1982, with less than half the previous workforce (Sheridan 1). This was accomplished through major changes in business strategy and management techniques. Almost all firms moved beyond the production of billets, since there was no profit to be had in this area. To do this, they either purchased rolling mills for their raw product, or expanded their capacity at their existing facilities. Companies that could not afford to expand their rolling capacity either faced bankruptcy or sold to firms, which could grow.

No longer could minimills rely on expanding capacity to remain successful. They needed to change their marketing strategy to remain competitive. Firms have generally taken two roads to achieve this. The first route has been to expand the market for their products beyond their regional base. Some companies, such as Bayou Steel, did this by purchasing or constructing distribution centers throughout the country, in places such as Chicago and Pittsburgh. Others, such as Birmingham Steel expanded by purchasing undervalued mills in diverse parts of the U.S. that could no longer compete independently and scaled down their operations. They accomplished this by purchasing two mills owned by Birmingham Bolt Company and Mississippi Steel in August 1985 and Intercoastal Steel, Northwestern Rolling Mill, and Judson Steel in 1986. They have since continued this strategy (Arthur 72-73).

Other companies have sought to remain competitive through what Piore and Sable would call a flexible specialization strategy. Both Nucor and Chaparral have followed this route by expanding the number, size, and shape of products offered. Expanding into higher quality products was an attractive option. Starting in the mid-1990s, Nucor began rapidly expanding in this area after they developed new technologies. They were the first minimill to start using thin-slab casting after integrated mills ignored the area and the first to efficiently make flat-rolled steel, a high-end product (Iverson 2). Flat-rolled steel holds great promise, because it comprises

50% of domestic consumption and is used in such finished products as pails, drums, and siding. At higher quality levels it is used in automobiles and household appliances. Furthermore, this market has increased by an average of 2.6% between 1985 and 1995, outpacing the demand for traditional minimill products (Sheridan 2). Previously, flat-rolled steel could only be made at a larger facility, but Nucor and others have proven that minimills, through technological innovation, can expand their own markets. This strategy has enabled Nucor to reach sales of \$4.3 million in 1997, with an increase in revenues of 61.8% and in net income of 100.9% since 1993 (Sheridan The Best vs. The Rest 3)..

Minimills have found, however, that market expansion, either into new products or regions is not enough to remain profitable in the new environment. The sector is highly competitive and has not, nor ever, shown any interest in achieving the high degree of centralization and standardization integrated producers had. As managers see it, since product price levels themselves cannot guarantee profitability, they must lower labor costs and decrease manhours per ton of production. Both union and nonunion firms have similar goals, although labor agreements have made the transition more difficult for organized companies.

The first strategy pursued has been a reduction in wage rates. Since most minimills are either unable or unwilling to put their employees on salary as Nucor has at some locations, they typically seek reductions in hourly compensation rates and benefits, particularly health care costs since these have risen well above the cost of living index in recent years. Cost reduction is much easier in nonunion firms not bound by a collective bargaining agreements. Despite the presence of unions, organized firms have not been unsuccessful in this. Many unions have been forced to accept base wage freezes, sometimes for over a decade, and cuts in health care coverage in exchange for employment stability. This is typically done by making comparisons to the average

wage growth in the sector since the early 1980s. The shutdowns of many firms have also led unionized workers to believe that their interests and those of management are very similar. Keeping the company profitable and preserving jobs has led unions to accept concessions. Even at companies that have become profitable, management has usually been effective at holding base wage rates steady.

Many companies, both union and nonunion, look to Nucor, the industry leader, for guidance in forming new compensation systems. Instead of raising hourly rates, the general opinion of the industry has been that pay increases should be tied to company productivity or profitability. By the mid-1990s, almost every minimill, both nonunion and union had these policies in place. Companies have tied pay to profitability through gainsharing or profitsharing programs. Throughout the industry there is a large amount of diversity in how much these programs pay out and at what intervals. Since they are a relatively new phenomenon, it is difficult to effectively evaluate these programs. Employees at Nucor are very supportive of theirs, which occasionally amounts to as much as \$500, although it is paid irregularly; however Nucor is an outlier in that its profit rates have generally exceeded those of the industry average (Rohan 2). In general, most employees working under gainsharing or profitsharing programs are satisfied, considering them a bonus. These payments only amount to several hundred dollars a year and will probably disappear if the industry experiences another downturn as it did in the 1980s.

Another trend in the industry has been to institute pay for productivity or incentive pay plans, with the goal being to use this new structure to justify lower base wage rates and to decrease manhours per ton of production. Another aim has been to encourage employees to identify with the company's interests in increasing efficiency and speeding up production. Again, by the 1990s almost every minimill had or was working on some sort of incentive pay plan for its workforce. This is typically

accomplished by setting a target productivity goal and paying the workforce an addition to their hourly rate for each level of increased output. Like the profitsharing programs, these are relatively new structures and an evaluation is impossible at this time. Employees working under these programs often remark that they would prefer a straight base wage increase, although many have been profiting from the new programs. Company managers have also typically reported significant productivity improvements. Incentive pay plans usually work more effectively when foremen and supervisors are brought under the system, although this has not been done universally.

Nucor, heralded as the leader in incentive compensation has taken the lead through a “carrot and stick approach”. At their Darlington plant the base wage rate is only \$8 an hour, however, employees have reported making 100-150% that amount by meeting productivity goals. Their nonunion status also allows them to take draconian measures to insure production. If an employee is 15 minutes late for work, they are docked their production bonus for that day. Thirty minutes tardy will result in the loss of the entire week’s bonus, often half of their wages. They are not allotted sick days, except in case of long term illness. Workers are even held responsible for their machinery, losing pay is the equipment breaks and production is stopped (Rohan 3).

The future of incentive pay plans, however, is uncertain. Logically, productivity can only be increased to a certain point without incorporating new technology. Workers also run the risk that management may raise the expected productivity level, thus forcing them to work harder for less. Extreme forms of incentive pay, such as those at Nucor, encourage employees to report to work when they are sick or take risks for the sake of maintaining production. This leads to serious safety hazards for all of those in the plant and is a major reason why Nucor’s fatality rates are twice the industry average. Regardless, incentive pay plans have been

extremely popular with both operators and investors and are likely to remain an important part of minimills' compensation structures.

Another trend, very popular among minimill owners and managers, although less widely applied has been to restructure work organization to increase productivity. Two of the most common ways are through subcontracting and reducing job classifications. Especially in unionized mills, subcontracting allows them to reduce the number of bargaining unit employees, thus reducing severance pay in case of layoffs or plant closure. This also permits them to pay lower rates to these positions. Subcontracting has become an especially contentious issue in organized plants.

Another trend has been to reduce job classifications. Nonunion firms can accomplish this quite simply, but it has been more difficult, although sometimes happens in union plants. This allows managers to reduce the number of employees at high pay rates, especially in the skilled trades. It also allows managers to train employees in many areas, called multiskilling, so that they learn each other's jobs. Management's justification is that a large number of job classifications often leads to inefficiencies and featherbedding. From the employee's perspective, it means more supervisor control. Under this system, they are more easily subject to reassignment at management's whim. Troublemakers, or union activists, are more replaceable. Although companies have always desired these changes, the trend took off during the mid-1980s, with concessionary bargaining by the USWA, and has continued to this day. An early example can be seen in the labor agreement reached between USWA Local 1208 and Seattle Steel, Inc. On December 27, 1984, which reduced the number of job classifications from 32 to 7 and implemented an incentive pay plan ("Steelworkers Agree to Reductions in Pay" 1).

Reducing job classifications is seen by many in the industry as the first step in a fundamental restructuring of work in the industry. In recent years, many minimills

have employed management consultants to suggest changes to improve both quality and productivity. Although not yet widely applied in most minimills, the trend, at least in management's thinking, has been toward creating a high performance organization (HPO). HPO's can function in a unionized environment, but many elements of the program must be approved by the labor organization, since they usually include extensive employee-involvement programs and significant work reorganization. Often times, once implemented, these seek to reduce the power of the union in the workplace.

Elements of a HPO include steps toward some aspects of a lean production model. This includes the formation of quality circles and interdepartmental meetings among employees to discuss how to boost productivity or improve quality. They are also used to gain greater control of the workplace. As Parker and Slaughter state, "(Managers) seek to harness workers' brain power by asking or even demanding that workers make available their thoughts about the production process. Workers make suggestions, and management may or may not accept those suggestions. But once the suggestion is made, the knowledge becomes part of management's power to control every worker on the line." (Parker and Slaughter 28). This process allows management to chart workers activities, standardize them, monitor them more efficiently, and introduce speedups.

There has also been a move toward team production, where employees are assigned to groups where they are all trained in each other's jobs and are collectively responsible for maintaining production (Kustor 4). Nucor, for example, has been using teams of eight to nine people, including a foreman and supervisor to organize its production (Rohan 2). Sometimes, incentive pay plans are tied to the team's efforts, moving the responsibility for maintaining production from management to the workers themselves, as they are likely to pressure each other to work harder. At this point,

most minimills have incorporate some elements of the HPO, with mixed success, but it appears as if this is an avenue many managers may choose to incorporate in the future.

The current trends in the minimill industry, both to restructure work and compensation will probably continue far into the future. “Empowering employees through the creation of teams and employee-involvement programs” and “Increasing the use of ‘incentive compensation,’” are both listed on the National Association of Manufacturer’s Agenda for the 21st Century and are frequent topics of conversation at Minimill industry conferences(Prah 1). This direction is not likely to change for at least another decade.

These new reorganization trends in favor of incentive pay, subcontracting, and the creation of HPOs present threats and challenges to the USWA to resist past patterns of concessionary bargaining. An even more formidable task exists in the need to organize more steel minimills. Almost all increased production in the steel industry has come from the minimill sector, yet less than 50% of the workers are unionized. New plants and capacity are being added by Trico, a joint venture between organized integrated producer LTV, British Steel, and Sumitomo, Nucor, Gallatin Steel, Steel Dynamics, North Star Steel, and IPSCO, all of which intend to operate nonunion. These threaten the USWA’s dominance in the steel industry and their ability to effectively represent their members. The USWA recognized this at their 1996 Basic Steel Industry Conference.

We cannot ignore the growing impact of unorganized minimills. We are all familiar with the safety and environmental records at Nucor and the other non-Union minimills, and their practice of depriving their workers of benefits and working conditions every Steelworker takes for granted. These workers should receive the same high wages, pensions, health care,

and other benefits earned by our members. We must reach out to these workers using fresh tactics, messages, and renewed dedication (“Statement of USW Basic Steel Industry Conference’s Bargaining Goals” 3).

New trends in the organization and management of steel present a challenge for the Steelworkers in both organizing and bargaining. A detailed case study of their experiences at Bayou Steel will provide both an example of how industry trends can affect a single enterprise and what it means for collective bargaining. It will also provide an illustration of the influence extensive coordinated campaigns can have in this new environment.

## CHAPTER FIVE:

### CASE STUDY: BAYOU STEEL

Working at Bayou Steel in Laplace is not easy. The days are long with few breaks. In the winter, many parts of the plant are freezing. In the summer, it is excruciatingly hot, with little ventilation. Frequently, men and women pass out from heat exhaustion, only to be told that they should try and stay cool in a town where July temperatures often exceed 100 degrees. The mill has historically been unsafe. Those that are lucky enough to escape industrial accidents usually cannot avoid breathing unhealthy doses of flue dust generated by the electric arc furnaces. For all their hard work and sacrifice, employees earn wages and benefits below the industry average and face managers who wish to cut deeper, all the while forcing them to work harder.

All of this came to a head in 1993, when for 42 long months, the 350 men and women who work at Bayou Steel, members of the United Steelworkers of America Local 9121, were on strike, fighting wage and benefit cuts and the threat of lost job security through subcontracting. With the support of their International and the Industrial Union Department of the AFL-CIO, members stood united and waged a full-scale coordinated campaign against a powerful employer bent on breaking the union. Few Steelworker struggles have ever been as involved as the one fought by the members of Local 9121.

Their fight will be used to evaluate my argument that a well-planned corporate campaign strategy will lead to union victories in strikes or lockouts. Unlike many earlier contract battles, the Steelworkers waged an aggressive comprehensive campaign at Bayou Steel early on in the strike, yet the final victory at Bayou was far from

complete. This study will show why the strike occurred, what the unions response was, what the end result was, and why it happened as it did.

### ***History***

During the late 1970's, Austrian steel manufacturer Voest-Alpine decided to expand into the minimill sector. Although the majority of their operations were in Europe, building a plant in the Southeastern United States appeared to be a much more attractive option. Labor costs in Europe were higher, as were the prices for quality steel scrap. In addition, European currencies were strong compared to the US Dollar. In the eyes of the company, building a plant in Europe was not a viable option, and it chose instead to build the plan in Texas.

In 1980, Louisiana wooed Voest-Alpine away from Texas. The combination of significant tax abatements and a promise of a soon-to-be-developed transportation infrastructure, brought Voest-Alpine to Laplace. Laplace, located on the Louisiana Bayou, is approximately 30 miles from New Orleans, with a population of about 24,000. Most large industrial employers in the area, including Royal Dutch Shell, are tied to the oil industry. By 1981, a new company, Bayou Steel, had been created with Voest-Alpine as its parent, and a new mill had been built at a total cost of \$243 million.

In 1981, Bayou Steel's purpose was clear. Its mission had three key points: (1) purchase steel scrap in the United States and transport it to Laplace by truck, barge, and rail. (2) melt it into billets using its two electric arc furnaces and (3) export it to Europe where the strong currency would ensure a profit for Voest-Alpine. This plan, however, did not succeed. Between 1982 and 1988, prices for steel scrap increased 40% and valuable stocks of high grade scrap were being depleted, driving up the cost of steel billets for producers, without a corresponding increase for customers.

The higher cost of billets eroded profit from billet production, leaving the sale of shaped steel as the only profitable area. Unfortunately for Bayou Steel, developing rolling capacity to manufacture shaped steel had never been a priority. Finally, European currencies declined in strength relative to the dollar, making the exportation of billets to Europe unfeasible.

The mid-1980s was a difficult period for Bayou Steel. Year after year the company lost money, and its business strategy had to change to meet market conditions. The company thus switched its focus from production for export to production for the domestic market. The most difficult challenge for Bayou, however, came with the necessity to switch to the sale of shaped steel instead of billets. Bayou Steel's rolling capacity was severely limited, and this problem would continue to plague Bayou until the mid-1990s. Originally, production employment at Bayou was envisioned at 500 persons, but market conditions and technical difficulties forced a scale back to around 350 employees.

It became clear that it would only be economically feasible for Bayou to operate two furnaces if the primary products were billets. In the mid-1980s, shaped steel became the primary product, creating excess billet capacity with the facilities to roll them.

Operating two furnaces created a serious health and safety hazard. Minimill furnaces produce large qualities of flue (lead) dust, which can be extremely harmful to the employees who breathe it in. Voest-Alpine built a baghouse to collect the dust from the furnaces, bag it, and ship it offsite for disposal. Unfortunately, it was nearly impossible to collect all the dust. Maurice Simoneaux, from Local 9121, described the situation, "A lot of times the baghouse wouldn't work, and they'd bypass it or shut it down and keep running the furnaces. All the dust would stay in the building, and it would get to points where you couldn't see the overhead cranes in the melt shop

standing on the cast floor." (Simoneaux 2). Due to market conditions and serious safety problems, Bayou reduced production to one furnace. But even after the shutdown of one furnace, Bayou was hampered by its excess capacity to produce billets, but limited ability to shape them.

Four people died in the Bayou Steel plant during the period 1981-1986. One man was killed while working on the furnace, without a safety belt or an adequate handrail, when he was blown off the platform and onto the floor. Another worker died while checking the power transformer. Local 9121 Safety Representative Maurice Simoneaux recalls, "He was going to check something, and the wire was still live. He was walking on this brick ledge between the two units, and he tripped and fell against the one that was still alive and just fried him right there." A third worker perished when he fell off a crane without a safety belt, and yet another suffered a heart attack from heat exposure and died on the plant floor. When a worker dies in the plant, his or her family collects twice as much in company life insurance than if he or she dies offsite. According to Simoneaux, the company rushed the man out of the plant after his death, so he could be pronounced dead at the hospital, and the company would have a lesser insurance payout (Simoneaux 3).

The extent of Bayou's health and safety problems, even from its early days cannot be ignored. Between 1981 and 1986, 1.3 percent of the production workforce died in the plant. During the same period, Nucor, which had one of the industry's worst safety records, lost only 0.2 percent of its employees. The industry average for minimills during that period was about 0.1 percent. A steelworker would be 13 times more likely to die working at Bayou Steel than in an average minimill.

In 1984, Bayou's dismal health and safety record, coupled with the lack of respect shown to its employees, led to an organizing drive led by USWA organizer John Kitchen (Brean, Personal Interview 3). Despite the presence of strong unions

and a cooperative relationship with its employees in Austria, Voest-Alpine refused to recognize the desires of its employees at Bayou to organize. During the campaign, Bayou management accumulated numerous labor law violations. Rich Brean, counsel in the case, explains, "The company formed these phony unlawful committees that would deal with all the problems in the plant . . . for example, they set up committees, and the committees were cutting wages . . . Its completely unlawful. Its called [an] 8(a)(2) [violation], and the board issued a complaint." (Brean, Personal interview 3). Bayou's actions resulted in a narrow loss for the United Steelworkers of America in a supervised election held in December 1984 (Schriefer 30). Despite the loss, the National Labor Relations Board (NLRB) ruled that the election was invalid because Bayou's egregious unfair labor practices during the organizing campaign (Schriefer 30).

In the meantime, the new union, USWA Local 9121, continued to grow, increasing their membership and establishing a Safety and Health Committee to deal with the significant problems inside the plant. While the NLRB organizing drive was delayed due to the significant legal issues involved, Bayou Steel's ownership changed. By 1985, Voest-Alpine had already lost \$180 million dollars operating the plant and was eager to sell. Revere Smelting and Refining Steel Co (RSR), a new holding company, showed an interest in purchasing Bayou Steel. RSR Steel Company had been formed from a lead smelting company controlled by Howard M. Meyers, and consisted of a group of investors with a history of buying troubled businesses with the intent of turning them around. Bayou Steel was purchased at a bargain price -- \$75 million dollars -- and Voest-Alpine left LaPlace and the plant's management to RSR (Schiefer 30).

Bayou Steel's new ownership signaled a significant turnaround in its labor relations policies. Recognizing that if anything, the union was stronger in 1986 than before, Jean Depaul, RSR's Vice President for Industrial Relations was sent to

Laplace. In a series of meetings with Bayou Steel's managers he let it be known that RSR was going to deal differently with the United Steelworkers. Michael Austin, the "viscously anti-union" plant manager was soon discharged, leaving Jerry Pitts in charge of running the plant (Brean, Personal interview 4). RSR made it clear that if the employees of Bayou Steel would vote for the USWA as their exclusive bargaining representative, management would recognize their choice.

Shortly thereafter, USWA Local 9121 was officially certified. Unlike later bargaining sessions at Bayou Steel, RSR, Depaul, and its representatives negotiated directly with a Steelworker committee. The committee consisted of Francis Melancon, a USWA Staff Representative based in nearby Baton Rouge; John Kitchen, a USWA Organizer; Richard Brean, International Legal Counsel; Sam Camens, Assistant to the International President; Les Hunter, the Acting President appointed by the International Union; and John Little, Aaron Knight, Jody Englade, and Bruce Lawson, from the local (Brean, Personal interview 4).

Together they ironed out a basic contract, modest in its provisions, but important in establishing a base from which to improve. Wage increases included only a fifteen cents an hour raise in the first year of the contract and 'cost-of-living' increases for the last three years of the contract, with a cap at eighteen cents per hour, per year (this falls considerably below the corresponding increase in the consumer price index for the years immediately prior to contract signing and the six following). On the positive side, however, the contract provided a company-paid pension; restrictions on contracting out; seniority rights and reduced favoritism in promotion, demotion, layoff, and recall; impartial arbitration of grievances; and, probably most important, strong safety and health language. After the members voted on February 24<sup>th</sup> and 25<sup>th</sup>, 1993 at the Holiday Inn – Laplace, a celebration was called. The employees of Bayou Steel had accepted their first collective bargaining agreement.

The difficulties were not over, however. Local Bayou Steel management had been virtually excluded from bargaining. RSR had bargained a contract with the Steelworkers and handed it to Jerry Pitts and the plants managers without their input. Although this may have been necessary to negotiate a contract swiftly, it had important repercussions for the future. First, there may have been some lingering bitterness by Bayou's management that they were not involved, and Second, Jerry Pitts and the rest of his management team had gained no experience in contract negotiations. Both of these problems would resurface when the contract expired in 1993.

### ***Howard Meyers at the Helm***

1986 was a turning point for Bayou Steel. Although Howard Meyers and RSR's willingness to recognize the union may have appeared to be a positive sign, their goals for the company became a serious problem. Despite its aggressive anti-union stance, Bayou's original owners had their advantages. Voest-Alpine was a huge company owned largely by the Austrian state with solid financial backing. It had built Bayou for the purpose of producing steel and turning a profit in the long term. Although these efforts were unsuccessful, and poor management plagued the plant, their intentions were relatively straightforward.

Howard Meyers and the other initial investors (hereafter referred to as the Meyers Group), all investors in RSR, had different intentions and lacked the solid financial backing Voest-Alpine enjoyed. The Meyers Group appeared just as interested in making a quick return on their investments as it was in profitable steel production. This has had a dramatic influence on the way Bayou Steel was managed and financed.

The initial investor group was composed of a number of high profile figures and Wall Street financiers. At the head of the Group was Howard Meyers, the founder, president, chairman, and chief executive of RSR. Meyers was joined by Melvin Klein, a close associate and a director at RSR and Michael Price, a longtime Wall Street mutual fund manager. Price had taken an activist shareholder role in many companies, even helping to appoint the infamous Al "Chainsaw" Dunlop as CEO of Sunbeam. Also involved was Alan Patricof, a venture capitalist and close friend of the Democratic Party, and Stanley Shuman, an investment banker at Allen and Company, and probably the second most important person, after Meyers, in the financing of the Bayou Steel buyout (Keyser, Personal interview 2).

Almost all of Howard Meyers' financial activities regarding Bayou Steel revolved around Stanley Shuman and his firm, Allen and Company. Allen and Company is a privately held firm heavily involved with mergers and acquisitions. One of its primary activities has been to become involved with start up companies, attract venture capital and then take those companies through public offerings. By doing this, it has usually raised a large return on its initial investment and received enormous advisory and placement fees for their actions (Stanley Shuman, Allen 1-2).

The Meyers Group purchased Bayou Steel for \$75 million, financed with \$60 million in junk bonds placed by Allen and Company through Stanley Shuman for a \$1.25 million fee. These bonds bore an extremely high interest rate of 14.75 percent. Through this initially financing, the Meyers Group saddled Bayou Steel with an enormous amount of debt. Stanley Shuman, Allen and Company, and their associates also received almost seventeen percent of Bayou's stock, and Shuman gained a seat on the board of directors (Stanley Shuman, Allen 2).

Bayou Steel enjoyed two very profitable years in 1986 and 1987. Following the typical strategy of Stanley Shuman and the original intentions of the Meyers

Group, the decision was made to take the company public on the American Stock Exchange. Once again, Allen and Company, arranged financing for the Meyers Group through the initial public offering (IPO) in July 1988. Through the sale of 3.8 million shares at \$13 each, Bayou Steel Corporation raised \$46 million.

The Meyers Group, however, did not behave as if it was intent on either making Bayou profitable or returning value to shareholders. Ed Keyser, from the Industrial Union Department of the AFL-CIO, researched the steps the Meyers Group took:

Rather than use the prestige of the IPO to refinance the debt or pay down a portion of the debt, because the interest was so high, they instead used it to reimburse themselves for their initial investment in the company as well as issue for themselves three more shares of stock for each one they had. They took a big stake in the company, and those three shares were worth a lot more than they initially put in, since the share price jumped because of the IPO . . . So going out of the IPO into the late 1980's, you still have this huge amount of debt at a pretty high interest rate which is definitely affecting the company's bottom line. And then when you have the recession hit, it makes all the more difference (Keyser, Personal interview 2).

Once again, Allen and Company, profited handsomely, reaping a \$1.3 transaction fee for themselves. Common stockholders, however, fared poorly. Although Bayou's stock initially sold for \$13 dollars a share, by 1991, it was trading from between \$1 and \$3 a share. "Arguably, the terms of the IPO had contributed to Bayou's stock collapse. The preferred stockholders (Meyers Group) had siphoned

off \$21.5 million from the company and still controlled Bayou, but they contributed no further equity capital to help it through troubled times" (Stanley Shuman, Allen 3).

Despite taking the company public, the Meyers Group was not willing to let their common shareholders interfere with the management of Bayou Steel. The entire corporation was structured so that Howard Meyers would have unlimited control over operations. On July 19, 1988, Bayou Steel was re-incorporated in Delaware before the IPO. Meyers chose Delaware because state General Corporation Law contains provisions allowing for limited director liability making it extremely difficult to hold directors of the company accountable for their actions. Bayou Steel even admitted in July of 1988, "current and future directors would personally benefit from the approval of the provision at the potential expense of shareholders." (Stanley Shuman, Allen 4).

Removing itself from possible lawsuits arising from mismanagement, the Bayou Group went one step further. Group members created structures in their articles of incorporation which gave Howard Meyers unlimited control of the company. Bayou Steel has three classes of stock. "A" class was common stock, available for purchase or sale on the American Stock Exchange. "B" class stock was preferred stock owned by Bayou Steel Properties Limited, basically the Meyers Group. "C" class stock was owned entirely by Voest-Alpine International Corporation, although they only owned 100 shares, making them almost powerless on all issues (United States. Securities and Exchange Commission. Schedule 14A 5).

The election system for directors was how the Meyers Group would exercise control. Voting was loaded heavily in favor of class "B" shareholders -- the insiders. Even though significantly greater number of class "A" stocks exist, each share of 'B' stock has the same voting power as slightly over seven "A" shares, giving the preferred shareholders almost unlimited control in selecting the board of directors and passing

resolutions. In fact, the Meyers Group, owners of “B” stock, appoint six of the ten directors of the company. Common stock holders select the remaining four. All members of the Meyers Group, however, own large blocks of Bayou’s Common Stock in addition to their preferred stock. Stanley Shuman personally owned about seven percent with Howard Meyers owning over three percent. This allowed members of the Meyers Group to be nominated as representative directors taken from class “A”, common stock, shareholders. All of the class “A” directors have either been or currently are preferred shareholders as well, giving the Meyers Group complete and unchallenged control of Bayou Steel (Stanley Shuman, Allen 5). Investors on the American Stock Exchange had no control over the management of Bayou Steel, and the Meyers Group had the freedom to make financial decisions benefiting insiders, and detrimental to outside investors. Bayou Steel Corporation, for example, never paid a dividend to its shareholders. Furthermore, Bayou’s articles of incorporation listed Meyers as Chairman of the Board for life.

By 1988, the goals of the Meyers Group had been achieved. The original investors purchased Bayou at a bargain price, recouped their initial investment in two years, and managed to retain complete control of the company. The next step was to restructure the company and profit further from their initial investment. The Meyers Group, however, never really viewed profitable steel production as the primary goal. This was secondary to the appearance of profitable steel production. The Meyers Group wanted to convince Wall Street that Bayou Steel was on the road to success to sell bonds and additional shares of stock. Bayou’s long term goals were split. On the one hand, if Bayou could be restructured to guarantee steady future profits without its inside investors taking significant financial risks, the Meyers Group would retain its control of the company, and be able to milk it until it became unprofitable. On the other hand, if making Bayou an efficient producer proved difficult, the Meyers Group

was satisfied to project the appearance of a successful producer and sell the plant to the highest bidder for a tidy profit.

By the early 1990's it became clear to Howard Meyers that Bayou needed a new business plan to be competitive. By 1992, the company was losing \$1.4 million annually. Bayou Steel developed a three-part plan for a turnaround; (1) acquire additional rolling capacity, (2) refinance, and (3) restructure.

During the 1990s, market changes, begun in the mid-1980's continued to accelerate. Bayou Steel was able to produce billets in large quantities, but could no longer profit by selling them directly. Instead, profit was to be made by selling shaped products such as angles, channels, flats, standard beams, rounds, squares, and wide-flange beams either to end-users or, as is more often the case, to steel service centers who would then resell the product to smaller manufacturers. Bayou Steel's rolling mill, however, was an afterthought when the plant was built in 1981. Any turnaround for Bayou would depend on acquiring additional rolling capacity, either at the Laplace location or at another site. Although an expansion of the Laplace facility might have been an intelligent decision, the Meyers Group was relatively inexperienced in financing new construction projects. Instead it favored acquiring an existing plant and using it as an extension of the Laplace operations. Starting around 1991, Howard Meyers and Bayou's board of directors began searching for a mill available at a bargain price, which could provide them the necessary rolling capacity need to survive in their competitive marketplace.

The second part in Bayou's business plan was refinancing its debt. Bayou Steel had an extremely high debt to equity ratio. Additionally, most of their debt was acquired in 1986 when the Meyers Group financed the purchase of Bayou. Interest rates in the mid-1980s were very high, at Bayou, the notes were at 14 percent -- unfavorable even in that time period. Servicing this debt was dragging the enterprise

down. The interest rate environment in the early 1990s, however, was much more favorable, even for a company with a low credit rating and poor stock performance. The Meyers Group intended to sell \$75 million in junk bonds publicly in large blocks of \$1 million or \$2 million to institutional investors at a lower interest rate. The Group needed to convince Wall Street that Bayou Steel was on the road to competitiveness in order to refinance.

Bayou Steel felt they had to restructure themselves along the lines of their nonunion competitors such as Nucor, Birmingham, and Florida Steel, all of which were considered model steel producers by industry consultants and academics. Several of these companies employed team production, at least in name. Most were allowed free reign to layoff or subcontract employees. Many utilized incentive pay schemes and required substantial employee contributions to their benefit plans. The Meyers Group felt that Wall Street investors would never accept their bond sale until Bayou resembled their most profitable competitors. To do this, Bayou's contract with the Local 9121 of the United Steelworkers of America would need to be radically altered. Concessions would be demanded. As Ed Keyser explains, "Definitely part of the business plan to refinance required that they either negotiate an extremely favorable labor agreement, to them, with the union or that they get rid of the union altogether and operate nonunion on their own terms." (Keyser, Personal interview 3). Unknown to the USWA at the time, the Meyers Group had dug a deep hole for Bayou Steel through junk bond financing and was expecting their employees to dig them out – all while turning a hefty profit for Howard Meyers and his associates.

### ***Bargaining Begins***

Bayou Steel was a relatively small operation, employing approximately 350 production employees and about 100 administrative personnel. Its small size meant

that Local 9121 and the employees of Bayou Steel Corporation had to deal with its corporate officers on a regular basis. Three officers affected their working lives more than any others. One was the President and Chief Operating Officer, Jerry Pitts. Pitts had been employed at Bayou since it was constructed in 1981. During the USWA's organizing drive in 1984, he proved himself stubbornly anti-union, yet in subsequent years had appeared able to deal with a unionized environment, albeit reluctantly. Vice President of Plant Operations, Tim Postlewait was also highly visible to employees. Like Pitts, Postlewait had been employed at Bayou from the beginning. He was involved directly with the organization of work in the plant and was relatively cooperative with the union officers in the plant. Kim Duhe, then Vice President, remembers, "Until the strike I had a pretty good relationship with him and Ron (Ferraro) had a pretty good relationship with him" (Duhe 21).

The third officer was Hank Vasquez, Vice President of Human Resources (Bayou Steel Corporation, 1997). A newcomer to Bayou Steel, Vasquez joined the company in 1987 at the time of Austin's dismissal and the first collective bargaining agreement with Local 9121. Although he is listed as a corporate officer, his name and salary have never been posted on any Securities and Exchange Commission documents, leading many to believe that he was hired on as an independent consultant. Vasquez was a tall, strong man of Mexican-American origin and had served several years in the United States Marine Corps. He had dealt with labor unions on several occasions. Vasquez began his career as an in-plant organizer with the International Brotherhood of Teamsters, but changed tracks and accepted a labor relations position with management. Dave Vicknair, a member of Local 9121, recalls that, "his last job was with Frito (Frito-Lay Corporation) where he busted a union" (Vicknair 32).

Vasquez came to Laplace less to build a long term career at Bayou Steel then to further establish his reputation as a successful union fighter. Bayou Steel's

management brought him in because they believed he could control the USWA. During a January 21, 1993 briefing, immediately prior to the start of formal negotiations, at Hibernia National Bank, Richard Gonzalez, Bayou's Chief Financial Officer, described Hank Vasquez as an expert in "managing unions" who had "de-unionized" workplaces in the past (Castellano 5). It would not be long after the start of negotiations that Vasquez would be targeted as Public Enemy number 1 by the members of Local 9121.

Local 9121, USWA was relatively strong for a new organizational unit. Out of the 300 member of the bargaining unit, it could claim 220 as members in the union, an impressive number for strongly anti-union, right-to-work, Louisiana. It had an active membership whose loyalty was built during the long organizing struggles during the mid-1980s. At the head of the union was President Ron Ferraro, an intelligent, strong, and aggressive man, unafraid to challenge management over any grievance, of which there were many. Many remember Ferraro storming into Hank Vasquez's office, slamming the door, and pounding on the table, shouting all the while.

Kim Duhe was the local's Vice President. He was a dedicated unionist and was very involved in the organizing drive. Duhe had spent time organizing for the USWA at other minimills in the South and often recounted his experiences to workers at Bayou. Kinley Porter was the Recording Secretary. As the only African-American among the local's officers in a union where fifty percent of the membership is African-American, Porter was extremely important to the workers of color in the plant.

Finally, there was the staff rep, Jim Pepitone. The original International Staff Representative, Francis Melancon, had moved on the other projects and was replaced by Pepitone, also of Baton Rouge. Pepitone was an experienced negotiator and grievance handler. He was also a friendly man who enjoyed a good relationship with the local union. Yet, despite a strong organization, and a talented leadership, Local 9121 was totally unaware of what was to come.

Hank Vasquez was an expert in labor relations and knew what Bayou's business plan was. He understood that for concessionary bargaining to be successful, planning needed to begin long before the formal start of negotiations. In the case of Bayou Steel, this strategy began in late 1991, when they began bargaining directly with the membership, under the noses of the local officers. Negotiations took the guise of a total quality management (TQM) program. The plan was to give the employees a sense of empowerment and make them identify with the company's restructuring plants instead of their collective goals.

The first, apparently harmless, step was to conduct an employee survey to point out problem areas in the plant and elicit suggestions on how they could be fixed. At first, support was near universal. Vasquez claimed that "the union did a great job getting that process off the ground.". Ron Ferraro agrees, "The union bought into (the team approach) right away. As the employees were getting more say so in how they were running their departments, things were turning around." (Schriefer 31).

The second stage of Vasquez's TQM program was intended to build company loyalty and make employees identify with company interests above their own. Vasquez explains, "We gave every employee an Economics 101 course on the minimill industry: what the competition is like, what we are up against, how our costs compared to our competitors. It was not one of those 'trust us' deals. We wanted them to see exactly what we saw" (Schiefer 31). Despite company claims that the program was 'information sharing', in reality the program was a way to circumvent the union and appeal directly to the employees. Bayou provided the employees with data they wanted them to see, such as manhour per ton data, which showed Bayou at 2.7 compared to 1.3 – 1.5 for Nucor, Birmingham, and Chaparral. Management used this to justify the almost \$3 per hour less that bargaining unit members at Bayou earned compared with competing mills (Schriefer 31).

Conspicuously absent was data showing Bayou's financial mismanagement and high interest rate. Also absent was the complete lack of investment in over ten years, making Bayou one of the least advanced minimills, thus unable to compete in a straight manhour per ton comparison. By providing selective information to the membership, Vasquez hoped to create a core group of members who identified with the company's interests and would believe concessions were necessary for Bayou's future, thereby undermining the union bargaining committee's strength and the solidarity of Local 9121. The local's leaders, however, had no idea the extent of concessions management would demand.

Local 9121 was hopeful that bargaining would go well. Starting in late 1992, at Bayou Steel's urging, the parties engaged in win-win bargaining training sessions. Win-win bargaining, or interest based bargaining as it is sometimes called, is a relatively new format for negotiations where facilitators aid the parties in bargaining by helping them identify their important issues and brainstorming solutions which are mutually beneficial. According to Ira Lobel, a mediator with the Federal Mediation and Conciliation Service (FMCS), proponents of win-win, "emphasize how they focused on interests, not positions; on problems, not people; how they created options for mutual gain, using objective criteria" (Lobel 771). Under this new format for bargaining, power is supposedly taken out of the equation. This is opposed to the traditional position-based bargaining where very little information is exchanged and understanding is at a minimum.

Although some scholars support the techniques used in win-win bargaining, some, such as Ira Lobel, point out that it is not a panacea. As Lobel stated,

What is forgotten is that a long term trusting relationship must be established, regardless of the terms used to describe the negotiation.

The relationship should not focus simply on negotiation but should also focus on the daily and continuing relationship between labor and management. This does not mean that the parties will always agree; it simply means that both sides trust each other to be honest and forthright in their positions without trying to unnecessarily damage the other side (Lobel 771).

Many in Local 9121 would question whether the parties had built the type of relationship necessary for nonconflictual bargaining. Furthermore, its introduction was one-sided -- the inspiration came entirely from the company. Management pushed win-win bargaining by saying that in the 1990's there is really no other option. Kinley Porter recalls,

They said that the old adversarial type of bargaining is over. They had been more or less buttering us up for this a year or more before contract expiration. That's when they went to the team approach and problem solving. You really can't go the table now and demand anything. You got to really sit down and negotiate . . . you can't demand this or we'll (management will) go, especially here. This is a right-to-work state, and I think that killed us more than anything. I mean, you got so many people in the area that don't have jobs (Porter, Personal interview 15 July 2).

Most of the pre-bargaining training sessions were held at the LaPlace Holiday Inn and several were hosted by the FMCS, whose representatives stayed with the parties as negotiation facilitators into January 1993. The training sessions included an

October 28, 1992 ‘Getting to Yes’ seminar and an FMCS seminar on November 11<sup>th</sup>. To ‘aid’ in the negotiations, management asked that every member of the union bargaining committee read Getting to Yes, the bible of the win-win bargaining movement. However, members were less than enthusiastic having to read it on their own time. Kim Duhe tried, “They gave us this book and told everybody that they wanted us to read it. I laid down on the couch one evening and started reading this thing. Clunk! Just like that. It put me to sleep. . . Man, you are talking dry.” (Duhe 7-8) Although some members managed to read the book, most failed to see its relevance to bargaining, but still remained supportive of the win-win bargaining process and looked forward to a quick and peaceful round of negotiations.

Win-win bargaining began in January of 1993. The first discussion over language issues went very well. The first agreement was a basic document of understanding between the parties. Although it established a grievance system and work rules, much of the writing was ambiguous and resulted in an extremely high number of grievances being filed simply due to misunderstandings. Both sides had a mutual interest in clarifying the ambiguities.

At the urging of the FMCS facilitators, the negotiators started discussing easy issues to build momentum for the process and trust between the parties. They started by identifying the areas that need to be addressed, called upon the parties to identify the mutual interests of the parties and brainstormed possible options. The, in accordance with the interest based bargaining model, the established criteria for evaluating possible solutions. By January 20<sup>th</sup>, they had discussed several issues which required clarification, such as the lines of progression, the seniority list, illegal discrimination, revisions to the grievance procedure, and expediting arbitration ( United Steelworkers of American, Local 9121 Win-Win Bargaining on a Few Issues 1993).

The suggestions were listed on large paper sheets and plastered on the walls around the negotiators (Duhe 18).

Both parties felt that a clarification in the lines of progression (LOP) was necessary, since many of the LOPs were unclear both to management and the union. They found that they were either taking too long to fill positions or filing positions without the required expertise or training to do the jobs properly. They also found that some people were jumping from job to job frequently leaving some positions without a trained individual for a long time. Kinley Porter, the Recording Secretary for Local 9121, was pleased with the result;

We had a lot of grievances, so we simplified the language, and the majority of it we both agreed to because we had a lot of problems with job bidding. Instead we went to a procedure in a lot of departments that's canvassing instead of job bidding. Instead of me bidding for a job when it comes up and promoting that line of progression, say for instance there were four people in that line, they would canvass those four people and the most senior qualified person would just move up. Before then, under the old contract, we had people jumping from a line of progression to a line of progression. We had people bidding on jobs and holding them for two or three weeks, and when another job came up they'd move to that one, so we weren't getting qualified people in positions and keeping them (Porter, Personal interview, 15 July 1). Together they came to a mutually agreed upon solution.

Illegal discrimination and the seniority list were both easy areas to fix. Both parties agreed to diversity and discrimination training by Bayou Steel's human

resources staff as well as the creation of a joint labor-management civil rights committee, which would meet at least monthly. They also agreed that the seniority list would be posted annually and sent to the union president, and employees would be responsible for verifying their seniority status each year so there would no longer be confusion as to where members stood (Win-win Bargaining on.)

Another important issue was the need to expedite the grievance and arbitration process. The relatively high number of grievances for such a small unit had become burdensome to both sides. The long processing time in particular, was extremely frustrating to union members. Both parties agreed to strict time limits for each step of the grievance procedure as well as opening up the possibility for expedited arbitration.

During the win-win bargaining process, the union bargaining team was united in their goals and objectives. The same could not be said of the management team. “When you’ve rented a room at the Holiday Inn (where early negotiations were held) it comes with a certain number of (free) meals. Well, when it came to negotiations, these two guys started arguing about who would get the free meals.”, remembers Kim Duhe. Kinley Porter also was familiar with the experience, “It got embarrassing to people like Hank (Vasquez) and Postlewait, because we were laughing at them. Here you got the guy who does the hiring and firing and the superintendent of the plant trying to figure out how many free meals they get.” (Duhe 17).

Although the USWA maintains no official position on win-win bargaining, most officials have their opinions, Dick Davis, International Vice President and Director of District 36 at the time, is somewhat supportive, ‘It’s worked in a number of locations where we bargain. I think it can prove helpful where tactics rather than desire to reach an agreement are brought into negotiations”, but qualifies it, “But clearly if parties are so far divided in what their image of a collective bargaining

agreement is going to look like, win-win bargaining is not the magic pill to fix that. There's still underlying conflict." (Davis, Personal interview 5).

Many, such as Leo Gerard, International Secretary-Treasurer, are even less supportive,

I think the way we've done bargaining for the last 60 years is really quite good. You know, there's all kinds of new fads and buzzwords. If people want to sit down and have collective bargaining, call it whatever you want, people have to come to an understanding that is satisfactory to both sides. Sometimes, I think some of their fads are disguises (Gerard, Personal interview 18-19).

### ***A Turn for the Worse***

Bayou would prove Gerard right. For win-win bargaining to be successful, it must be based on trust between the parties, an honest intention to reach a fair and equitable agreement, and a long term cooperative relationship. Bayou Steel had promoted win-win bargaining, one of the prime tenants of which is to take power and pressure out of the bargaining relationship. Management, however, was the first to apply pressure. In the middle of February, during win-win negotiations, Bayou Steel started posting ads in local newspapers for positions in the plant and openly boasted of the approximately 500 job seekers it already had on file. The company even went so far as to set up a trailer near the bargaining site to take in applications and interview potential employees. "When they took applications for our jobs, we knew the end was near." Faron Bowen recalls (Duhe 8).

The ads seriously hurt the trust that had been built during the initial bargaining process. Matters only got worse when management introduced its economic package.

“We knew that when we got to economics, there would be a problem (because of) they way they kept putting everything off to the end,” Simoneaux explains. Ron Ferraro adds, “A lot of people think the company just suckered us in with the win-win stuff. Maybe they did.” (Schriefer 31.)

Assuming the parties would continue win-win bargaining into negotiations, Local 9121 made their economic proposal on February 25<sup>th</sup>, three days before the expiration of the contract. There was the general understanding that the contract would be extended due to the unexpectedly time-consuming process of win-win bargaining (Schriefer 32). Bargaining unit employees scarcely had a wage increase since the plant opened in 1981. In fact, when inflation is taken into account, employees were making considerably less than they had 12 years ago. In recognition of the company’s concern that it was in a precarious position financially, union demands were modest, maintenance of basic contract provisions with a wage increase of roughly \$1.00 per hour. Purposely inflating their initial proposal, Local 9121’s bargaining committee fully expected to receive a pay increase of 50 cents. This was not to happen. Instead, members of the committee were shocked when they received management’s proposal on February 28, 1993.

An early indication that Local 9121 and Bayou’s management might butt heads over economic issues came in the form of a packet mailed to every bargaining unit employee at Bayou Steel on February 19, 1993 entitled “Securing Our Future”. Maintaining its previous pattern of bypassing the union and appealing directly to the membership, Bayou presented materials that painted a dire picture for the future. The human resource staff, with the help of Richard Gonzalez, the company’s chief financial officer, manufactured numbers which showed Bayou behind its competitors in manhours per ton, labor cost per ton, and labor cost per hour. The documents were purposely created to mislead the reader. Comparisons were made with Birmingham,

Chaparral, and Nucor, all nonunion competitors whose plants had been upgraded in recent years. In the case of Nucor, Bayou's management used only numbers from their most productive Plymouth Plant. Managers then argued that Bayou workers needed to make sacrifices. "Securing Our Future" suggested that the only way to improve performance is to reduce labor costs. In an industry as capital intensive as steel, this suggestion seemed difficult to accept.

Bayou used a similar misrepresentation of the numbers to argue for cutbacks in health care expenditures. The comparison the company used was based on their 1992 figures of annual cost averages, which amounted to \$6,463 per employee, and paralleled that with the national average for companies their size, which was \$3,571. A more appropriate comparison would have been with other minimills or similar union organized facilities. Clearly the purpose was to turn union members against Local 9121 goals, not make a fair comparison (Bayou Steel Corporation Securing).

Management's proposal on February 28 amounted roughly to a \$4 an hour cut in wages and benefits (Schreifer 32). The total package included cutting two holidays, Memorial Day and Labor Day. Many employees at Bayou Steel were veterans and found the proposed elimination of Memorial Day insulting. Similarly management's call to eliminate Labor Day was nothing short of a slap in the face for the union. The union's officers expressed the belief that no working man or woman would ever be willingly persuaded to give up their holiday. These were not the only cuts proposed.

The company also called for changes in the computation of overtime, reducing the amount of overtime paid on holidays from double time and half to double time. Non work hours (holidays) were not to count towards overtime, reducing pay by approximately ten cents an hour, and shift differential was to be reduced, a loss of about seventeen cents an hour.

Health care costs were to be cut by switching to a preferred provider organization, similar to an HMO, a move strongly opposed by most union members. Not only would employees be forced to use the PPO, they would also be expected to pay fifty percent of future cost increases, which could amount to as much as \$1,000 a year per employee.

Finally, the company's chief negotiator, Hank Vasquez, proposed a twenty percent cut in base wages with the difference supposed made up through an incentive pay plan. Rather than a pay increase on top of the base rate, the company was proposing cutting pay and switching to a pay for performance system with all the financial insecurity and speed up pressures that go with it. As Ron Ferraro explains, "Management was trying to convince us to give away (pay and benefits) and put it into an incentive program. In other words, we would fund the incentive plan ourselves,"

Management was very firm that the terms of the incentive pay plan were not to be negotiable and would be set arbitrarily by Bayou Steel. Once the plan was formulated, its terms would not be grievable, and the company would maintain the right to change the plan at any time. As Ferraro describes, the members were non-plussed, "If we aren't going to have any wage increases in six years, if we are going to take cuts in benefits, then we want some say-so in the incentive plan." (Schriefer 32). Basically, management was demanding that Local 9121 give up the right to negotiate over wage rates, the most basic provision of any union contract.

After management's February 28 offer, the mood shifted for everyone on the union bargaining team. Where there had been optimism there was now increasing dread. Few of the participants had been involved in negotiations prior to 1993, but they started feeling that it might not work out as they hoped. Kinley Porter, among others, questioned whether management really wanted to come to an agreement,

They had no intention of a settlement at that time. When we were in the win-win process they were taking applications (for bargaining unit jobs), and we hadn't even gotten to monetary issues. Then they put out the 20% cut proposal. They knew what they were doing. They were prepared. They were moving in trailers (for potential scabs), and they were moving in trailers for the guards and the whole nine yards. They were getting prepared (Porter, Personal interview 4).

The help defuse the situation, the International union sent down several experts. One of the local's favorites was Jeanette Stump, an insurance specialist. Kinley Porter remembered her confrontations with Richard Gonzalez, Bayou's Chief Financial Officer, "During negotiations, they gave us all these charts and graphs which compared them to their competitors. Jeanette looked at them and found all kinds of errors. She was eating him up." (Duhe, Personal interview 17). Kim Duhe also remembers Stump's visit,

She was a dollar cruncher. She could whip figures out quickly. They had this finance vice president (Gonzalez). She had him so mad. He was trying to eat this apple and he just couldn't hold it. The apple was flying all over the room. If you go up to him right now and mention Jeanette Stump's name, he'll go shaking (Duhe 17).

Probably the greatest sticking point in negotiations was the incentive pay plan. Bayou had a long history with failed programs in the past and workers were no longer interested in participating in them. Voest-Alpine instituted a gainsharing program shortly before the sale to the Meyers Group. Workers were to receive their checks, but at the last minute, management canceled the program. "I was supposed to get a \$300

check. That would have been the biggest check I got from gain sharing.” Maurice Simoneaux, remembers (Schiefer 32).

Bayou’s new owners began experimenting with a program shortly after the negotiation of their first contract with the USWA. The 1987 agreement included a side letter requiring negotiations over an incentive program, but before the program was put in place, Local 9121 filed a grievance and effectively ended the program. The union leadership did not oppose the program in principle, just its faulty implementation. “Every time people got close to the goal, the standards would change,” Ferraro said (Schiefer 32). Now, six years later, workers were no more predisposed to trust an incentive plan, especially one that was not grievable or negotiable. Under such a plan, it would be quite easy for management to keep adjusting production rates upward to make employees work harder and limit payouts.

The International sent Harry Lazerchek down to help negotiate with management on this part of their package. “He made a couple of proposals. They looked at it and went back and forth. He showed them a couple of things that would make the company money and make us money. He came back to us and said you can make money off of this. It will work.”, Duhe recalled (Duhe 14). Although Local 9121’s, members certainly were not fans of an incentive pay program, they were willing to trust Lazerchek’s estimates and the company’s promises as long as the twenty percent reduction was removed and base wage rates remained the same. Duhe felt the Local would have accepted the incentive pay plan, without a base wage reduction, but the company pressed too far, apparently without any desire to reach a settlement, “We really felt we should have had some kind of raise, but Lazerchek showed us that we could make money if we could have kept the whole contract. We would have stuck with it and not walked, but they kept having cuts after cuts.” (Duhe 14).

Any hopes of a settlement were dashed on March 3, 1993, when the company presented its contracting out proposal. Faron Bowen, a member of the bargaining committee remembers, "They came back in the 11<sup>th</sup> hour and said, 'Well, there's not going to be any pay cuts. We're not going to cut your pay.' Then they started this contracting out bullshit." (Duhe 6). The 1987 contract had allowed management to contract out certain jobs that would be prohibitively expensive to provide onsite. These included lawn maintenance (not a serious issue since the plant has only about 100 square feet of grass around the administration building), industrial cleaning, and some high-skill, high-expense too maintenance. Management's new proposal, however, called for the elimination of any restrictions on contracting out and no limitations on layoffs. Many believed it was management's intention to contract out entire departments, starting with the shipping department and moving those jobs out of the bargaining unit. Under this provision, members would have virtually no job security.

Management's economic offer and subcontracting proposal broke the spirit of win-win bargaining and information sharing characteristic of earlier sessions. Every element of the company's package was regressive.

Although the United Steelworkers did not recognize it at the time, it is most likely that Bayou Steel's economic offer and subcontracting proposals were not created by Bayou's officers in Laplace, but under orders from Bayou's preferred stockholders, the Meyers Group. Unlimited subcontracting, increased employee medical contributions, and an incentive pay plan are all characteristics of Bayou's nonunion competitors and trends in the industry that institutional investors admire. Moving to what the business community considers innovative steel production was the Meyers Group's goal.

Many steel minimills, both union and nonunion wished to incorporate these three elements into their operations. In the case of Bayou, they were handed down by Bayou's board of directors, who needed radical change to convince institutional investors that the plant would become profitable in the near future. Only then might investors be convinced to help refinance Bayou's junk bond debt. This restructuring was so important to Bayou's controlling investors that they were determined to move ahead, even if it required forcing a strike and operating nonunion.

Bargaining in March reflected management's absolute commitment to restructuring. Very little progress was made. By March 17 there were three extremely divisive issues, any of which would cause a strike by themselves if not settled. These were the incentive pay plan, increased health care contributions, and subcontracting.

After several contract extensions, the union took the relatively routine move of holding a strike vote on the 19<sup>th</sup> and received the overwhelming approval of the membership to strike in 48 hours if the contract was not settled. "That's what pissed them off, because we took a strike vote." Porter recalled (Porter, Personal interview July 15 3).

Mediators were brought in for the final days of negotiations, but helped little. At this point the parties began handing each other handwritten proposals. On the afternoon of the 19<sup>th</sup> the company presented what union negotiators termed the "pissed-off offer" clearly intended to punish the union for the strike authorization vote taken earlier in the day. This offer only pushed the parties further from a settlement and opened up new areas which had not been previously discussed. Overtime was an area with large proposed takeaways. Bayou Steel employed workers on both eight and twelve hour shifts. Previously, these employees received time and a half overtime if they worked over their assigned shifts. The March 19 offer took away this right. Now employees would only receive overtime if they worked over 40 hours in a week.

They also would lose sixth and seventh day premiums. Previously, employees working more than four hours of unscheduled overtime on a shift would receive a \$10 meal allowance. Now, this allowance would be reduced to \$5.

A two-tier wage structure was also proposed in the most recent offer that would grant current employees a wage freeze with the incentive plan, but pay new hires only eighty percent of the current base wage rate. Being a right-to-work state, a provision such as this would ensure that no new employees would join the union since this would lead most to believe that the union would fight for their established members over the interests of new hires. The new worker would feel no loyalty toward Local 9121, and without a contractual obligation to join the union, they would be unlikely to do so.

The March 19 offer was aimed to punish the union for holding firm. It eliminated the superseniority union officials previously held as well as ended paid grievance handling time. Furthermore, the company proposed language explicitly prohibiting all union activity on company time. These proposals gave Local 9121 a difficult choice, either walk out and fight an employer determined to operate union-free or stay and watch the union crumble away. If this offer had remained on the table, the union would have no choice but to strike.

Clearly not designed to promote a settlement, the March 19 offer was pulled from the table at the urging of the federal mediators. The company's new proposal, on March 20, removed the most offensive language on union rights but held firm on subcontracting and incentive pay and proposed deeper health care contributions. Instead of the previously agreed upon 80/20 split on future health care costs, the new proposal demanded a forty percent contribution from bargaining unit employees after the first year of the contract, valued at \$6 per week for individuals and \$20 for families.

An important part of what the company called its “last ditch offer,” was its last provision. It read, “If the membership does not ratify the amended offer contained herein, the company’s attached offer presented on the afternoon of March 19, 1993, will be implemented three days after the membership rejection; such rejection being evidence of an impasse between the parties.” Although not an atypical management bargaining strategy, the Steelworkers, and later the NLRB, recognized it for what it was – bad faith bargaining in direct violation of section 8(a)5 of the National Labor Relations Act.

Management had evidently given up on the possibility of working with the USWA and instead pursued a path intended to provoke a walkout with the eventual hope of breaking the union. Typically, Steelworkers would continue working under the old contract until a settlement was reached, thus allowing their members to draw a paycheck while also keeping strikebreakers out of the plant. This situation was different. With the threatened implementation of the offer from March 19 in the near future, Ron Ferraro felt he had no choice but to call a strike on March 21. Porter remembers the decision, “It was late that night (March 20), they (the company) just walked out on us and left us no choice. When you just walk away from the bargaining table, there is nothing we could do to avoid it.” (Porter, Personal interview July 15 4).

One of the first people the Local bargaining committee called after the late night session was Louis Robein, the union’s legal counsel based in New Orleans:

My family wasn’t interested in seeing me leave the house at 10:30pm, but I left with one of my partners. We went out, met with the committee, and talked with them briefly. Monday morning they went out on strike. Pretty much that was the inevitable decision on their

part based on the bargaining that occurred . . . It was evident that the company was stonewalling and renegeing on promises and engaging in what the Board (NLRB) would call retrogressive proposing and caused the strike (Robein, Personal interview 1).

The longest strike in USWA history was underway.

### ***On Strike***

On March 21, 1993 at noon, it happened. As Kinley Porter remembered;

It was a funny feeling. It was like; you walk in there, you clean out your locker, you don't know if you'll ever be back, you know its probably the best job you ever had with good pay and insurance benefits for your family, and it was like they didn't care, because they had hundreds and hundreds of applications of people who were ready to work. We walked out on March 21st and March 22nd, on a Monday morning, there were cars lined up going in that gate. That was a pure sign right there. All these guys were already hired. We struck that Sunday, and these guys had a job already for the coming Monday morning. Then they started calling some of our people saying, 'if you want your job, you better come on in because you're going to get fired.', and then they started sending fliers to the members houses with slogans like 'think about your family' and all that crap. It was all mind games. You're looking at people going in there for your job, your foremen and your friends. I watched grown men cry, because how are you going to take care of your family. I had members calling me late at

night at my house saying ‘I don’t have no milk or pampers for my baby.’ I had women calling in crying saying, ‘Can you get my husband a job? My husband is still on the picket line and he needs to go and find some work.’ (Porter June 15 4-5).

Most of the 280 union members left their jobs when the strike was called. Although about eighty would cross the lines over the weeks, months, and years that would follow, a core group of 200 remained. To them, the strike was over more than incentive pay plans and subcontracting proposals. When they left on the 21st, it was a release of years of pent up frustration at the lack of respect they had been given by Bayou Steel. As member Marvin Johnson put it, “There’s a time in a job like this when money doesn’t mean everything . . . I’m tired of being lied to, of being treated like a piece of trash. I want to be treated like a human being, and they haven’t ever done that” (McMillar “Bayou Steel Employees”).

To summon the courage to leave their jobs and join the picket lines, most members required the support of their families. Without members’ spouses and children at their side, a strike could never be successful. Although some disagreed with the strike, or hesitantly supported their husbands or wives, others, such as Margaret Vicknair, member Dave Vicknair’s wife, were fully behind their husbands’ effort to obtain respect from the company:

I told him when he came in, and he sat down when it first started, because people didn’t know whether they wanted to go out on strike or if they didn’t. I sat down and we talked about it, and I told him, I said, ‘Look, I’ll tell you something, before I met you, my daughter and I had a can of soup for Christmas. I’ll tell you what, if you want to go

out there, I'm not afraid to go back to a can of soup, and he knew it (Vicknair 40).

Spouses, for many members, provided the swing vote between crossing the picket lines or joining the strike. Those who supported their husband or wives, either at the beginning or partially through the strike, became a strong foundation. They liked to feel, and most agreed, that they were ‘The Heartbeat of Local 9121.’”

The first days of the strike were nothing short of exhilarating. Two hundred members protested outside of the plant that Sunday, turning back delivery trucks and holding picket signs. For many, it was the first time they had ever stood up to the managers at Bayou. At the same time, all the activity was exhausting. Kinley Porter and the other local officers had no time to rest:

There were about five us on the E-Board who were doing everything. So, at first we was like, go home, change clothes, brush your teeth, put on deodorant, and come back to the Local. We'd cook and cook for the picket line and send them lunches and soft drinks. Make sure they had soft drinks, coffee, and a coffee pot (Vicknair 4-5).

Kim Duhe remembers that,

Not too many people got too many hours of sleep. We had a packed house on the picket line the first couple of days. They (Bayou's management) were doing everything they could in the first couple hours of the strike to get an injunction, but the judge more or less sat back and watched what was going on (Duhe 9).

Not only did the strikers on the picket line deter delivery trucks from entering, but they also made it difficult for managers, foremen, clerical employees, and replacement workers to leave the plant. Bayou managers had anticipated the situation and brought in cots and trailers, but truly underestimated how strong the striking employees would be. It would be almost two weeks before they felt comfortable enough to leave.

Bayou's strikers set up camp on the Mississippi River levy across from the plant's main gate, bringing in a trailer to rest in as well as the facilities for cooking and sanitation. Nothing seemed to annoy Bayou's management more than the 'shack' on the levy. They felt that it rested on their property and spent several unsuccessful hours in court trying to prove this. To the company, it was a symbol that Local 9121 was strong and in their face -- a permanent reminder of the ongoing struggle.

Crossovers were deterred both by membership unity on the picket line and by uncontrolled, unsanctioned violence. By the second day of the strike, Bayou's management had reported over two dozen cases of car tires being punctured by jacks and one smashed windshield (McMillar "Bayou Steel Strike in Third Day"). Although many accusations were unsubstantiated, three strikers were arrested on Tuesday the 23rd for throwing a can of soda at a scrap-metal truck leaving the plant, slicing a tire, and tossing jacks on the road (McMillar "Judge Restricts"). Not only were managers and replacement workers affected, but also anyone else who dared to cross. Holed up inside the plant, managers attempted to order a delivery pizza. Bowen remembered,

Pizza Hut does not deliver, nor will it ever deliver to Bayou Steel . . .

Poor boy, they told him 'Don't cross the line. We'll buy the pizza from you, we ain't going to make you come out here for nothing. We'll

buy the pizza. Don't cross the line.' He said, 'I got to.' He did and Bam! (His tired was flattened by a jack) Never drove to Bayou after that (Duhe 8).

Violence was common on both sides of the picket line. Although some drivers heeded the union's request to respect the picket line, others refused. Duhe states that, "We had some bad moments on the line. They had truck drivers coming. You could hear them shifting coming down the road. They'd run you over if you didn't get out of the way" (Duhe 8-9.) In fact, on March 23, a driver was arrested for reckless driving when he knocked down two protesters on his way into the plant (McMillar "Judge Restricts . . .").

Bayou Steel was well prepared to deal with violence on the picket line and used it to their own advantage. On Monday, the company brought in guards from Vance International's Asset Protection Team, all former policemen or soldiers and have been trained to do anything possible to combat unions on the picket line. Vance had developed an especially notorious reputation representing coal operators in mineworker strikes in Virginia and West Virginia, and the Ravenswood Aluminum lockout in 1990. In addition to military training, the guards were also experts in electronic surveillance, using videocameras and powerful microphones to record only actions which bolstered management's accusations of union-initiated picket line violence. The same pattern was followed at Bayou Steel.

Despite the strong picket line, the plant resumed operation only 12 hours after the start of the strike. "They started trying to run it the next morning. They started bringing them in (replacement workers) and went ahead and cranked it out, but it took them a long time to really get started" Faron Bowen remembered (Duhe 11). Starting on the 22, Bayou began making shipments in and out of the plant. Quite often the

strikers noticed it was the same drivers over and over again. Many truckers were afraid to cross the lines or felt sympathy with the picketers. To circumvent this problem, Bayou arranged for a core group of drivers to continually cross the lines. "Bayou contracted a couple of drivers to just pull trailers to other truck lines. Get it loaded, bring it somewhere on (State Road) 51, drop it off, and allow the other driver to take it where it had to go," Duhe recalled (Duhe 12).

Some semblance of order came to the picket line on the third day of the strike, March 23, when the 40<sup>th</sup> Judicial District Court of the State of Louisiana in St. John the Baptist Parish granted Bayou Steel Corporation an injunction against Local 9121's picket line activities. The injunction reduced the number of picketers allowed at each of the plant's entrances. Instead of the approximately fifty picketers who had manned the lines in the first days, only five were allowed at the main gate and three were allowed at each of the other two gates. An equal number to be held in reserve for shift changes.

According to the judicial order, one picketer would be allowed to block an entrance or exit from the plant, but only for a limited period of time, ninety seconds, and were forced to stay ten feet away from any vehicle trying to cross the line ("Steelworkers, Union Told"). Furthermore, members of the union and agents of the company were forbidden from threatening or intimidating the each other, trespassing, or damaging property.

From this point on, picket line activities stabilized. Kinley Porter remembers the change, "In the first couple of days, it was hog wild. Anybody and everybody was on the picket line. Then, we had to get to a point where we had to put everybody on schedules." (Vicknair 4). Although both parties found it impossible to restrict the activities of persons both manning the picket lines and attempting to cross them, ground rules were laid down which both endorsed. From then on, the union made a

good faith attempt to enforce the injunction on its members, but the ultimate authority to determine what was appropriate conduct rested with the local sheriff's office.

After the injunction was put in place, much of the violence was initiated or provoked by the company. Kinley Porter remembers,

Everything to mess with our people's minds, they did it. Their guards would come out and intimidate our people, stand in their face and try to provoke them to do different things, violate the injunction and the whole nine yards. They did a lot of things and anything to intimidate our people. We would go to court for contempt charges and violation of injunction and they had these goon guards they hired from up north . . . They claim they were afraid of our people, but our people never really gave them no reason to feel intimidated or threatened (Porter July 14 5).

Others at the local had similar stories of provocation by the Vance guards but they were not the only source of harrassment. Much of the provocation came from the strikebreakers themselves. Crossing the picket lines, they would shout insults and obscenities, or wave their checks in the faces of the strikers on payday.

Local 9121 attempted to block shipments in and out of the plant in more ways than by just blocking the entrance. Although Bayou was able to find truck drivers willing to cross the lines, the USWA was more successful restricting rail and water traffic. By appealing to union members in these industries, the steelworkers made business more difficult for Bayou Steel. Most of the railway union collective bargaining agreements permit railway workers to refuse to cross picket lines. Although

they were still required to drive the trains to the spur, they did not have to cross. Kim Duhe spoke to the railway servicing Bayou,

ICG Railroad, which is the hauler, had told us for their people not to go into the plant that we had to have picket signs up where the spur comes off the main track. So, every now and then we'd get a guy to run up there and make sure the signs are still up. They were pretty good people, and we forced them to get a foreman to bring in whatever they needed. They wouldn't cross it as long as we had signs (Duhe 9).

Local 9121 was also successful in preventing traffic from the waterways. Maurice Simoneaux handled most of the contact with the shippers. Duhe recalls,

We had people going back on the levy by the spillway with signs when they were bringing ships in. They'd go ahead and dock, but they had to get supervisors to bring the ship the rest of the way in. They wouldn't go ahead and come all the way in. That was the policy out of New Orleans. Many of the people working there were so supportive that we had some people calling Maurice Simoneaux telling him they were coming at such and such a time and to have some people out there. They were there waiting and looking for us out there with signs picketing (Duhe 9).

### ***Longer than Expected***

As the days turned into weeks, a handful of members crossed the lines. Many felt they did not have a choice. They sat back and watched scabs cross the lines and

feared they would lose their jobs permanently. Pat Carter, member Richard Carter's wife, remembers,

When we realized we were going on strike, we sat our kids down and told them what was happening. It was the day after my son's birthday. He said, 'Mom, you can have my birthday money back.' Another son said, 'Mom, I won't play baseball' They're sacrificing, and these guys don't have the guts to stick it out . . Just because time goes on doesn't mean we're going to give in (McMillar "Steel Resolve").

Although Bayou's wages and benefits are relatively low compared to other minimills, they are some of the highest in the Laplace area. Many of the men and women on the picket line feared that because their jobs skills were nontransferable to other industries in the area, that they would never be able to do as well as they had at Bayou. Still overall, the lines stood strong, with only several dozen crossing, and virtually none after that. But even those were painful to watch for those on the line. Many members had developed friendships with the strikebreakers after working together several years in the plant. Many found themselves yelling 'Scab!' at their friends and coworkers who crossed the lines. But, as Pat Carter put it, "I never dreamed in a million years that I'd be sitting there, calling people names, but these guys are literally fighting for their livelihood. That's quite a bit. You tend to resort to things you normally wouldn't do." (McMillar "Steel Resolve").

Even more difficult for members was having relatives cross the lines. Laplace is a relatively small town, therefore, many of those working at Bayou Steel were related to one another, either by blood or by marriage. Families were divided into factions,

with some honoring the line and others crossing. Some members had relatives who even went so far as to take replacement positions while their family members were out on the picket line (Vicknair 38). Porter recalls his feelings, "When you're on that picket line and see your cousin or your brother-in-law go in there and take your job, I mean it divided families. I could understand my cousin needs a job, but I can't understand him wanting my job or my brother-in-law wanting my job." (Porter July 15 10-11).

Probably the most important and difficult family relationship was that between Ron Ferraro, President of Local 9121 and Jerry Pitts, President of the company. Ferraro's sister was married to Pitt's brother. From the start of the strike, Ferraro and his brother-in-law stopped speaking to each other. More importantly, this family relationship shaped the interactions between Ferraro and Pitts. Many have speculated that the strike at Bayou Steel became more than just a struggle over a collective bargaining agreement. Although Ferraro and Pitts were integral parts of their respective bargaining teams in future rounds, some felt they had developed too much personal animosity to easily reach an agreement.

At the start of the strike, both parties agreed to a two week 'cooling off' period in negotiations. On March, International Representative Jim Pepitone and Hank Vasquez started communicating again, but this time only by letter, as Vasquez was unable to leave the plant. Roughly a week after the start of the strike, Pepitone, Vasquez, and Postlewait agreed to meet, but they found that events surrounding the strike had pushed them further away than they had expected. They agreed to meet at the Holiday Inn in Hammond to discuss picket line activities. Pepitone promised the company's representatives he could get them out of the plant without harassment. This was, however, difficult to deliver. Upon leaving the plant, they all discovered, Pepitone included, that their car tires had been punctured by jackrocks. This delayed

the discussion for several hours and created a climate of fear and hostility. Pepitone recalled the meeting,

When Tim came and sat next to me I moved my feet so he could sit there, but he sat one seat from me. Hank had a couple of books in his hand, and Tim said, "If you think that's funny, I don't like it a damn." and started cussing. I thought he was kidding. With Tim, I had a perfect relationship going on, and I kind of chuckled about things going on. He said he was scared to cross the picket line. After a while I found out he was serious. He was scared. He was pissed off and he was cussing. So I said, 'We can end this right now, me and you can go outside and settle this if that's what you want.' So, I got out of my seat and said, 'I can't control that big crowd.' Hank kind of cooled him down a bit. He sat there and talked to him. We didn't accomplish a damn thing. He was so scared. He was not going through that picket line, and Hank, Hank was an ex-Marine and he acted like he didn't care, but he was scared to death . . . Hank is still scared . . . We'd shake his van (on the picket line), and he told me, 'If it was legal, and I'd had my gun, I'd kill every last one of you' (Vicknair 29-30).

The strike created so much tension on both sides, that a settlement in the early days of the strike seemed nearly impossible.

The parties met again on Tuesday, March 30, but it appeared as if it was no more than an exercise. Neither side was willing to move on their positions (McMillar "Steelmaker, Union"). By the end of March, however, members were beginning to feel the reality of the strike. It was no longer a battle the union hoped to win quickly.

Instead it became a war of attrition. The week before, local 9121 members had picked up their last paychecks and had begun receiving strike benefits from the International.

The sam week, the company announced its intention to cancel their health insurance plans, giving them the option to pay out of pocket for themselves for up to eighteen months. Very little was more frightening then the possibility of a family member becoming ill and having no way to cover the expenses. The Local made it clear, however, that even with their limited resources, they would do all they could for those in trouble. Kinley Porter recalled,

They had what they called COBRA insurance, and I think the insurance ran like \$400 a month. If you're out on strike, how can you afford that? We had maybe three or four people with the type of medical problems that they had no choice, so we were able to help them pay the Cobra insurance. A lot of members selected to use the blue cross coverage that the international offered us. I think it was costing like \$10 a week, but it was minimal coverage. It was hard, say I got three kids at home, and my biggest fear was that if one of these kids gets sick and needs major surgery or something like that (Porter July 15 10).

Porters fears reflected the concerns of nearly all of those on the picket line.

Members also began to seriously fear that they would permanently lose their jobs when management brought in a new group of replacement workers on March 31, barely a week after the start of the strike. Bayou Steel also announced that the plant was running at seventy percent of its pre-strike levels and would be up to 100 percent

by the end of the week (Broach “Bayou Steel Hiring”). Although few believed these numbers, they certainly had a substantial psychological effect.

The Local did everything possible to keep its membership together, whether it meant daily phone conversations with the members or their families to remind them why they were on strike, giving encouraging words, sharing groceries, or lending a helping hand. Strike and Defense funds were distributed on a sliding scale, giving more to those in financial need. If these funds were not enough, members would pitch in together to stay united. As member Richard Carter’s wife Pat put it, “We’ve really become a family. We lean on each other when times are hard,” (McMillar “Steel Resolve”)

As the days wore on, negotiations continued, but with very little movement. Members felt that the company was using any excuse to abandon the bargaining process. On April 14, after an all-night bargaining session, the membership voted on a new contract proposal, rejecting it 200 to 6, with many believing there was little or no difference between it and previous contracts. Member Paul Waggespack commented, “It pissed us off. It really upset a lot of people. I came here this morning hoping I could say yes. But then they gave us more of the same thing.” Others, however, agreed that the latest offer was a slap in the face, but felt that it would help the union’s resolve, “They feel we’ll be desperate enough to take anything. Things like this make us stronger.” stated striker Kent Fredericks (Warren and McMillar “Steelworkers Say No”)..

The same day, April 14th, the union’s attorneys filed the first of their National Labor Relations Board (NLRB) complaints, stating that Bayou Steel violated section 8(a)(5) of the National Labor Relations Act requiring them to bargain in good faith, calling their past practices of regressive bargaining illegal. (Warren and McMillar “Steelworkers Say No.”). The centerpiece of the complaint was to be the written

announcement on the company's offer from March 20 that stated that if it was not accepted, they would revert to the one from March 19. Although the NLRB is notoriously slow in processing complaints, the case and its ramifications would remain on the minds of the parties throughout the entire strike.

The Unfair Labor Practice charges opened the way for the union to seek compensation from the Louisiana Office of Employment Security. Local 9121's attorney, Louis Robein and his firm, handled the case. The law firm, Robein, Urann, and Lurye, based in Metairie, Louisiana handled most union business in southern Louisiana and Mississippi. One of the first actions typically taken by an attorney representing union members involved in a labor dispute is filing a claim for unemployment payments, which Louis Robein did on the 21st, the first day of the strike. In the State of Louisiana, workers must prove that work is not available to apply for unemployment compensation. Initially, the Louisiana Department of Labor denied the union's claim, stating that as an interested party in a labor dispute, the strikers were ineligible for unemployment benefits. On appeal, the situation changed drastically.

Robein explains;

The agency essentially agreed with us that the company had caused the strike and had forced the strike and that its offer was so regressive, as the labor board had noted, that it was tantamount to a lockout. It wasn't an offensive strike, but it was a defensive strike by the workers, and they had the right to refuse to work under such punitive and onerous conditions (Robein 5).

On May 4, 1993, the agency reversed its decision to deny benefits and granted retroactive unemployment payments to the members of Local 9121 who were still on strike, giving them the maximum allowed by Louisiana law, \$181 per week (Hughlett “Strikers Will”). These payments eased the members burdens during the early weeks of the strike.

Although Bayou Steel eventually won an appeal of this decision on the grounds that although they had proposed a takeaway offer and threatened to implement it, they had not yet done so and had not officially permanently replaced those on strike. Thus, workers were unemployed of their own will and not locked out. By this time, however, Bayou’s strikers had received payments for thirteen out of the twenty-six weeks for which they would have been eligible for and had collected approximately \$1.3 million in payouts (Robein 5). This money was never collected from the union’s members, despite efforts by the company. That first May of the strike, months before the ruling would be overturned, their ability to collect thirteen weeks of unemployment compensation was seen as an early victory in what would become a long, hard struggle.

As it became clear that the strike was destined to last more than a few weeks, Local 9121's leadership felt that they had to petition several elements of the community in order to win widespread support and maintain the picket lines. Louisiana is a right to work state in the heart of the southeast, a traditionally anti-union region of the United States. Residents were not eager to see a labor dispute at Bayou Steel, and most could not understand a strike against an employer who already paid some of the highest wages in the area. To many, this confirmed their belief that unions are were greedy and initiators of conflict. It would be critical in the coming months to convince the community that the strike was not about getting more, but

preserving a standard of living and job security that would benefit the entire community.

One of the earliest community associations Local 9121's representatives visited was the Parish Council, where they found support and a willingness to broker a settlement. Additionally, the union brought up, for the first time, the issue of Bayou Steel's tax abatements, totaling up to \$3,322,864 per year (McMillar "St. John Wants"). The question was raised as to whether Bayou was a good corporate citizen and if not, did it deserve tax breaks.

By the end of July, however, the Local and the International felt it would not be enough to merely appeal to the local community and man the picket lines. The knew they had to win, and the only way to do this was to widen the battle.

### ***The Struggle Expands***

As one of the first organized minimills, Bayou Steel had always been critically important to the USWA. It was no surprise, then, that the International Union, especially President Lynn Williams and Vice President George Becker, had always taken a keen interest in what happened at Laplace. By early July, it became clear to the International that the labor dispute was nowhere near settlement, and it would take much more than manning to picket lines and distributing strike and defense funds to end the conflict. They knew that if the union lost or settled for an inferior contract at Bayou, it would open the doors for its other organized minimill employers to follow Bayou's lead and push their unions to the point of ineffectiveness or obsolescence. Furthermore, Bayou Steel became a test. If the USWA was unable to win a fair contract, their chances for expansion and continued organizing might be irreparably harmed. Winning was of critical importance.

As the USWA viewed it, there were two elements for victory at Bayou. First, it would provide almost unlimited funding to the local, ensuring that members in Laplace could weather the strike and keep the picket lines strong. It would also have the resources needed to convince the Laplace community to support the striking workers in their struggle. The second part of the USWA's strategy was to expand the labor dispute outside of Laplace and attack Bayou Steel in nontraditional ways on every front. By doing this, they hoped to force Howard Meyers and his associates to sign an equitable and fair agreement at Bayou Steel.

Having just won a spectacular victory at Ravenswood Aluminum in West Virginia, where the employer was forced to sign a fair agreement and bring all union workers back to work after a twenty-two month lockout, the USWA believed that an important element of success would need to be a coordinated campaign on a scope and scale similar to the one implemented at Ravenswood.

The union knew that comprehensive campaigns such as this usually require extensive resources, both in dollars and in skilled personnel. To this end, it reassembled much of their Ravenswood strategy team along with some new members. At the Steelworkers, this included involving Jerry Fernandez, then working on special projects and campaigns, who eventually headed a newly created department, Strategic Campaigns. It also included Mike Wright, head of the Safety and Health Department and Jim Valenti, both seasoned veterans of the Ravenswood struggle. All told, the Bayou Steel campaign involved almost every one of the Steelworkers senior officers, most departments, and a large number of their experienced staff.

Despite its Ravenswood experience, however, the USWA did not have the in-house capacity to run a comprehensive campaign without bringing in outside assistance. For additional expertise, the research and campaign staff of the Industrial Union Department of the AFL-CIO (IUD) was brought in. The IUD representatives

included Joe Uehlein and Richard Yeselson, who had played key roles in the Ravenswood Campaign, and a newcomer, Ed Keyser.

With a strategy team assembled, George Becker made the following announcement to Bayou Steel and the nation on August 2, 1993 at the Hilton Hotel in Kenner, Louisiana,

Labor disputes no longer are restricted to the picket line. There are other players in our society who can have and have had significant influence in helping resolve labor conflicts . . . We intend to inform them fully of the events here and of Bayou management's outrageous conduct ("USWA Widens Bayou Campaign" 9).

Becker added,

We're going to take this fight to the financiers, to the customers . . . any company associated with Bayou Steel. We intend to get them into this struggle. We have every reason to believe that they will want to get involved once they hear the facts (Bacon "Union Sets Up").

Becker was accompanied by District 36 Director Richard Davis, Ron Ferraro, and members of the local union negotiating committee. Davis told the press,

Our members are locked out of their jobs. Given the company's unyielding and excessive positions, any impartial observer would conclude that Bayou management had no interest in reaching agreement. We're certain that Bayou bondholders will be alarmed to

learn they are at great financial risk because of management's business practices. . . Our goal from the beginning was to negotiate a contract that works to the advantage of both the workers and the company.

Bayou management, for its own reason, and we believe it was to get rid of the union, chose confrontation over compromise, forced out members into a corner and gave them no choice but to strike ("USWA Widens Bayou Campaign" 9).

Later, he stated that the union, "will pursue every avenue of leverage until this company shows our members the respect they deserve at the bargaining table." ("Bayou Strikers Win Support" 19).

From the beginning of the coordinated campaign, it was made clear that the new actions would be completely separate from the union's bargaining activities. Except at the local level, almost none of the bargaining staff at the USWA participated in these new pressure tactics. Similarly, the strategy team worked exclusively on the coordinated campaign. Activities were not to cross over. The USWA felt that the ups and downs of bargaining would hurt the corporate campaign, which was based on escalating pressure tactics. The campaign was to continually build in strength until it got to a point that would be unbearable for the company. If it was halted during bargaining sessions, it would become difficult to rebuild the energy that had been developed. The coordinated campaign staff, both in Pittsburgh and at the IUD appreciated this freedom. It allowed them to participate in their activities without worrying about what transpired at the bargaining table.

One of their first tasks they undertook was mapping the company. Rich Yeselson and Ed Keyser worked hard on developing a chart of Bayou's operations and management. They graphed the ownership structure of Bayou, including the various

properties and subsidiaries held. In the process, they uncovered not only that Bayou was controlled by Howard Meyers but also that a powerful group of investors controlled its affairs from behind the scenes. They discovered that Howard Meyers also owned Quexco, Inc., the parent of Quemetco Metals and Revere Smelting and Refining (RSR). All of their sites were to become fair game in the corporate campaign. The staff also discovered Bayou's autocratic corporate management structure and the highly leveraged nature of the company. Although they continued to uncover new information about the company in the months that would follow, they had learned enough about the Meyer Group and its investors and subsidiaries to prepare a strategic framework for the campaign.

Coordinated campaign activities began in Laplace, centered around the Bayou plant. Led by Jim Valenti, the Steelworkers proceeded to investigate safety and health conditions. Usually, steel minimills are sites of flagrant violations, and Bayou was no exception. The plant had a long history of unsafe conditions including an unusually large number of fatal accidents. Additionally, Bayou had numerous problems with their baghouse over the years. As a result, employees were often exposed to large amounts of flue dust, a high proportion of which is lead. For years, this had been a key concern of members in the plant. During the strike, it became an important part of the campaign.

In addition to interviewing members on strike, the USWA requested health and safety records from Bayou itself. These included all employee exposure records, environmental monitoring results, and health and safety data sheets. In addition, the union requested a copy of the company's respiratory protection program, which had been laxly enforced in the past, their hazard communication program's documents, and copies of the plant's OSHA logs. This was all information that the company by law was required to provide the union, but until now had delayed or avoided handing

documents over. On October 26, 1993, the union filed a formal complaint for failure to provide the relevant documentation. Eventually, OSHA would find that Bayou had committed a willful violation and fine the company \$3,500. But this decision would not come down until many months later on April 22 of 1994. The fall of 1993 was to be only the beginning of the union's health and safety campaign against Bayou.

Bayou, in flagrant violation of the law, denied OSHA inspectors access to the facility on July 21, 1994. Valenti remembers the union's efforts,

I began requesting information under [section] 191020 and 191200 that were public access and other specific access provisions on OSHA standards. I requested those immediately. In fact, we were denied that information. I filed a complaint, a complaint that resulted in willful violations of the act in terms of providing that information. That was the first citation issued against Bayou. That was a 'gimme', because they just refused to give us the information, and they did get cited willful (Valenti 7).

Valenti and others collected data from the union's safety and health committee, reviewed files from the labor-management safety committee, and identified issues which were addressed and documented but had not been corrected. They interviewed members who had worked in each department of the plant, as well as replacement workers who were currently in the plant, to identify areas where there was noncompliance. They then generated a document to assist the OSHA inspectors. According to Valenti,

I think eighty percent of those issues were cited (by OSHA.) Those that weren't cited weren't all cited because they didn't exist. Many of those that weren't cited were because they were corrected in the period of time where OSHA was denied entry unlawfully for three months.

Later they were given the complaints and amazingly they only corrected about 10-15% of the alleged violations. The rest still remain even though they were denied entry, in effect unlawful advance notice of the inspection (Valenti Personal interview 7-8).

In the end, Bayou Steel was charged with almost two dozen serious violations. As Valenti remembered, "That led to a citation of almost \$200,000 (\$160,500)." (Valenti Personal interview 7) (Ferraro and Simoneaux Letter to Bill Lynch).

The USWA pushed OSHA relentlessly in the coming months to inspect the facility, which OSHA did on several occasions. Over time, the health and safety campaign became more involved. Not only were members of Local 9121 involved, but strikebreakers began cooperating with the union and OSHA, as Valenti recalls,

It didn't take long before they became more and more cooperative. I think management's overall treatment of its employees spilled over on replacement workers. Those employees who had been working there for a while had their own concerns from both a personal health and safety perspective and a community wide issue (Valenti Personal interview 5).

Mike Wright, Jim Valenti, and Jerry Fernandez also decided to approach the coordinated campaign from an environmental perspective. Many of Local 9121's

members had long been suspicious that Bayou's plant was environmentally unsafe. As Jerry Fernandez explains,

If you look at the nature of the industry, where you have smoke, you have furnaces and you have an unproven technology in their new baghouse. Where you have arsenic, cadmium, and other heavy metals, you get many byproducts such as lead. You can always find environmental issues if you look hard enough (Fernandez 6).

The USWA hoped to investigate these allegations, assist environmental regulatory agencies, and inform the public about the results, with the ultimate goal of providing enough negative publicity that they would feel pressured by the community to sign an agreement. According to Mike Wright,

The philosophy here is that a company that is treating its workers badly in one area is likely to be treating them badly in all areas including safety and health. In addition, a company that treats its workers badly is likely to be treating the surrounding community and environment badly, so we think that it's legitimate for the union to point these things out to the public and point out every aspect of the company's operations when we are in a coordinated campaign (Wright 1).

With Jim Valenti's assistance, members of the local, led by Maurice Simoneaux began examining Bayou's environmental record. As he remembers,

During the strike, we talked to guys who worked for IMS, International Mill Service, and one guy spoke up and when he found out what flue dust was and that it was contaminated, he began telling us that he had dug a big hole in the back out the plant when it first started up and he buried a bunch of stuff and he covered it back up with dirt. The people in the scrap yard all and that, they were telling me about radioactive pipe that was just laying on the ground, nothing protecting it on bare ground. They were telling me about how the cranes used to leak a lot of oil, hydraulic fluid, and everything else. They just kept pouring in oil to keep them moving (Simoneaux Personal interview 5).

Management was infuriated with Local 9121's environmental investigations and was unwilling to acknowledge the validity of the complaints, let along correct the situation. Simoneaux states,

(They were) pissed off. They called us liars and everything else. I talked to a bunch of different people in different areas and had an aerial map of the plant. I got about five or six people in the lawyer's office and got sworn affidavits of what they seen and they knew was done and what they might have done and didn't know was wrong. So, I drew circles on all the areas of the map and all that and made copies and gave DEQ one, and I gave EPA one, and I gave OSHA one because they had safety things too (Simoneaux Personal interview 5).

The Steelworkers, however, lacked the in-house capabilities to conduct the extensive environmental research that was needed for the campaign. For this, they turned to an independent consultant, Dr. Ben Ross, from Disposal Safety, Inc. (DSI). Based in Washington DC Ben Ross had worked with the USWA since 1985 on a wide range of environmental projects, most prominently the Ravenswood Campaign (Ross 1). The initial request was simple, examine the related files from the EPA and state environmental agencies and issue a report on Bayou's and RSR's environmental records (Ross 2). As the environmental record of Howard Meyers's businesses were discovered, Ben Ross's role grew.

Bayou's environmental problems focused around its flue dust emissions and its hazardous waste management procedures. Ross recalls,

The union pointed this out to us, because they saw these big clouds of dust coming out of the plant, and they reported it to the state repeatedly, and the state inspectors would only come at night when they can't make a measurement or wouldn't come at all (Ross 4).

Although Ross and Disposal Safety learned of Bayou's poor environmental record earlier, they waited until their preliminary research was concluded to release their findings on December 10, 1993 in a report titled, "Environmental Audit: Bayou Steel Corporation". Although they were denied access to management employees, its files, and the facility itself, they were able to complete an accurate report outlining Bayou's problems.

The flue dust generated by Bayou's electric arc furnaces was classified as hazardous waste K061 under the Resource Conservation and Recovery Act (RCRA) (Disposal Safety Inc. Environmental Audit ii). Bayou attempted to capture most of

this dust through the baghouse and transport it offsite for disposal. Ross found that this control system is bypassed often and unacceptable amounts of lead dust are released. The residents of Laplace, especially those within close range of the facility, may be chronically exposed to dangerous levels of lead in the air. Researchers have found that lead can have extremely harmful neurological effects, including brain damage. Small children are especially at risk. Furthermore, those inhaling lead dust, like the employees of Bayou, are at much greater risk for developing cancer (Disposal Safety Inc. Environmental Audit 13).

Bayou was also found deficient in areas other than air emissions. Its hazardous waste management procedures were greatly out of line with state and federal regulations. Dust was incinerated without a permit and disposed of in a waste pile without the necessary approval of the state Department of Environmental Quality (DEQ). Bayou also stored radioactive waste on-site in railroad cars. Although they were permitted to do this for 90 days, they continually sought extensions and had been doing so since November 1989 (Disposal Safety Inc. Environmental Audit 9). Management at Bayou also chronically violated its limits in its wastewater discharge permit, discharging beyond the maximum on many occasions (Disposal Safety Inc. Environmental Audit ii).

Disposal Safety's environmental audit became written documentation of what employees of Bayou Steel long knew to be true. It soon became a key component of the campaign. The document was made available to not only the St. Johns Parish Council, but also the St. Johns Citizens for Environmental Justice, a local activist group. From there it was passed on to others, such as the United States Public Interest Research Group (USPIRG), which would go on to use the information to pursue their own actions. The union also brought Bayou's dubious environmental

practices in Laplace to the attention of the Louisiana Department of Environmental Quality.

Although the USWA presented a convincing case warranting DEQ investigation, the Steelworkers found the agency less than helpful. Louis Robein remembers,

At the DEQ, the leadership of the department stonewalled us, and then, when they were confronted, and we found out later that the pressure was coming from the Governor to back off. The secretary of the department wanted to go forward but was sabotaged from within the DEQ. There's a very large amount of investigators and compliance folks that had very incestuous relationships with industry. They're from industry or hope to go into industry. . . We discovered that when measures were being pursued someone ordered them to stop or someone just didn't follow through. So when, during the course of the campaign, there was a lot of pressure brought on DEQ, DEQ at one point punted and asked for the EPA to come in. Of course the Steelworkers accelerated that process by using their contacts and influence to get the EPA to come in (Robein Personal interview 8).

The EPA eventually conducted their own investigations, including a full multimedia inspection, and upheld many of Ben Ross's allegations. However, the EPA's enforcement actions were extremely limited. USPIRG and the St. John Citizens for Environmental Justice also focused on Bayou's poor environmental record. Using EPA's and DSI's reports, they filed a lawsuit in U.S. District Court in New Orleans on February 6, 1996. Although not directly involved, the USWA heartily endorsed the

action. Commenting for the union, Dick Davis stated, “This citizens’ lawsuit looks like a giant step toward getting Bayou Steel to clean up its environmental mess and act in accordance with the law. We support what the citizens are doing.” (United Steelworkers of America “USWA Applauds Citizens’ Suit”). This court battle is still being waged to this day.

The success of the investigation led the Steelworkers to authorize Disposal Safety to conduct an investigation of the other sites controlled and managed by Howard Meyers and his associates to determine whether a pattern of noncompliance existed at many or all of RSR and Quexco’s operations. DSI immediately expanded the focus of its operations.

The environmental findings provided the USWA with an important discussion point to present to state regulatory agencies, lending institutions, and existing and potential investors. One of the first agencies the Steelworkers and Local 9121 approached was the Louisiana Board of Commerce and Industry (BCI). The BCI is the agency providing oversight and approval for tax abatements in the state, which need to be regularly reapproved. Significant tax abatements had been a key component of Louisiana’s package to attract Voest-Alpine to Laplace instead of Texas. After the Meyers Group purchased the property, these abatements were transferred to the new owners. They amounted to \$47,603,414 over the previous 13 years, but were granted on the assumption that the steel mill would be beneficial to the community (Keyser Memorandum to Gary Hubbard and Howard Scott). This included providing investments and jobs for local residents.

Although Bayou located their plant in St. Johns Parish, the Steelworkers and many in the community felt that this should not be enough to guarantee renewals of their tax abatement status. They determined that Bayou’s record as a corporate citizen should be presented to the BCI board as part of the renewal process. Management had

been charged with twenty-two unfair labor practices and forced their employees out on a long and painful strike. Many believed, from license plates they noticed passing the picket line, that the company was hiring replacement workers from outside of the local community, including many from out of state. These actions, coupled with the repeated violations of health and safety regulations, the refusal to allow OSHA inspection, the improper storage of hazardous waste, and the release of thousands of pounds of lead dust, were not the actions of a responsible corporate citizen.

The Steelworkers raised additional points with the BCI. Among these were the many exemptions claimed for expenditures that clearly were not to the advantage of Laplace. Examples include a \$62,000 charge for an outside firm to dispose of contaminated soil, a potential acquisition of C E Tubes, Inc., which was based in Chattanooga, Tennessee, and \$178,000 spent on a security system including video cameras and listening devices intended to monitor the activities of Bayou's striking employees (Points to Raise). The Steelworkers felt there was no way the BCI should continue to grant the same level of tax exemptions to the company in light of its total disregard of the rights and welfare of its workers and the broader Laplace community.

USWA international representatives, members of Local 9121, Louis Robein, and Julie Spencer, legal counsel for 9121, attended six meetings of the BCI, held at various locations around the state. The nineteen members of the BCI were appointed by the Louisiana State Governor, Edwin W. Edwards, but almost all came from the ranks of industry, with the notable exception of John "Red" Bourg of the Louisiana State Federation of Labor. At each meeting, the continuation of Bayou's tax abatements was placed on the agenda and discussed at length. On several occasions, representatives of Bayou Steel even failed to appear to refute the USWA's accusations. Nevertheless, although board members listened politely to the presenters, the Steelworkers found no support, except from Bourg. Their usual response was to

delay action until studies were conducted, documentation provided, or bargaining between the parties had taken place. Even when these conditions were satisfied, the board stalled and failed to take action. Many presenters felt that their attendance was a futile exercise and that the BCI members had made their decisions prior to the meetings. Nevertheless, the Steelworkers activities to challenge the company's tax breaks became a large part of the campaign in Louisiana, by putting pressure on management, and providing free publicity for Local 9121's cause.

Another opportunity for action presented itself in December 1993 when Bayou Steel registered with the Securities and Exchange Commission to publicly offer \$75 million worth of high interest mortgage notes. The coordinated campaign team was well aware of the company's highly leveraged status and understood the Meyers Group's long term plan for Bayou, with refinancing its fourteen and three-quarter percent interest junk bonds as a key component.

Keyser, Yeselson, and Uehlein noticed immediately that Bayou Steel's prospectus, registered with the SEC, omitted important details, especially relating to its environmental status. Keyser remembers,

We realized immediately a couple of things. One was that the company was selling these bonds . . . because they're in the middle of a strike, which is a weird time, you'd think, to sell bonds to the public. So they had to write off the strike. They had to make the strike look like it was over. They had to make it look like, or we felt, they had to make it look like they were going to achieve tremendous cost savings as a result of either eliminating the union altogether or imposing their final offer, and there was basically no discussion, there wasn't any real, substantive discussion on environmental liabilities in it. And there

wasn't any discussion of a couple ongoing requests for tax exemptions from the state. So looking at this, we thought the registration statement, and they were basically selling the public like we beat the union and that's why you should buy our bonds because we're union-free now. . . It showed us that this was crunch time as far as the union was concerned, and that the company was able to seduce all these investors around what we thought were false and misleading statements the company was making in its registration statement. They were able to do this without us at least having a voice in it. Also, we concluded that it was going to be even more and more difficult to get them to bargain fairly, reasonably at the bargaining table, so we jumped on it right away (Keyser Personal interview 5).

The campaign team noticed that Bayou had been incorrectly implying that they were in compliance with governmental regulations. Bayou even claimed that, "The Company currently has no mandated expenditures to address previously contaminated sites and does not anticipate any infrequent or non-recurring clean-up expenditures," clearly false when DSI's report is taken into consideration (Ross Memorandum to Jim Valenti 17 January 1994). Ross's report, "Bayou Steel's Environmental Disclosure: Is It Complete?", produced in response to Bayou's inadequate SEC registration statement, questioned not only the facts Bayou presented, but raised the possibility that Bayou might not even be able to meet its financial obligations relating to its extensive environmental violations. Although the Steelworkers actual communications with the SEC focused strictly on the registration statement's inaccuracies, internally, the USWA began assembling documents relating to habitual noncompliance by Howard Meyers and his associates at all their facilities. To the delight of the coordinated

campaign team, the SEC examined the documentation provided to them and ordered Bayou to amend its statement to reflect its true environmental position, thus delaying the bond issue. Keyser recalls,

The SEC sent the company a long list of things that it felt the company needed to disclose in order for them to let the registration statement, they call it ‘go effective’, basically sign off on it and allow the company to sell the bonds. Many of those concerns were concerns that we had raised. There were questions raised about the company’s situations with the tax exemptions. There were a lot of questions raised about different scenarios that could take place depending on what the outcome of the labor stuff was, particularly with the Board having upheld the charges, how it was to be adjudicated, and there were questions about the environment . . . What ended up happening is that the company really didn’t want to disclose those things, but they were running out of time. They had basically had their underwriter (Chemical Securities) line up commitments to buy the bonds, and the customers, the potential bond buyers started getting nervous because they were being held up at the SEC. They made a decision, rather than fight with the SEC about what it should put in its registration statement or not, because the underwriter had lined up enough people to do the deal, that they should just do the deal.”(Keyser, Personal interview 6).

The Steelworkers went on the offensive to provide information to potential investors that had not been provided by Bayou, such as the status of the strike,

pending NLRB ULP charges, and their poor environmental record, indicating that the company might not be a secure source of future profits. USWA Communications Director, Gary Hubbard, stated, “The only way we can get (Bayou Steel’s attention) is by impacting its bottom line.” (Entous).

In February 1994, representatives of the Steelworkers traveled to New York City to attend a meeting held by Chemical Securities Inc., Bayou’s underwriters for the bonds, for potential institutional investors. Keyser and Yeselson led a delegation from the local union including Faron Bowen, Maurice Simoneaux, and Kinley Porter (Keyser Personal interview 5). Staying in the same hotel as Bayou’s managers, the delegation shocked Rich Gonzalez, Bayou’s Chief Financial Officer, by its presence (Porter July 15 6). Although they were quickly “escorted out of the meeting”, they were able to express some of their concerns and made a promise that they intended to distribute information to investors themselves, including copies of DSI’s Bayou Steel: Environmental Audit (Entous). Apparently afraid of another embarrassing encounter with the union, Gonzalez canceled a meeting scheduled later that day at the Helmsley Hotel (Porter July 15 6). In an effort to reach other potential investors, the USWA placed an ad on February 7 in the *Wall Street Journal* informing its readers of the deteriorating situation at Bayou.

As expected, Bayou’s bond offering was confirmed by the SEC, but not until after the USWA forced them to take notice and make major changes. The company found that the Steelworkers would be a thorn in its side. They had the ability to learn about important meetings and the resources to attend them. By informing the financial community of Bayou’s poor labor and environmental record, it could force the company to disclose information it had wanted to suppress. They could thus influence the markets accordingly. As Ed Keyser explained,

We should stress publicly the fact that we impacted the final interest rate, which was expected at around 10% (the final rate was 10.25%). This will cost the company about \$180,000 a year until 2001, according to its own estimate. In addition, we should stress the fact that we delayed the bond offering for about one month and forced Bayou to disclose its environmental and labor problems in great detail (Keyser Memorandum to George Becker and Gary Hubbard).

Although Meyers was able to refinance Bayou's debt, this was an important victory for the USWA's coordinated campaign. It let management know that the USWA was committed for the long term and intent on providing whatever resources were needed to win the strike. Meyers had not expected the Steelworkers to learn of their bond issue, let alone present an effective opposition. Keyser believes,

That was when they felt like, 'Well, these guys almost, these guys were in our face on the bond deal, and we had to do a lot of work to mollify the SEC and/or the underwriter, and they've got an environmental report, and they're going to do one on RSR. Maybe now is the time to settle.'(Keyser Personal interview 7).

Once again, everyone's eyes were on developments at the bargaining table.

### ***Manning the Lines***

Remember why we as a union walked off our jobs. Now is not the time to give in to a company who doesn't respect it's employees. Think about not only your future but your children's future. If we

don't finish this fight, they will not have a decent place to work without leaving this area or state to find a job. UNITED WE STAND. DIVIDED WE FALL.

-Local 9121 Negotiating Committee

November 10, 1993

Local 9121 stood together, dedicated to getting a fair contract. During the first year of the strike, the parties met numerous times and exchanged countless letters, but made no progress in bargaining. Members on the line heard predictions, like 'Just two more weeks', but continued waiting. After months of these statements, they stopped believing them, rallying around 'One Day Longer' instead, walking the line, taking it step by step, hoping to outlast management.

After Becker announced the start of the coordinated campaign in August, the character of the strike and bargaining changed. With so much invested in the success of the struggle, the International took a keen interest in events at Bayou Steel. Both financial and staff resources were provided to Local 9121 that would have been unthinkable for other, less publicized, labor struggles. As Porter recalls,

The thing that struck the most to the membership was how the International was there for us. Anything we wanted, they gave us. It got to a point where we didn't need for anything. At one time our financial status, as far as strike and defense, we kept \$125,000 in our strike and defense treasury and was getting a weekly check from the International, so we was able to do things we wanted to do, target people we wanted to target and didn't have to worry about finances.

If we had to go to a Board of Commerce and Industry meeting in Lafayette, Lake Charles or Monroe, and the bus cost us \$1,500, that wasn't a problem. If we wanted to fly out to New York or Dallas or something, if that trip was going to cost us \$5,000, it didn't matter. The money was there. We were blessed, because I don't think, and we heard this from other local unions like OCAW (Oil, Atomic, and Chemical Workers) and oil workers, and National T workers, that the International backing we had during the strike from our International union alone, no other international union has done that (Porter July 15 11).

Although striking was still a struggle, it did become, in a sense, professionalized. Local 9121 had never done this before. In fact, 1993 was only the second renewal of its contract. To help coordinate activities, the International sent Joe Gonzalez, Jackie Mullins, and Dewitt Walton to Laplace to organize the picket lines, assign captains, create regular schedules, and educate the Local as to the proper functioning of a strike and defense fund (Walton 2). Porter recalls,

We all was inexperienced when it came to strikes and what we needed to do. Well, the first couple of months, all we knew was walking the picket line. Then, I think in August sometime, the International sent Joe Gonzalez, he was in the corporate campaign department, and a lady named Jackie Mullins. They sent them down to help us strategize and put together things and places and people we needed to target and create leaflets, putting together picket signs because we had no idea what we could put in picket signs, what was legal and what

wasn't, whether it was an economic strike or whether it was an unfair labor practice strike. (Porter Personal interview July 14 4).

As a result, the Local not only regularized their picket line activities, but on September 23, 1993, it also put together a list of corporate campaign strategies. This plan contained a checklist of activities ranging from meeting with local politicians, businesses, and media outlets to leafleting and picketing restaurants and country clubs frequented by management. It also included creating a newsletter to inform the members of recent events and conducting research at the local courthouse. With the help of the international, the local planned to purchase and place informational billboards around Laplace, travel with the corporate campaign staff to numerous sites outside of the state, and begin following trucks out of the plant to identify purchasers of Bayou Metal (Corporate Campaign Strategies).

The International's involvement changed the character of the struggle in other ways. It was no longer just 9121's fight. The USWA's reputation was riding on the what transpired in Laplace. As a result, much of the decisionmaking power was transferred to Pittsburgh. Local activists needed to get approval for their activites from the international. According to Faron Bowen, "By the time you go through all of that, its too late. We never could get it done. It took too long every time we wanted to do something" (Duhe 13).

Joe Whatley, legal counsel for District 9, became heavily involved, especially in campaign decisions, as did Homer Wilson, and George Becker. The Local would still vote on any proposed contract, but it became clear to those involved that an agreement would most likely not be reached in bargaining sessions between Pepitone and 9121's officers and Pitts and Vasquez. Instead, it would be through higher level discussions between Becker and the International and Bayou's owners, and Howard Meyers.

The USWA's role in delaying Bayou's bond issue had apparently shaken Meyers. The Steelworkers now had influence in areas he had thought untouchable, and they promised further action. With this in mind, Howard Meyers accepted Governor Edwin Edwards proposal to host a bargaining session at the Governor's Mansion and to help mediate a settlement. President George Becker, District Director Homer Wilson, and Local 9121's negotiating committee attended on behalf of the union and met with Meyers, his attorneys, and Bayou's management. The meeting continued for over 13 hours on Friday, March 11, 1994, bargaining until early on Saturday morning. Wilson remembers,

It was an all night session. We started negotiations in the morning and Mr. Meyers and his group came in from Texas, and we met there at the Governor's Mansion. The Governor had one round table meeting with the company and its attorneys on one side and the union and its attorneys on the other side. George Becker and myself and Mr. Meyers and his attorneys for the company. The Governor more or less chaired the meeting to start off with to get us together, to get us in negotiations to reach an agreement. (Wilson Personal interview 3).

For the first time in almost a year, a settlement appeared within reach. Although the proposed settlement's language could not be considered a victory by itself, any return to work under an acceptable contract would have been more than welcomed by the membership. Although the proposed contract eliminated Memorial Day as a holiday, reduced overtime payments, and provided no base wage increase, it did eliminate some of the most onerous items in past proposals such as the elimination of paid union activity on company time (Outline of Proposed Agreement)..

In the major areas, compromises were reached. Management had proposed unlimited contracting out, but during the Governor's Mansion negotiations, the parties had agreed upon a limited list of jobs management could open up. Although Bayou was going to switch to a preferred provider organization, future health care increase were to be split, two thirds to be paid by Bayou and one third by its employees, an improvement over past fifty fifty proposals. Despite its former opposition to an incentive pay plan, the union representatives agreed to the principles, with details to be negotiated later. Under the agreement the plan would be arbitrable, and written into the contract after the third year, with a COLA payment for those not making eighteen cents an hour in the new system. This was significant improvement over the company's past insistence that its incentive pay plan be nonnegotiable, not part of the collective bargaining agreement, and not grievable. Finally, and perhaps most important to those on strike, an agreement was reached on striker misconduct. In past proposals, management had insisted on dismissing employees it felt had engaged in picket line misconduct. In November, they had changed their proposal to allow arbitration, but only under NLRB rules, which would allow the termination of an employee for almost any strike-related incident, including threats. A striker's past employment history would not be considered. In the March 1994 proposal, however, the company agreed to a 'just cause' formula for terminations, more favorable to those accused of inappropriate actions on the picket line (Outline of Proposed Agreement).

The members of Local 9121 were by no means enthusiastic about the new settlement proposal, since many were expecting nothing less than unconditional surrender by the company, however, most appeared willing to accept it, especially with Becker's endorsement. A membership vote was scheduled on Sunday, March 20 at the Laplace Lion's Club with Becker planning to attend. Members looked forward

to an end to the strike, returning to work with dignity, and once again receiving a paycheck.

On Friday, March 18th, all of their plans changed. Management's attorneys faxed a copy of a last minute addition to the contract, one that neither of the parties had discussed. They injected return to work provisions completely unacceptable to the union, including a complete loss of seniority for members during the strike period. They then refused to respond to union faxes and phone calls, forcing the members to vote on these changes directly. It was yet another example of bad faith bargaining by the company. Although many were confused by Bayou's behavior, Louis Robein had an opinion about management's intentions:

This was a very high profile case, not just in the local media, but also in the New Orleans and Baton Rouge markets, involving the Governor. They planned for the union membership to reject the proposal and after the rejection, basically, the after the euphoria of rejection, depression would the slip into the membership. The euphoria would develop into disunity between the membership and the leadership and the rank and file would slowly peel off and return to work. They hoped to break the back of the union (Robein Personal interview 2).

The USWA was outraged. They had entered negotiations at the Governor's Mansion in good faith and made sacrifices to reach an agreement. To the workers, the last minute contracted additions was a betrayal. George Becker, with the support of the Local Committee, recommended rejection, which the union did by a vote of 172-2 (Blood-Bacon "Bayou Steel Strikers Reject"). Robein believed Bayou's strategy backfired after the International withdrew its endorsement of the proposal;

They thought the International would support the offer, because the International negotiated it, but when this punitive measure, loss of seniority provisions, was put in there, George Becker rightly told the membership that he would not sign off on such a proposal. At that point the members were sealed up, so to speak. When the International said that they would fully support the continuation of the strike, it essentially caused the company's strategy to backfire on them and prolonged the strike (Robein Personal interview 2).

The picket line outside of Bayou Steel's gates stabilized. The small building members had erected on the levy outside earned the name, "the Shack". It had its own phone line attached as well as the addition of a portable restroom. Additionally, a member donated an air conditioner, giving picketers occasional relief from the oppressive Louisiana summer heat. Soft drinks, water, and coffee were provided by the local for the strikers walking picket. Picket line captains were also chosen and shifts were regularized, providing continual coverage twenty-four hours a day (Porter July 14 4).

Members of the Local got to know the local judge, sheriff, and police officers. As the authorities observed the picket line, and spend an increasing amount of time with members, they became more understanding of the struggles their neighbors were going through. Porter recalls,

The local sheriff's office was damn lenient with us. . . they had a few cops that were ass holes, but there was this one particular cop that was assigned to the picket line and this guy took up for our people. . .

If our people did something and the company pressed charges, they'd take them right here (to the Local Union hall) and take care of business right here at the hall. You know, there weren't handcuffs and all that crap. They were pretty lenient with us (Bowen 11-12).

Judge Thomas Daley, from the Fifth Circuit, handled most misconduct cases relating to the strike. The members of Local 9121 found him fair. Unlike many judges in similar situations, Daley actually visited the picket line, riding his bicycle on the nearby levy to observe the situation for himself. Bowen recalls, "He told us one day, 'Y'all not criminals, and I'm not going to treat you like criminals. I'm not going to put anybody in jail unless they do something really bad.' (Vicknair 33). Although some members were sentenced to jail time, the preferred disposition for criminal cases arising from the strike was community service. On one occasion, after sentencing the entire local to community service time one time, the members were delighted when Judge Daley himself joined them and assisted in planting trees (Vicknair 32).

Despite the success of the picket line, many members were getting frustrated. They expected action. Merely marching day in and day out by the plant, without making significant progress at the bargaining table, took its toll. To pressure management, and relieve tension from the membership, the local began systematically picketing the neighborhoods Bayou's managers lived in, restaurants where they ate at, country clubs where they relaxed, grocery stores they shopped at, and churches where they worshipped.

One of the restaurants company executives and secretaries frequented was Shoney's. Local 9121 often followed them there, carrying signs, and letting their presence be known, by sitting at a table and eating. They felt that this would make it clear that they would never go away until a contract was signed. This strategy greatly

upset management greatly. Local 9121 was the first thing they saw going to work and the last they saw before going to sleep. Management did everything in their power to stop what they viewed as harassment. Kim Duhe recalls,

A lot of people went ahead and pressed charges on a lot of people for stalking. Well, everybody had the right to go eat where they want. A couple of board people like Pitts, Vasquez, and their secretaries would go eat. People would go in and they'd freak out over it. They started popping harassment and stalking charges, but they judge said, 'Hey, they have the right to eat wherever they want.' . . . It got stupid  
(Duhe 10).

Another place Local 9121 targeted was the church in Hammond where Pitts attended services. Duhe remembers,

Pitts, he became a born again Christian. A lot of people were saying that was a big deal. People just said, how can you treat people the way you treat them if you're supposed to be a born again Christian. You know Pitts, he was involved in it. He was bargaining to break us, that way they would have total control to do whatever they wanted to do, whenever they wanted to do it (Duhe 11).

Pitts was irate after seeing a truck parked in front of the Church with picket signs attached. Although he saw it as an invasion of his privacy, Local members saw it as only fair that they continually remind Pitts of what he was doing to them by refusing to sign a reasonable contract.

Members of the local picketed outside of almost every one of Bayou's managers homes, including the homes of Jerry Pitts in nearby Hammond, Richard Gonzalezs, Hank Vasquez, Jon Flanagan, a human resource manager who later quit during the strike, also had his homje picketed, as did several members of the board of directors. Additionally, strikers relieved their frustration at the stalled status of the BCI hearings by picketing the home of Kevin Riley, the Secretary of the Department of Development and Education, who also headed up the BCI and approved Bayou's tax breaks. In the end, very few people intimate with Bayou Steel's operators managed to avoid having picketers outside their homes (Porter July 14 3).

Howard Meyers's home in Dallas, Texas was another site of frequent picketing. Members of Local 9121, usually four or five at a time, made trips to stand outside of his residence, making sure that they were the first people he saw when he woke up, reminding him that he was the only one who could settle the strike. They also picketed his office during the day, and return at night so that they could be the last thing he saw when he looked out his window. The pickets were also witnessed by Meyers's neighbors. Faron Bowen made many of the trips and remembers, "He'd act like it didn't bother him, you know, but it did and he'd never let you know it did," (Bowen 3).

Howard Meyers managed to get an ordinance passed preventing picketing outside his house. In response, the union switched to the perfectly legal strategy of taping signs to their cars and driving slowly around the neighborhood, showing him that they would not be deterred. Despite the ordinance, local law enforcement actually enjoyed the Steelworkers presence. From his frequent visits, Porter remembers,

The Sheriff's Department got to the point where they enjoyed it, because they were making overtime and we weren't causing a

disturbance. After a while, they wanted to take our guys to lunch every night, because they didn't like Meyers. They didn't like the people in the neighborhood because they were all these rich people. Even Meyers's guard would just laugh when we would come out (Porter July 15 7).

The stated goals of the picketing was to make sure Meyers would never forget the Steelworkers on strike at his plant. The longer he refused to bargain in good faith, the longer he would suffer. But most of all, for members of 9121, it was a way to blow off all of the pent up anger and frustration building as the struggle dragged on . . .

Representatives of the International disapproved of this picketing, believing it was ineffective and possibly counterproductive. But they knew it served an important purpose for the members. Jerry Fernandez explains,

That's part of any campaign. It's not going to get you anywhere. It's just one of those things you do. It's almost done because you're expected to do it. That's not going to win a strike, but, quite frankly, I felt that they needed to do that for their own morale, even though its questionable in terms of strategic importance for any campaign. When you live with people like that, you need to give them something to do, and sometimes you have to let them do things even though you don't authorize it or make it part of the plan. You've got to let them do things for their own morale and sense of self worth. I thought that when the local did that I couldn't be too pissed off, even though I told them I thought it wasn't a very effective tactic, but it made them feel good and helped hold them together. It was their way of striking back

after the violence done to them, the violence of not having a living, or struggling. The other thing was there was some sentiment that every time we had a particularly good hit it made the local union feel that they could actually beat this sucker and beat them bad, even if it took four or five years (Fernandez Personal interview 18).

In addition to picketing, members of Local 9121 made an effort to identify Bayou's customers and persuade them to refrain from doing business with the company until after a collective bargaining agreement was signed. With Bayou, this was a difficult task. Although Jerry Fernandez understood the importance of targeting customers, he felt this was the most difficult part of the campaign, "Its not like you're dealing with a customer product, you're dealing with an industrial product and the customer base for Bayou was a lot of steel service centers and service centers can sell to someone else who can sell to someone else until it is made into some final product." (Fernandez Personal interview 5).

Nevertheless, local members made an effort to identify customers and apply pressure. Local member Faron Bowen was intimately involved with this aspect of the campaign:

I followed a lot of trucks. I would ask when the guys stopped to fill his truck up and I would act as if I were just a guy passing through, and we'd start talking about the steel on his truck, and I'd ask him where he was going, and he'd tell me most of the time. If he didn't, I'd just follow him (Bowen 2).

After identifying the customers, members approached the managers, explained the labor dispute, and asked them to purchase elsewhere until the strike was concluded. Although most managers ignored their pleas, some actually listened and may have even spoken to Bayou's management.

One of the prime targets was Trinity Marine. After following trucks there regularly, Bowen identified them as a large customer. He recalled that Trinity's headquarters was in Dallas, just several blocks from Howard Meyers's office. Figuring the two had a close relationship, the union decided to go beyond simply paying a visit to management. Instead, on April 18, 1996, members traveled to Trinity Marine in Alabama leafleting workers coming into the plant and any passing trucks. (Daily Log) (Bowen 2). Although there was no immediate response, it was almost certain that Howard Meyers learned of the action.

### ***Maintaining Morale***

Although picketing and visits to out of town sites were important to the campaign, more was needed to preserve solidarity in Laplace. This was done through local actions, building support groups and eliciting the assistance of nearby associations. One of the most important organizations formed during the strike was the spousal support group, the Hearts of Steel, with about 50 members. It emerged out of informal meetings between the wives and eventually gained strength and a structure. Margaret Vicknair was one of the original and most active members;

The women used to come into the hall and cook meals. We planned like little parties, something to keep everybody's spirits up because everybody was so low because everybody didn't know what was happening from day one. You didn't know where your next meal was

coming from. Actually, we had a lot of problems. We had a lot of people, people lost their homes, I mean there was a lot of things that you just couldn't keep up so we came in and the first things we really put together was we put newsletters out and asked for donations of coats, you know if you can swap coats around, people wouldn't have to buy their children coats. Basically, getting everybody to form a family to stay out as long as we did. Then we formed the Hearts of Steel (Vicknair 2).

They did a little of everything, from assisting around the union hall, to helping busy mothers with their children. More importantly, perhaps, they involved the members families in the struggle, making them feel that they were a part of the strike as well and that there were things they could do to help. Many even joined their husbands on the picket line to provide much needed support. Margaret Vicknair remembers,

Most of the women had to go to work to supplement their family's incomes, but the ones that had part-time jobs and the ones that were fortunate, like me, that didn't have to work, we put full-time in and we answered the telephones. We did the paper work, whatever had to be done. If fliers had to be put out, we went out and did what we had to do, field trips we all had to take and get together. We brought our kids, attached to our hips and backs. We had them anywhere we could put them to take and go. My grandson was nine months old when the strike went on. He learned quite a number of words from these union

men that we had to correct him on, but he knew what a scab was from the start (Vicknair 4).

The Hearts of Steel became a support group during hard times and a center of social activity. They cooked and sold meals to local unions around the area and used the proceeds to sponsor Easter and Christmas parties, lift the spirits of the members, and provide presents for the children that their parents would have been unable to afford. Dave Vicknair was famous in the local for always dressing up in a Santa Clause costume at the annual Christmas party, the highlight of the local's social year. To boost the morale of the men on strike, the Heart of Steel even put up a large poster with the hands of all the children on it, dedicated to their husbands for Fathers' Day (Vicknair 8).

The Hearts of Steel's proudest accomplishment was the creation and sale of a cookbook, *Cooking with the Hearts of Steel*, containing family recipes of the members and their wives. Margaret Vicknair helped coordinate the effort;

We made a cookbook. We have a unique cookbook. We have a fantastic cookbook, because we sat down, and we said we're going to put a little humor in this and heartfelt days in here. I mean really go all the way, and we used to take the guys on the picket line and would get together , and they would start making a pot. Sometimes we didn't know what was in the pot, but it was fun. It brought everybody close together (Vicknair 2).

Their goal was to sell the books at the upcoming convention in Las Vegas, which provided something to look forward to, as well as a lot of stress as the deadline

approached. “With the convention coming up and going out of town, we really had to work hard to get these books ready. I mean we were at such a pace that we lost plenty of sleep plenty a night because we had to correct all of these books.”, Margaret Vicknair recalls. Taking a chance, she financed the books personally, charging \$10,000 for printing costs to her credit card. In the end, the gamble paid off, and the cookbooks were wildly successful, raising \$56,000 at \$10 a book. In addition to selling them at the convention, they went to the Murphy Oil plant and other local unions, as well as through order blanks contained in the back of each book (Vicknair 4-5).

As Margaret Vicknair proudly remembers, the profits from the cookbook, “gave the kids the best Christmas I think they ever had because they all got a check to go buy their Christmas presents to put under the tree, and then we had a party and gave every child a Christmas gift.” (Vicknair 5).

Despite the importance of the Hearts of Steel, they ran into difficulties with Ron Ferraro and internal union politics. Since it was not officially part of Local 9121, and thus not controlled by Ferraro, he had trouble with them as another center of attention and popularity, and often feuded with the Hearts of Steel over access to the local union hall and its kitchens. Dave Vicknair remembers, ‘Ron had a power trip, and he ran everything. . . Ron would kick them out of here” (Vicknair 19).

Maintaining the picket line required more than just regular actions and the support of internal organizations. It was also necessary to elicit the support of the local community and labor organizations. Although residents and businesses in St. Johns and the surrounding River Parishes showed little support in the early days of the strike, as it wore on they began to understand that the strike was not an action to force Bayou to pay higher wages. Instead, they learned it was over maintaining job security and the wages and benefits that they had earned through years of hard work. These were issues the community could rally behind. Furthermore, Bayou Steel

Corporation was not especially popular in the community. Before the strike, they had never done business in the area or showed significant support for local charities. After the USWA's coordinated campaign exposed Bayou's terrible safety, health, and environmental record, members of the community threw their support solidly behind Local 9121.

Many restaurants supported the strikers and would occasionally provide them with necessities, such as food and ice. Despite the picketing activities at the local Shoney's, that restaurant wholeheartedly supported the strikers. Sicily's, local Italian restaurant, provided Local 9121 with free pizza during the labor struggle. The local fried chicken restaurants, Church's, Popeye's, and Kentucky Fried, all gave assistance to the strikers. "It took us two years to get the ice machine that we got, but until then, Popeye's used to give us all the ice we wanted." Dave Vicknair recalled (Vicknair 16). A major grocery store, Winn-Dixie, despite discouraging unionization in their own facilities, provided the union with many staples. Even local attorneys, understanding the extent of Bayou's unfair labor practices, donated money to the strikers (Vicknair 17).

Other community members were involved. Despite pressure from Bayou Steel, the owner of the land across from Bayou's gates, generously allowed Local 9121 to place their shack on his property for the duration of the strike for a reasonable lease price (Vicknair 28). Many local bar owners heartily supported the striking workers. "Some of the bars, especially Corvette's, supported us. We used to come in there at night time and they had scabs in there. The owner would tell the scabs to hit the door. Eventually we put a big sign out, 'Scab Free Zone'", Margaret Vicknair recalls (Vicknair 29).

Truck drivers making deliveries to Bayou also provided support. Partially to avoid trouble on the picket line but also out of sympathy with those out on strike,

trucks would occasionally stop, before passing through Bayou's gates, and distribute such items as water and ice to the strikers free of charge (Vicknair 17).

The most supportive organizations in the Laplace area, however, were other local unions. Murphy Oil and Kaiser Aluminum's locals both provided significant assistance, holding raffles and donating money to help Local 9121. Of all the locals in the area, the OCAW local at Shell Oil was by far the most supportive. Dave Vicknair remembers Shell's local union's efforts, "Anything we wanted, Shell would give to us." Margaret Vicknair also recalls their assistance, "Shell took and had their men order dinners and everything else from us. They would tell the men to raise money. They donated TVs for raffles and came in with cash donations. . . They even offered the Hearts of Steel their local union, hooked up with computers, faxes, telephone lines and everything." (Vicknair 19).

The Shell local's support became overwhelming at times. According to Faron Bowen, "Every month they came in with some money donations . . . It went on until we said no more. We stopped it." (Vicknair 19).

Despite the accelerating corporate campaign, and the support of numerous organizations, maintaining morale on the picket line was not an easy task. The strike took its toll on the members' standard of living and they were forced to make sacrifices. Monica Meely, an E-board member recalls,

We had to do a lot of adjusting as far as finances were concerned. You know, when you go from a two income family to a one income family it was pretty hard, but you make concessions. You know its something you're fighting for and you don't mind letting go of a few things. They get you to a point where you just knew your necessities,

what your basic needs were, and that's what you focused on.

Everything else became secondary (Meely 4).

The strike also put a great deal of stress on marriages. Many members became depressed. For many workers their sense of self worth was tied to their ability to be a breadwinner for their families. As Margaret Vicknair recalls, "The mental state of it all was just horrible, because these men, the women just sat there and watched the men's self esteem go down so bad" (Vicknair 6). Without jobs and a significant income, they were unable to provide for their families. Their spouses often worked to supplement their strike benefits. Despite this financial help, many strikers had difficulty with their changing roles in the family and felt delinquent in their responsibilities. In addition, some spouses lost their enthusiasm for the strike, believing that it would never end, and pressured their husbands or wives to return to work or find another job, thus further undermining the member's morale and determination to remain on strike.

Margaret Vicknair remembers the family troubles associated with the long strike, "There were a handful, some of them were divorced. You know, some of them couldn't handle the situation, because the wives used to come in here everyday and was ask, 'You hear anything today? Did you hear anything today?' A lot of them were really and truly depressed." (Vicknair 6). "If it came down to it, they would go back in when their wives forced them to go back in . . . They'd finally crack" adds Faron Bowen (Vicknair 7).

The picket line was a war of wills explains Kinley Porter, "They tried everything they could use, just like we tried against them. It was war. It was a mental war" (Bowen 12). Bayou tried to wear down their resolve by posting large signs, in view of the picket line, proclaiming that Bayou's replacement workers were breaking production records. Although most strikers refused to believe the statements, it was

another part of the mental war, trying to make them feel that the company no longer wanted them back.

Scabs and truckers would regularly throw hot coffee on the picketers, hoping to provoke a response that could be recorded on videotape and used in criminal proceedings (Vicknair 22). At the same time, some of the union's support came from inside the plant. As Porter recalls, "It got to the point at one time that the guards were giving our people nails so they could nail the scabs. . . we would go behind the shack, where the camera couldn't see you, and throw them over the shack onto the road." (Vicknair 23).

The union played their own games with the company. "The little things is what really pissed them off", recalls Bowen. Small battles were waged over the public phone outside of the plant. Local 9121 members would pretend to make phone calls, denying access to truckers and scabs who wished to use the phone. "They even had the phone taken out, so we just went and had another one put in with a booth and everything. That really pissed them off." (Vicknair 26). The local fought many battles over the right to the levy where the shack was located and signs made by the members, indentifying a replacement worker as "Scab of the Week" or proclaiming, "You've now entered Scab City". One notable incident included members sewing together and stuffing a mock scab, tying a rope around its neck, and dragging it behind a car. The company went so far as to move the main gate from River Road to Route 3217, only to find that the union had relocated the shack directly across the street (Vicknair 27) (Hyman "Bayou Steel Fixes").

After a while, however, the company's mental attacks no longer had the same effect, Margaret Vicknair remembers,

After a while, they knew that they weren't getting to us because after a while, everything was funny to us. We had a blast, laughed at so many things. At one time we had a garage sale, and we had clothes donated to us to take in money. We had dresses and took the men and dressed them in dresses to get on the line and walk picket. Everyone was killing themselves laughing (Vicknair 22).

"Do you know what the company did, what their worst mistake was? The more stuff they done to us, the stronger they made us." recalls Faron Bowen (Bowen 12).

One of the most controversial events taking place during the strike was on February 15, 1995 when Hank Vasquez's window was blown out of his car on Route 3217 during his drive home. He filed a police report immediately and accused the strikers of shooting a gun at his car as a warning. Bayou immediately posted a reward of \$25,000 for information about the shooter and later raised it to \$150,000 on August 11th ("Reward Goes Up")..

Although the local media picked up on the incident as an example of picket line violence, members of Local 9121 thought the suggestion that a union man committed the crime was absurd. Many were desperate, but almost no one supported extreme actions such as those. A minority believed that a scab had fired the gun, in an effort to sabotage negotiations and keep their jobs. The prevailing opinion at the local, however, was the Vasquez actually blew out of the window himself, creating a sensational piece for the media. Perhaps the most convincing piece of evidence was that despite the reward, the perpetrators were never identified. As Jim Pepitone put it, "For \$150,000, if somebody had known who did it, they would have turned their ass in a minute" (Vicknair 25).

Walking the picket line became a career for many members. They felt almost as if they were being paid by the union for striking. Fernandez explains,

Sometimes picketing becomes your job, you adjust to strike pay. It almost become like a job, this is my job. My job is fighting this company, this is what I get paid for. My job is now coming up here 8 hours a day, sitting by the 50 gallon drum, throwing wood in burning. In all those cases, that mentality, quite frankly that's what you don't want to happen because it becomes a little bit harder to settle. With the expectations (of an all-out victory) there's no big rush to settle (Fernandez 20).

Although it became routine, it also became frustrating for many. Years had gone by, yet their efforts on the line appeared to have little or no effect on bargaining. Scabs continued entering the plant, and Bayou shipped product out, in what they claimed were record amounts. Despite the terms of the injunctions, many picketers could not control their emotions. Porter recalls,

We got to a point where people didn't give a damn. Emotions running high. Guys are coming out from work, he they are flashing their paychecks in your face and you're out struggling, and people lose control (Bowen 12).

Margaret Vicknair remembers as well,

A lot of these men had a problem too, telling them what they couldn't do and could do on the picket line when their jobs were at stake, and they didn't care what they had to do to get their jobs back. That was the thing. I mean, their families were really suffering. You know, their self esteem became so bad that they could never keep it up. The sickness and the death and everything we were dealing with, It was just heartbreaking. Really, it was a long hard road (Vicknair 6).

Depressed and frustrated on the line, drinking became a large problem for the strikers. As Bowen put it, "The main downfall on the picket line was alcohol" (Vicknair 36) With their emotions at such a high level, drinking set many people off and caused them to commit acts they never would have had they been sober. Although it was never admitted in court, many of the violations of the injunction came from excessive alcohol consumption.

Although admired for their strength on the picket lines, local unions in the area often shunned Local 9121's attempts to join them in their own labor struggles. The local at National T specifically requested that Bayou's strikers not join them on their picket line for fear of violence. A short strike at Kaiser Aluminum and Chemical Corporation in nearby Gramercy brought a drunken group of Bayou workers out to their picket line. Pepitone, who was the International Representative at Kaiser as well, was furious, scolding the members. Afraid their presence and militancy would prolong the brief strike and angry at the out-of-control local, Pepitone rushed to Kaiser and approached Ferraro;

I walked up there and said, 'Ron, what the hell's up?' 'Pep', he said, 'I couldn't stop it.' He said, 'They came here to help you picket'. I

said, 'I don't need any help. I don't need THAT help anyhow. Go get them away.' He said, 'Pep, I'm not going to talk to those guys. They're crazy.' I went down there and told them to stop. I said, 'Y'all get your ass back to Laplace cause we don't need this. We're going back to work here. Its not going to be another Bayou Steel, you no good sons of bitches.' They turned on me. I said, 'We're not going to have this. Not at this location.'(Vicknair 35-36).

Common to any prolonged labor dispute are internal struggles within the union. Bayou was no exception. In particular were tension over the allocation of resources between members who manned the picket lines and E-Board members who worked out of the union hall. Porter, who worked primarily out of the hall, recalls the conflict,

At one time we got to a point where we were sparring with them. We was making sure that they had food everyday. We was making sure that they had soft drinks and coffee and after a while it got pretty expensive, along with the corporate campaign trips. . .so we said now you're going to have to start bringing your own lunch or putting in for it. So they came in and started saying 'Why don't you go and get us some cold cuts and bread an crap like that? Give us the keys to the union hall where we can come at night and use the phone'. We felt like, 'You got a phone on the picket line, and you're not going to come here to sleep and stuff like that.' So they started this stuff like they was Local 9122 and we, the E-Board was 9121 and stuff like that (Bowen 16).

Although the situation was peacefully and amicably resolved, it showed the stress the local was under and the political divisions faced between those who walked the picket lines and those who spent most of their time on corporate campaign activities.

President Ron Ferraro was a key to keeping the Local union together. Members recognized Ferraro's skill, but his methods made him a controversial character. His leadership style was often described as autocratic and he was seen to be quite manipulative of both of outsiders and the local union men themselves. Porter remembers him well,

The President of the union was a hell of a speaker and a hell of a manipulator, but at the same time, if he saw that the morale of the membership was down, he would always find a way to pick them back up. That guy could take a union meeting that would probably turn out to be a lynching and turn it into a victory party (Bowen 15).

As Homer Wilson describes Ferraro,

He was a very outspoken individual, and I think he wanted to be out front a lot and the International put him out front a lot and it was something necessary to keep the strike going, but he was a controversial individual, but often times, leaders are controversial people. Rebels in the union, it is often said, turn out to be the president of the International or Directors (Wilson Personal interview 4).

As the strike wore on, members became a close family and support group. Most had never had any personal contact with each other unless working in the same zone, and when the strike began, had been essentially strangers with a common goal. During the months that followed, everybody became familiar on a first name basis. Monica Meely remembers, “I’ve met a lot of people that I worked with, that I didn’t really know on the job, but once the strike started, it’s like a big family. People that you just share so many things with . . . I was amazing.” (Meely 4).

The strike probably did more than anything else possibly could to improve racial relations within the local. Laplace, and much of the State of Louisiana, is racially divided. Age old hatreds and animosities have existed for centuries. Although there have been and still are racial problems in the plant, on the picket line and in the union hall, members got to know each other well, even though they hadn’t spoken before. They realized they were all involved in a common struggle, regardless of the color of their skin. Solidarity was more important than racial divisions. “After a while, we became one big family. It wasn’t a color issue.” Porter remembered (Bowen 11).

The closeness of the members provided important support for those on strike, Monica Meely explains,

I think the most important thing was, of course the finances were important, but it was, overall, just the members’ general feeling about all of this. I mean, your sense of self worth, you know as a man and a woman. You’re out of a job. You’re fighting to make things better for your family, and people would just be down, and we would get together, and we’d talk and just kind of help each other out. With the wives we’d call each other, and just more or less, just moral support,

and the local was really there. They were very, very supportive (Meely 4-5).

Members did everything they could, using their time and unique skills to keep the local together. Porter recalls,

We had people that specialized in things. We had guys that anything you wanted to give they would. There were cooks, I mean jambalaya, a good side of something that everybody eats down here, boiled turkey necks, really spicy with potatoes and corn, people specialized in the cooking. People took care of the lawn. People that followed customer trucks from the plant as far as they could follow and turn around.

People that would do anything. We had one guy, Darin Madere, that every time we gave a birthday party, or a Christmas party, or an Easter party or something this guy was good at baking. He made beautiful cakes. . . he's a worker in the plant. He runs the furnace (Bowen 9).

Members built additions onto the Local Union hall, and wired the shack with electricity and phone lines. Still others were skilled mechanics and helped members when their cars broke down and could not afford to get them fixed. Many were artists and specialized in painting signs for the picket line (Bowen 10).

Despite occasional problems, the local was holding firm. The picket lines were strong. Members had become a family, dedicated to lasting 'One Day Longer'. Meanwhile, corporate campaign activities outside of Laplace continued to put pressure

on the company to settle what had become one of the longest strikes in the Steelworkers' history.

### ***The Corporation Under Fire***

While conducting their corporate research, the Steelworkers came across another important angle to leverage the company, namely Alan Patricof. Not only was Patricof a venture capitalist, long associated with Howard Meyers and on Bayou's Board of Directors, but he was also closely tied with the Democratic Party and the Clinton Administration. At the time, he was the Chair of the White House Conference on Small Business, which he had hoped to use as an opportunity to promote his consulting business (Silverman).

As it happened, the USWA was one of the top five contributors to the Democratic National Committee and a long supporter of President Clinton. The Steelworkers hoped to use their influence with the President to persuade Patricof to become an active shareholder and bring a resolution to the labor dispute.

The coordinated campaign team organized a group of Local 9121 and District 34 members, led by District Director Gene Ray, to attend a meeting of the Conference on Small Business held at the Hilton Hotel in Springfield, Illinois on August 16, 1994 ("Bayou Campaign Makes"). Holding a large banners, signs, and leafleting the hotel, the Steelworkers eagerly awaited the arrival of Patricof, relishing the opportunity to meet with him in person. Although he failed to show, the Steelworkers made their presence known, and word of the action quickly spread to Patricof, who was said to be furious at the disruption (Bagli ).

The USWA did not let the matter rest. They felt their close contact with the Democratic Party should allow it access to Patricof and at least the opportunity to plead its case. George Becker became personally involved in the crusade. Meeting

with senior Clinton advisor George Stephanopoulos at Bal Harbor, Florida, Becker outlined the labor struggle in Laplace and requested the President's attention. Two weeks after the Springfield action, Becker posted a letter to Stephanopoulos on August 31, again asking that he speak to Patricof. Instead of communicating with the Steelworkers, Patricof chose to withdraw himself from matter. He posted his resignation from the Board of Directors, effective September 30, and sold much of the 6.78% interest he had in the company (Bagli) (Becker Letter to George Stephanopolous). Although his withdrawal sent a message to Howard Meyers and the owners of Bayou Steel, it was a disappointment for the USWA. The union had hoped that Patricof could be a positive influence in settling the strike and by no means wished that he remove himself from the situation. Richard Yeselson issued a statement in response to Patricof's resignation,

We're both amused and stunned by Mr. Patricof's announcement . . .

Surely, that wouldn't have been an opportunity to make this change.

Mr. Patricof still has an opportunity to be a responsible investor and corporate activist. The way he can do that is to influence the behavior of management, not run away. He's running scared (Bagli 16).

However, by choosing to distance himself from the strike, Patricof proved that the Steelworkers could have an effect on Bayou's management.

Another major corporate campaign development occurred when the USWA noticed that Bayou hadn't held a shareholders' meeting since February 1993, a month before the start of the strike. Although required to hold meetings annually by their charter and state laws, none was organized in 1994, nor was one planned for 1995 ("USWA Suit Forces"). This was an indication not only of the lack of influence

Bayou extended to its public shareholders, but also their attempts to deny the Steelworkers the opportunity to speak directly with their investors.

Owning five shares of Bayou stock, the USWA tried to force a meeting so they could present its case. Although Bayou refused their requests for a meeting, The Steelworkers appealed to Delaware Chancery Court, where the company is incorporated, in October of 1994. Agreeing with the union, the court forced Bayou to hold a meeting on January 26, 1995 at the New York City office of the law firm of Kaye, Scholer, Fierman, Hays, and Handler and allotted 20 minutes for the USWA to present its six resolutions dealing with the strike and corporate governance issues at Bayou (“USWA Suit Forces”).

The coordinated campaign team also pushed in the court case for Bayou to release their complete stocklist, so that the USWA could get a more accurate picture of who invested in Bayou and put pressure on them directly. Stockholder lists provided to the public are frequently inadequate. They only include the largest investors, leaving many, especially those that wish to remain anonymous, unrecorded. Rather than recording investors themselves, the name of the broker is listed. If the USWA could have obtained a complete list, it would have been able to identify the true investors in Bayou and could have increased its leverage on Meyer (Keyser Personal interview 14).

Although Bayou hoped to prevent the Steelworkers from forcing an annual meeting, the company realized there was nothing they could do legally to block the effort.. The thought of having to release their stockholders list, however, did cause alarm and a number of legal roadblocks were erected. One of the more frightening of these roadblocks for the Steelworkers was the possibility that their corporate campaign staff could be deposed by Bayou’s attorneys and compelled to release confidential information relating to campaign strategy. The request was withdrawn

because it was felt that more might be lost than gained (Fernandez Memorandum to Rich Brean 31 October 1994).

The Steelworkers planned a mailing to Bayou's shareholders outlining their six resolutions, detailing how Bayou's refusal to settle the Laplace labor dispute is harmful to their stocks' value and how the company was controlled by preferred (Class B) stockholders (Keyser Memorandum to Richard Brean 19 December 1994). Although the Steelworkers were unable to force the company to provide a stockholders list, Bayou was obligated, under the law, to mail the USWA's announcement to those who held over 500 shares. Afraid of a direct appeal by the union to their stockholders, Bayou's management sent the union's proposed mailing to their attorneys who, although they had no legal principles for preventing a mailing, stalled the process and challenged its details. During this period, International officers communicated directly with Meyers and were given the impression that a settlement might be within reach. Rather than sabotage a possible settlement agreement and potentially delay the shareholders meeting, the Steelworkers abandoned their attempts in 1994 to mail the information directly. After it became clear, however, that the parties were far from reaching a settlement, the informational packet was mailed in preparation for the stockholders meeting held in early 1995 (Keyser Personal interview 15-16).

The January 1995 Bayou Steel annual meeting was attended by a large gathering of Steelworker corporate campaign staff representatives together with members of the local union and led by Leo Gerard:

We had a good contingent of folks, and we had some people inside that were in fact supporters that weren't board members. We had someone from the media that came in. The interesting thing was that the only

person that introduced themselves from management was Meyers, and he went through the motions. When we asked them questions they couldn't answer, when I told them that he had spent more on goons than it would take to settle the strike, he couldn't answer (Gerard Personal interview 8).

It was Gerard who had been chose to make the union's case. "This meeting gives the workers the opportunity to present to the shareholders the real cause of the strike and the harm it is bringing them" ("USWA Suit ....", 1994.) Nevertheless, Gerard was able to gain publicity for his case that Bayou had spent over \$4 million in strike related expenses. "The cost of a security force and legal fees is more than the cost of reaching a bargaining settlement. Does this sound like a rational policy for any company to follow? Or is it just plain foolishness?" Gerard stated at the meeting (Hyman "Bayou Steel Board").

Although none of the USWA's resolutions passed, none were expected to. The project had been a success simply because it had forced a shareholders meeting at which the union was able to present its case, with full media coverage.

### ***Environmental Exposure***

Although bringing attention to the corporate governance issues at Bayou was an important element of the campaign, the Meyers Groups' environmental liabilities, documented by Ben Ross and DSI, became an even larger part. When they began work on Bayou, they were vaguely aware that RSR's secondary lead smelters had a wide range of environmental problems. They had no idea, however, of the extent of violations that their investigations would uncover or the possibilities that they opened for the coordinated campaign.

The overt purpose of the Steelworkers and DSI's investigation of RSR's sites had three major components. The first was to determine whether the company had violated regulatory laws. The second was to document the violations that were found. And the third was to publicize this information and provide the records to the EPA. In addition to documenting violations, the investigators hoped to be able to pressure Howard Meyers to return to the bargaining table by distributing negative publicity about company environment practices.

DSI's first report, Waste Management Practices of RSR Corporation, was issued on February 14, 1994. Although it was brief, due to the short amount of time allotted for completion and the limited scope of investigation, it documented extreme environmental violations and an intentional noncompliance by RSR. The report stated,

A clear pattern of behavior emerges, followed repeatedly at all RSR sites. The company has operated hazardous-waste units without legal authorization under the Resource Conservation and Recovery Act (RCRA) or, when units are authorized, has failed to comply with the most basic requirements of RCRA. When cited for violations, it has either raised legal objections or sought variances, all the while failing to correct the violations and operating under the conditions for which cited. After years of enforcement activity, during which the same violations had been repeatedly cited by regulators, RSR has agreed in signed consent decrees to correct the violations. RSR has then failed in large measure to keep these agreements. In particular, RSR has repeatedly delayed expensive corrective action by failing to fully investigate its contamination problems, in defiance of the consent decrees. RSR has been repeatedly penalized, and in one case was

convicted of a crime for this behavior, but the penalties have been far smaller than the cost of the clean-up activities that RSR has succeeded in delaying into the indefinite future (Disposal Safety Incorporated Waste Management Practices of RSR Corporation ii-iii).

The initial reported cited instances of violations in seven locations, Dallas Texas, Harbor Island, Washington, Indianapolis, Indiana, City of Industry, Riverside, and East Los Angeles, California, and Wallkill, New York, all of which are potential or current environmental liabilities (Disposal Safety Incorporated). Later reports extended the investigation to an additional site in Indianapolis, two in Indiana in Boone County and Anderson, another in Kent, Washington, landfills in Newark, New Jersey and Marysville, Washington, a battery and scrap metal business in Darke County, Ohio, another in Richmond Virginia, a location in Nesquehoning, Pennsylvania, and numerous others. At all of these places, RSR was expected to be the primary or a significant party responsible for cleanup operations (Disposal Safety Incorporated Environmental Liabilities of RSR Corporation Update 1)..

The DSI reports questioned RSR's ability to cover the financial costs of cleanup after the closure of their operating plants. Under the law, companies are required to show financial assurance for potential cleanup cost, based on a detailed written cost estimate. Funds can be set aside in a trust fund, surety bond, or similar device. An alternative, which was chosen by RSR, is to guarantee funding by demonstrating a net worth and net working capital of over six times the costs of cleanup (Disposal Safety Incorporated Waste Management Practices of RSR Corporation).

Using RSR's own estimates, cleanup costs could amount to \$86 million at only a portion of the sites it was responsible for. For environmental liabilities, the

company had accrued a reserve of \$3.8 million, leaving them a potential debt of \$66.4 million. DSI questioned whether RSR would be able to meet its obligations. RSR's parent corporation's, Quexco's, net worth, including its 100% interest in RSR and its subsidiaries, amounted to only \$62.9 million, fall short of its own estimated cleanup costs. These numbers demonstrate that RSR was delinquent in its responsibilities to ensure its ability to fund restoration operations in the sites it was currently operating or previously managed (Disposal Safety Incorporated Environmental Liabilities of RSR Corporation).

The company's environmental liabilities allowed the Steelworkers to question whether RSR Corporation was a responsible corporate citizen or would leave its cleanup cost to the public, through the Superfund Trust Fund. Superfund was created to cleanup environmental hazard areas when the owners are unable to do so. The Fund then seeks payment for its incurred costs from the company directly. Collection, however, is never assured and, in many cases, is very difficult. RSR had taken advantage of Superfund laws on many occasions including West Dallas, their Avanti site in Indianapolis, Harbor Island, Boone County, and Kent. Due to the company's extensive legal challenges, and its lack of assets, it was unclear whether the required money could ever be recovered, thus forcing the taxpayer to foot the bill for RSR's environmental irresponsibility.

DSI's report paved the way for a large campaign of environmental actions by the USWA. The report and Steelworkers press releases were picked up by the communities affected by RSR. DSI, and the Safety and Health Department suggested actions for US regulatory agencies to take to assure proper cleanup and funding at nearly all the locations involved. At some locations, such as the Superfund site in West Dallas, Texas, the Steelworkers went further by organizing actions and spreading information.

The plant in West Dallas, then nonoperative except for a small lead fabrication facility, had proved to be an environmental disaster with cleanup costs estimated at over \$40 million. It was also located close to Howard Meyers's Headquarters. It seemed reasonable to assume that action taken in Dallas would receive the attention of Meyers. In addition, an active environmental movement had developed in the area, in direct response to the problems at the site. It seemed an almost ideal point of action.

RSR had previously attempted to evade responsibility for the operation by selling the nonoperating plant to Murmur, a corporation owned by RSR's former General Counsel and two of their former executives. Under the Reagan and Bush administrations, the EPA made no serious attempts to hold RSR accountable. When the Clinton Administration came into office, the situation changed somewhat, and the Superfund began a renewed cleanup operation at the site with the intention of collecting from RSR. Payments, however, were withheld and the EPA proceeded in court to force the company to refund taxpayers (Ross Personal interview 15-17).

Geochemists from the University of Texas at Dallas found severe problems at the location, citing dangerously high levels of lead in the soil that needed to be corrected immediately. The problem was even more serious because a large public housing project and residential areas were located directly across from the former lead smelter (Loftis and Flournoy). In addition to housing, a public school and community center had been built adjacent to contaminated areas (Porter July 15 7). Significantly higher levels of lead in the blood of children living near the plant that posed serious risks of brain damage and other neurological disorders (Loftis and Flournoy).

Additionally, DSI's investigation opened up another environmental problem not even addressed by the EPA, arsenic contamination. Ben Ross believed this was even more serious than the company's lead problems (Ross Personal interview 11).

Members of Local 9121 made numerous trips to West Dallas. Led by Maurice Simoneaux, they kept in close contact with local activist groups, including the West Dallas Environmental Coalition. On several occasions, they held press conferences and leafleted around the plant (Simoneaux 11). The Steelworkers' actions brought the attention of the Dallas media and pushed regulatory agencies into action. Kinley Porter was a frequent participant in the protests;

It was a devastating blow to the community. There's a youth center and school which are still there, but all of that is totally polluted, and there is a housing complex that had to be just bulldozed down, and the soil had to be scooped up. Its like a big valley where it was just across from the school, but what I found was that he (Meyers) donated a lot of money to the school cause they never tore the school down (Porter July 15 7).

The Steelworkers' actions at the site proved a complete success. Not only did they put pressure on Howard Meyers to end the strike, but they brought renewed attention to the environmental problems in West Dallas, helping the local residents force a more adequate cleanup.

The RSR secondary lead smelter in Wallkill, New York was another location for USWA action. When the Steelworkers began their campaign, the company's unsafe record was already public knowledge. With the support and assistance of Steve Amter of DSI, Orange Environment, a local group, was already pressuring the New York Department of Environmental Conservation (DEC) to force RSR to deal with its hazardous lead emissions and soil contamination problems (Berger 58) (Valenti Memorandum to Hubbard, Powers, Yeselson, and Keyser) In 1990, RSR had been

fined \$140,000 for air pollution violations, yet had not yet installed all the required controls (Disposal Safety Incorporated Sulfur Emissions ii).

DSI also launched a separate investigation into sulfer emissions at RSR's Wallkill plant. The results of its investigation were released in a report on June 10, 1994, which detailed extensive sulfer dioxide emissions at the plant, contributing to air pollution, and a foul rotten-egg odor in the surrounding community. Although New York State regulations require the company to install the "Best Available Control Technology", management's proposals fell far short of what could potentially have been done (Disposal Safety Incorporated Sulfur Emissions Control). DSI and the Steelworkers hoped to create a new issue at Wallkill.

Representatives of Local 9121 traveled to the New York facility on September 22, 1993 to handbill and work with the plant's union to put pressure on the company. Although the independent union there was supportive, 9121 members were surprised by the way the labor organization conducted business. This made it one of the more interesting trips of the coordinated campaign. Kinley Porter was one of those present at a meeting of the union's executive board:

They were definitely Mafia, no doubt at it. That independent union, man, our guys were actually afraid when they found out what kind of meeting there were in. The president sat at the other end of the table. No one, none of the executive board, was to speak unless he gave the permission to speak. No one was to speak if he was speaking. He was pretty cocky and arrogant, and all of our guys just stayed quiet, and the guy just came out and said, 'Tell me what you want.' And I explained to him why we was there, what we were doing, more or less paying a common courtesy to him, letting him know why we was out

in Bayou and what we were going to be doing and passing out and when we would pass it out. . . . Later, I asked one union member, ‘When do y’all have meetings?’, He responded, “Whenever the union calls one. Other than that, you don’t have one. You don’t ask questions about what’s going on. You just pay your union dues, go to work, and be quiet. You don’t file a grievance unless that executive board knows about it’ None of the executive board works (at the plant), but they represent the employees (Porter 15 July 13-14).

Evidently, Wallkill’s union functioned much differently than Local 9121, yet it gave their blessing to the Steelworkers’ actions.

Although the DEC granted a hazardous waste permit to the company on July 18, 1995, Orange Environment and the Steelworkers were successful in requiring an extensive cleanup as part of the permitting process, including \$3,669,665 for the closure of a battery storage unit and a process materials containment building. The DEC also mandated a cleanup of 71,000 cubic yards of lead polluted soil which was leaking into the groundwater, at a cost of well over \$4 million (Disposal Safety Incorporated Environmental Liabilities of RSR Corporation Update 1 4-5). The USWA’s efforts at Wallkill were a success, both for the Steelworkers and local residents, “They had to do immensely more cleanup work as a result of what the local environmentalists did, and they did wind up putting a scrubber in at the New York plant and they also had to put up much more financial assurance.”, Ben Ross recalls (Ross Personal interview 11-12).

A third site in Anderson, Indiana became an important part of the Steelworkers corporate campaign. RSR’s Vickers Warehouse, was the site of serious of serious environmental violations by Southern Lead in the late-1960's. The parent corporation,

however, was purchased in 1971 by RSR, making the new company responsible for the environmental cleanup (Starnes “Contamination Investigation”). The warehouse was located in a residential neighborhood, with children playing nearby, but nothing had been done until the Steelworkers began their investigation.

Anderson is also the home of Delco-Remy, the battery division of General Motors. GM recycles 100 percent of its batteries through RSR, accounting for 40 percent of its total business. Unlike RSR, GM had prided themselves on being an environmentally friendly corporation. The corporate campaign staff saw this as an opportunity for action. Cooperating closely with the United Auto Workers, the Steelworkers began exerting pressure on GM and the EPA to begin a cleanup effort (Becker Letter to Owen Bieber).

Joe Uehlein also became involved, working with a national organization, the Coalition for Environmentally Responsible Economies (CERES), of which he was a board member. According to Uehlein,

One of the things CERES does is file shareholder proposals with 10 environmental principles that they want companies to adopt. Well, GM became a signatory to those principles and actually joined the board. At CERES, we are going to hold GM accountable to those principles, along with all of their subsidiaries, wholly owned companies or sole suppliers of services. Therefore, the whole RSR thing came up at the CERES meeting and gave GM a black eye to the point where they were sending their Vice President for Environmental Affairs to these meetings, along with their lawyers, who we dealt with. . . It embroiled GM in the whole dispute which was a good thing for

us. From then again another angle, Howard Meyers had to deal with this in a way that he never expected (Yeselson and Uehlein 22).

Despite the efforts of Republican Congressman David McIntosh to prevent action by the federal government, the EPA finally issued an order on February 9, 1996, forcing GM and Quemetco Metals, a subsidiary of RSR, to split the necessary costs. “Under the order, the two companies must clean up the contamination at their own expense, or pay triple the cost of EPA’s clean-up if they refuse.” (United Steelworkers of America “Labor, Environmentalists”) Like those in Wallkill, coordinated campaign activities in Anderson put pressure on Howard Meyers and helped local residents.

### ***Challenges to RSR’s Expansion***

In April 1994, the Steelworkers began what would be the most successful part of the coordinated campaign. RSR announced its intentions in December 1993 to build a \$60 million greenfield secondary lead smelter in Aiken, South Carolina (RSR Corporation Proposed Battery Recycling Plant). This was an incredible opportunity for the USWA to put pressure on the company by exposing their poor environmental record to the local community.

District Director Homer Wilson stated,

We want to expose the fallacies in RSR’s assertions that it will build a safe plant in Aiken. RSR’s history should give the people of Aiken something to worry about . . . something much worse than the Savannah River nuclear plant. We have a responsibility to the people of Aiken to let them know about RSR’s horrendous environmental record. We’ve published ads in newspapers and put up other

billboards in the community of RSR affiliate Bayou Steel in Laplace, LA. (“USW Challenges RSR’s Proposed Smelter”).

Despite RSR’s opposition, the USWA was also able to erect three billboards near the proposed site bearing a skull and crossbones to symbolize the environmental hazards (“RSR Fighting Billboard”).

The Steelworkers informed the community of the hidden costs of an RSR plant in Aiken. The proposed facility would process six million batteries and produce 120,000 tons of lead annually, responsible for almost ten percent of the nation’s secondary lead smelting. They pointed out that the similarly sized facility in Indianapolis, according to the EPA, released 247 tons of lead, 155 tons of antimony, and 22 tons of arsenic annually. This would require a full-time regulator on site to ensure the plant would be environmentally compliant, yet South Carolina employed no full-time regulators at any industrial site in the state. Furthermore, RSR had a poor record with OSHA, and many of its employees were exposed to dangerous levels of lead. Instead of being an asset to the community, the Steelworkers stated, the plant would increase local taxes which would need to be spent on cleanup operations, court costs, and health care expenses associated with lead (Activity Update).

RSR criticized the Steelworkers as being outsiders from the North, acting out of their own self interests, which were not in line with those of Aiken, suggesting that they were being manipulated by ‘union bosses’. Although untrue, the union was forced to take a background role, providing support and information, but leaving actions up to the local residents. RSR, however, pursued their smear campaign through open meetings and mailings and attacked the efforts to block the plant’s construction as a plot orchestrated by the Steelworkers. This strategy, although attractive to the company, was unsuccessful. According to Keyser,

What was interesting for a place like that, the company's attempt to tar and feather us because we were the union, the Northern union. . .

That didn't really work. Just no one really took that very seriously. I think it was because the other issues were so serious that it was like, 'So what? Who cares what their self interest is? What we want to know is, Is this a safe company? Is this gonna hurt our community or is it going to help our community? The second tactic was to say, "Aiken, hey, the union's using you guys to win a labor dispute at Bayou Steel. Which, while false, there was a great deal of truth to it, but people didn't care about that either. They just wanted to know the facts. (Keyser Personal interview 11).

Ed Keyser, Ben Ross, and others from the Steelworkers changed their role in the Aiken campaign, but continued to attend numerous meeting with concerned citizens, who then put pressure on the local council to block RSR's building attempts. Instead of directly attacking RSR in Aiken, and thus being seen as an outsider, the USWA worked to organize local residents around the issue, providing them with information, and letting them work to oppose the plant. "There was definitely a willing and concerned group of citizens down there that worked with Ben and myself. We were able to get them a lot of information about RSR's operations elsewhere. We worked with a couple really good activists down there and the debate in the summer had started," Ed Keyser remembers (Keyser Personal interview 10). Organizing the community was aided by the fact that the then closed and extremely dangerous Savannah River nuclear plant was located nearby. Residents were well aware of the hazards a company with a poor environmental record could pose for the community.

Local residents formed an activist group, originally named LEAD (Lobby for Environmentally Aware Development) around the issue. It scheduled activities, met with public officials, distributed a petition and spread information about the proposed project. Although they enjoyed support from the community, especially those who would live adjacent to the facility, their initial work was a struggle. The Aiken City Council was predominantly pro-industry and had been a key part of RSR's decision to locate to the region (Keyser Memorandum to Valenti and Brean). LEAD's activities, however, forced the council to take a more neutral role in the dispute for fear of alienating their citizens.

Despite local opposition to RSR, in the summer of 1994, it appeared as if they would be fighting an uphill battle. The key event which changed the residents' and council's perception and support for the company occurred not in Aiken, but thousands of miles away in Indianapolis, when, on August 26, RSR , Quemetco, and four of their employees were indicted in federal court for conspiracy to violate the Clean Water Act. The Justice Department accused these companies of ordering workers to check local sewers for city monitoring devices. If devices were found, they dumped only clean water, specially prepared, into the sewers. If devices were not present, the Indianapolis plant manager, Donald Eby, ordered his employees to dump toxic wastewater into the system (Gelarden). By early March, RSR knew they could not win a courtroom fight. The company entered a plea of guilty and agreed to pay a \$1.5 million fine ("RSR Pays Fine"). Two of RSR's employees, the plant manager and the corporate vice president for facility operations, were sentenced to jail terms of 366 days each (United States District Court Memorandum of Plea Agreement).

Nothing could have supported LEAD's and the Steelworkers' claims that RSR was an environmentally irresponsible company more than their own admission of guilt in Indianapolis. Public opinion turned overwhelmingly against RSR. According to

Keyser, “The mood down there changed. Any of the people that were lined up pro-RSR had to get out of the way, because there was an avalanche of hostility towards the company, because people felt that they had been deceived by the spokespeople they had sent down.”(Keyser Personal interview 11) By March 22, it appeared as if RSR’s attempt to build a smelter in Aiken was doomed, when Aiken’s Economent.

Development Partnership, the organization which had originally recruited the company to build in the area, sent RSR President Al Lopsinosa a letter indicating that they were no longer welcome in the community (“RSR Smelter Project Faces Local Hitch”).

RSR’s own withdrawal occurred soon after. According to Yeselson,

If we hadn’t been in Aiken and done our homework and had people down on the ground, the fact that it happened wouldn’t have meant anything to the Aiken press . . . The fact that it happened when it happened was luck, but the fact that it happened there when we were on the ground was the design (Yeselson and Uehlein 14).

The Indianapolis indictments and Aiken’s decision to block RSR’s proposed smelter provided a big boost for the union’s efforts. According to Jerry Fernandez, “Those issues, quite frankly, allowed us to be a pain in the ass to RSR’s other holdings.” (Fernandez Personal interview 9). They also hurt the company’s future business prospects. As Ed Keyser explains, “Because of the indictment, I have heard from people that follow the industry that it’ll be years before RSR is able to build a plant in the United States because of that.” (Keyser Personal interview).

Despite RSR difficulties in building a new site, they began actively searching for new properties to purchase, both in the United States and overseas. As part of Bayou Steel’s overall reorganization plan, Howard Meyers and his associates had been

searching for a facility to turn the Laplace plant's excess billet capacity into shaped, final products. Starting in late 1994, Meyers began discussions for the purchase of bankrupt Tennessee Valley Steel Corporation in Harriman, Tennessee. Although it surprised the Steelworkers that he would attempt a purchase in the middle of a strike, it appeared to fit the pattern of his activities. Valenti recalls, "It did fit into their general corporate philosophy, and that was to purchase facilities that had maybe some environmental problems, purchase those facilities, run them into the ground, put a padlock on the door, and leave the cost of cleanup and everything to the taxpayers.", (Valenti Personal interview 16). Alarmed at the possible impact on the community and the plant's employees, the Steelworkers began conducting research and planning activities.

The coordinated campaign team's first task was to identify the method by which Bayou intended to finance its purchase. Soon after, according to Ed Keyser,

Bayou did file an 8-K, a description of what the plan was for Tennessee Valley, which was to sell it (preferred stock) to existing shareholders. We thought that was riddled with holes. One approach was to appeal to common stockholders. The way they were going to finance it is through preferred stock, which of course puts the preferred stockholder, in the event there is a financial catastrophe, ahead of all the other groups of shareholders. Liquidation profits is what its called. And preferred stock is almost like debt. They were going to get a guaranteed dividend every quarter, and the other (common) stockholders at Bayou never got a dividend. There had never been a dividend issued to them (Keyser Personal interview 19-20).

Bayou was continuing its past pattern of favoring and protecting preferred shareholders, while putting those with common stock at risk. This was to be an issue at the annual meeting held in early 1996, but first the Steelworkers intended to appeal directly to the largest shareholder in the company, First Chicago Corporation.

Conveniently, First Chicago's annual meeting held on April 22, 1995, provided an excellent opportunity for the USWA and Local 9121. Organizing a group of workers from Bayou, as well as members of District 31, they picketed and leafleted outside the headquarters. Keyser describes, what was even more important, however, was what transpired inside the meeting;

They completely mishandled the situation. They turned their shareholder meeting, which was, this is a company with over a billion dollars in assets, into a discussion about the Bayou Steel strike and the Chairman of the Board gets up in front of the annual meeting and starts with an explanation of why there's beefed up security, who these people are who are handing out leaflets, what First Chicago's relationship is to these people, as a shareholder of Bayou Steel, what the labor dispute is, there's a strike. . . I'm like sitting in the audience thinking, 'It doesn't get any better than this. He's like explaining everything.', and then Ron stood up and point blank asked him to meet with us to discuss the strike after the meeting and put him on the spot in front of all the shareholders, and he agreed. After the meeting we sat down and talked to them about the company (Keyser Personal interview 21).

Soon after, in the summer of 1995, First Chicago cut their holdings by 50%, sending a strong message to Howard Meyers about the strike in Bayou, the second class treatment of common stockholders, and the planned acquisition of TVS. "I thought it was a pretty successful action on our part," recalls Keyser (Keyser Personal interview 21).

The second strategy was to appeal directly to the potential preferred stockholder who was to finance the purchase. Ben Ross examined their environmental disclosure and, like their bond registration statement, it was less than candid. Similarly, the problems at TVS were understated. By a stroke of luck, the Local got their hands on Bayou Steel's fax list when it was sent to the Laplace Observateur, the local newspaper. The list included key shareholders, the Board of Directors, creditors, and analysts. The USWA used this list to fax their concerns regarding Bayou's misleading 8-K filing, hoping to hamper financing of TVS. Bayou Steel later accused the Steelworkers of hindering their negotiations with the potential preferred shareholder and causing the company considerable additional expense (Keyser Personal interview).

Plans for the purchase of Tennessee Valley, suspected to be the result of an intentional bankruptcy, had been completed for \$30.5 million by May 2, 1995 (Bayou Steel Corporation "Bayou Steel Acquires Assets") (Fernandez Personal interview 26). Although TVS had been organized by the USWA, under successorship law a company declaring bankruptcy and being bought out is a new entity without any legal requirement to recognize a union or hire its former employees. The prospect of Bayou Steel essentially eliminating the union in Harriman was very disturbing to the International. Surprisingly, positive signals were received from Howard Meyers that they would not end up in another big fight after all. Jerry Fernandez recalls,

The CEO of Tennessee Valley, at the time of the bankruptcy when Bayou Steel was the successful bidder, contacts the staff rep, who indicates that Howard Meyers told him that they wanted to work with us, didn't want another fight. They'd recognize us and everything would be OK. The Staff Rep comes back and tells the (International) officers that Howard Meyers said to the CEO who said to him that they really wanted to work with us, they weren't looking for a second fight, and everyone viewed that as 'Whoa, there's a signal there and to back off a little bit and show good faith and see what happens' . . .

Quite frankly, the CEO set us up (Fernandez 26-27).

The USWA was looking forward to an easy transition to new ownership at TVS. Hopes were soon dashed, however when Bayou made the decision without consulting the union to hire one hundred new workers for its plant ("Bayou Steel May Offer 100 Jobs"). When former employees applied for jobs, they were screened and asked for qualifications that had nothing to do with their job skills, despite their years of service and obvious competency. One of the persons denied employment was Steve Branson, president of USWA local 9293, because he lacked a high school diploma, despite passing an equivalency exam. It became clear to the Steelworkers that Bayou and their hiring service in the area, At Work Personnel, were clearly discriminating against former union members and actively discouraging affiliation. After charges were filed by union attorneys, the NLRB issued a formal complaint on March 8, 1996 stating that At Work had been, "discriminating in regard to hire or tenure of terms and conditions of employment of its employees, thereby discouraging membership in a labor organization" (Geisel "Labor Board").

One of the initial actions taken by the USWA, after Bayou's purchase and the introduction of discriminatory hiring practices, was an appeal of their air pollution permit on the grounds that the public was not consulted and the permit was illegally transferred from the old owners to Bayou. John Herron, USWA Staff Representative in Johnson City, Tennessee stated,

The public is entitled to be heard before a notorious polluter like Bayou Steel is allowed to operate in Tennessee. Bayou's poor compliance record on environmental matters at its plant in Laplace, LA requires that all precautions be taken before any permit is granted. And that includes informing the public about Bayou's record and the records of the companies with which it is affiliated. That record isn't good (United Steelworkers of America "Steelworkers Appeal Tennessee Pollution Permit").

Bayou Steel, however, intervened, claiming that the USWA was not an 'aggrieved party' and thus no different than the average public citizen. In January, 1996, the Department of Environment and Conservation agreed with Bayou Steel and denied the appeal, claiming that the Steelworkers were not a special party and had missed their opportunity, in May of 1995, to challenge the permit (Bass, Berry, and Sims).

To further pressure Bayou in Harriman, the union and allied labor organizations in Tennessee protested the company's application to the Tennessee Department of Economic and Community Development for nearly \$1 million in state aid to construct a \$1.2 million railroad spur for the newly acquired plant. Jim Neeley, Tennessee AFL-CIO President justified their position by stating, "We're all for creating jobs in

Tennessee, but Tennessee tax dollars should not be spent so companies can create jobs in Louisiana.” (Geisel “Grant for Roane”). Although their protest at the meeting in Nashville failed to deny Bayou the grant, it did greatly reduce the amount given, to only \$250,000 (Geisel “State Approves Grant”).

On August 15, 1996, the National Labor Relations Board charges at Tennessee Valley were finally settled. In a victory for the union, the settlement included not only recognition of the Steelworkers as the exclusive bargaining agent, but also twenty-five percent backpay for all employees who applied for positions but were denied, the replacement of all twenty temporary workers by former employees of TVS, and the recall of all ninety former employees as jobs became available, in the order of seniority (Frankel Memorandum to Becker, Fernandez, Brean, and Freund). After the settlement was reached, Vice President Richard Davis stated, “We’re gratified the company recognized its responsibility to the Harriman workers and reached this agreement. The company should likewise recognize its responsibility to its employees in Laplace, sit down at the bargaining table, and negotiate a contract that is fair to both sides.” (Geisel “Bayou Steel Agrees to Recognize”).

Later, before a seven and a half year agreement was signed at Harriman on May 21, 1997, in a nod to the campaign’s effectiveness, one of the positions Bayou held at the bargaining table was a desire to avoid the type of pressure the USWA had brought against the company through the coordinated campaign (Bayou Steel Corporation “Bayou Steel (Tenn) and USWA Sign a Contract in Tennessee”). As John Herron recalls, “In one of the issues around corporate campaigns, in the no-strike or lockout provision, Bayou had a proposal in there that the Steelworkers would not put a coordinated campaign in place during the life of the contract. That was a proposal that we just flat out rejected.” (Herron 3).

RSR Corporation is a very expansion-minded company, as is evidenced by their attempts to build a secondary lead smelter in Aiken, and Bayou's purchase of TVS in Harriman. The company was also planning for the purchase of overseas facilities, and the Steelworkers saw it was their responsibility to put pressure on RSR anywhere it attempted expansion and to inform fellow labor organizations of the company's mistreatment of workers in the United States, and their poor environmental, safety, and health record.

The USWA began its first overseas actions in response to Quexco's attempt to acquire Billiton UK's H.J. Enthoven and Sons and British Lead Mills. These included plants in Welwyn, Darley Dale, Wandsworth, and distribution centers in Leeds, Bristol, and Glasgow in the United Kingdom. It also included a large facility at Estrees Saint Denis in France. Yeselson, Uehlein, and Keyser communicated directly with the International Metalworkers Federation, and later the Transport and General Workers Union (TGWU), bargaining agents for the British facilities (Lynch Memorandum to George Becker and Dick Davis). They received an enthusiastic response. Although the TGWU believed that British Law would ensure that they still represented the plant's employees, despite Quexco's purchase, they were eager to receive information concerning the company's environmental violations in the United States and wanted to work with the Steelworkers to prevent a similar occurrence when new managers entered the plant (Higgs Letter to Richard Yeselson).

Although the sale was completed on March 22, 1994, with the assistance of Apax Partners, Bankers Trust, Chemical Bank, Llyods Bank, and Banque Paribas, the Steelworkers continued to work with the TGWU to ensure the locations were managed correctly ("Quexco (Apax Partners)"). The initial action was to provide the union with details concerning RSR's performance in the U.S., including copies of DSI's reports. These were eagerly received by both the TGWU and the British press. The

USWA also produced leaflets for distribution and began preparations to send a delegation from the coordinated campaign team and Local 9121 to communicate directly with Billiton's workers and the TGWU.

While on vacation in Europe in the Fall of 1994, Ed Keyser traveled to Britain and met with representatives of the TGWU about possible actions for the Steelworkers. He found widespread support, including the endorsement of a Member of Parliament from the Labour Party (Keyser Personal interview 16). Despite the potential for actions in Britain around Quexco's acquisition, the attempts were abandoned because of concerns from the USWA's legal department regarding British libel laws. As Yeselson recalls, "The libel law is much different in England than the United States. You think, 'Well, they're both Anglo-Saxon countries with a similar legal system' but they are much different. The law is such that you can be sued and lose money even if what you say is true." (Yeselson and Uehlein 15-16). Rather than open themselves up to potential liabilities, the USWA withdrew, leaving any further actions up to the discretion of the TGWU.

Britain, however, was not the end of the Steelworkers' overall international involvement. Even more potential was seen around Quexco's announced intention to purchase a lead smelter in Stolberg and lead battery recycling plants in Hilbersdorf and Brauch, all in Germany. They also planned to purchase secondary lead smelting operations in Toulouse and Bazoches, France and Arnoldstein, Austria, all owned by Metallgesellschaft AG of Frankfurt, Germany's largest Steel producer (United Steelworkers of America "Steelworker Contingent Tells Germans").

Ed Keyser, representing the IUD and the USWA, traveled to Germany first on a short scouting trip. He met with national and local leaders and visited the sites up for sale. The Steelworkers found support from IG Metall, the German metalworkers union, which desired not only to ensure their continued strength in the plants, but also

to guarantee that RSR respected environmental laws. IG Metall is a well-known supporter of strong environmental regulations in Germany and elsewhere. To generate publicity and involve the local union in Laplace, the decision was made to send a larger group of representatives from the U.S.

The Steelworkers led a contingent of local union members in July 1995, with the help of the Germans, to IG Metall's headquarters in Frankfurt. Later, the group, including Ed Keyser, Ron Ferraro, Kinley Porter, and Camille McCall, a leader of LEAD from Aiken, traveled to plants in Stolberg and Braubach, with a combined total of 550 employees. There they spoke to local union leaders and workers, environmental groups, and town councils, all of whom were very concerned about Quexco's proposed acquisition (United Steelworkers of America "Steelworker Contingent Tells Germans") ("German, U.S. Unions Aim"). German coordinators, Robert Steiert and Claudia Rahman, were extremely helpful, even going so far as to provide a driver and an interpreter (Draft Program).

Although the German's believed that their environmental laws and anti-pollution technologies were strong enough to prevent a repeat of RSR's performance in the United States, Ron Ferraro issued a warning to IG Metall in Stolberg,

We have found through experience, however, that a plant can only be as safe as its managers want it to be, regardless of the technology. We believe that because Quexco tries to save money by disregarding the environment and cutting corners on worker health and safety, it doesn't want strong labor unions in its plants that will protect the interests of the workers and the community. You should carefully consider if you want Quexco to come to Germany at all (United Steelworkers of America "Steelworker Contingent Tells Germans").

Ferraro pleaded with the German workers, “There is still time. Howard Meyers has taken from my colleagues their homes, cars, and their incomes. Don’t let him do this in Stolberg.” (“A Monster of a Company”).

After hearing the stories from the USWA, many German workers were shocked at Quexco’s misrepresentation. They had previously been given a report from the company stating That, “Being with Quexco, one is in the best hands, yes, even better taken care of than being with the union (IG Metall)”. Many workers, such as Wilfried Schutz, were convinced by the Steelworkers, “We want to avoid with all possible means that such pollution and social decent takes place here, as our American colleagues described to us. We are ready for a negotiating partner that plays with hard elbows” (“A Horror-Scenario’ Painted”).

IG Metall was greatly concerned about Quexco’s past environmental record, but not enough to work to block the sale. Unemployment in Germany stood at more than ten precent and workers were unwilling to take any chances with their jobs. Additionally, the sale of these plants was extremely important to Metalgesellschaft, which was experiencing severe financial problems at the time. In order to preserve their good working relationship with the company, IG Metall agreed to support the deal. Instead, they intended to pressure Quexco to become a good corporate citizen in Germany after the purchase was completed. Ed Keyser later returned, participating in a number of environmental protests and helping to organize future actions.

Although Howard Meyers was able to purchase the plants in Germany, Austria, and France in a partnership with several European firms, the European campaign was very successful for the Steelworkers. Meyers was alarmed that the Steelworkers might prevent his company’s expansion overseas, as they had in Aiken. According to Rich Yeselson,

We understand that he flew to Frankfurt, or wherever this company was based, (and spoke with Metalgesellschaft) during the Thanksgiving vacation because he got very disturbed that we were there and talking to German trade unionists and German environmentalists. So right at that point, we were showing him we'll be in Aiken, South Carolina if you want to build a plant there. We'll be in Germany if you want to buy a company there. We'll be in Dallas, and we'll leaflet your office and home and Laplace. We'll be wherever your company is and wherever you are (Yeselson and Uehlein 16).

As Joe Uehlein put it, "This was a really good thing to do, because again it showed Meyers that wherever he went, we would be there . . . He was amazed to find out that we were operating at such high levels in the German trade union movement." The Steelworkers had sent yet another strong message to Howard Meyers: The union did not intend to go away quietly.

### *In the Hands of Lawyers*

The USWA's attorneys had been involved from the start of the Bayou Steel strike by reviewing leaflets, picket signs, and proposed activities. They had also advised in bargaining, both at meetings and through communications with management. Twenty-two ULP charges were filed as a result of the attorneys involvement. During the last year of the campaign, however, they took on an even larger role. As the result of lawsuits, NLRB charges, and the inability of the parties to reach a settlement, lawyers became central to the campaign.

In an attempt to block the erection of billboards by the Steelworkers in Aiken, RSR filed a lawsuit in South Carolina under the Racketeer Influenced and Corrupt Organizations Act (RICO). Although the suit failed to force the USWA to remove its advertisements, it opened the door for a much larger, and dangerous suit for the Steelworkers. RICO lawsuits are a relatively new technique used by companies involved in labor disputes to attack unions conducting coordinated campaigns. Most illegal activities arising from strikes and collectively bargaining are covered under either injunctions or the National Labor Relations Act (NLRA). RICO, however, is a federal statute, and as such, it does not matter whether the same activities could constitute an unfair labor practice charge if they violate the terms of the statute. Corporate campaigns frequently involve objectives and tactics not considered by the framers of the NLRA, leaving them open to RICO charges (“Liability Theory in Light”).

RICO suits have been used on a number of occasions to attack labor organizations, yet only one has been successful, and even that was overturned on appeal. It appears as if the true intent of most RICO suits filed against unions are to halt coordinated campaigns, frighten unions, force them to expend precious resources fighting the attack, and punish them for their activities. Under the NLRA, however, it is a ULP, called a “Bill Johnson’s Case” to file baseless litigation in retaliation for protected activities, in this case withholding labor due to impasse. Although ULP charges have been filed in the past in response to RICO suits, none have been won. The difficulty lies in proving management intended to use the statute to punish unions. This tactic is relatively ineffective, leaving management the opportunity to file a weak RICO charge without fear of legal consequences.

Although the South Carolina lawsuit was pending, a larger and more involved suit was filed by Bayou Steel on August 10, 1995 in Delaware against the Steelworkers, Local 9121, and the IUD, charging them with “violence, threats of

violence, destruction of property, extortion, mail fraud, wire fraud, and securities fraud” by the law firm Bickel and Brewer based in Dallas, Texas. Lynn Williams, George Becker, Leo Gerard, Ron Ferraro, Rich Yeselson, Ed Keyser, Joe Uehlein, and DSI were all listed as co-conspirators in the case (Plaintiff’s Second Amended Complaint).

As Bayou’s Second Amended Complaint asserts that the campaign’s, “purpose is to take control of the Company’s direction and policies regarding corporate governance, finance, investor relations, growth, worker safety, the environment, and its policies toward and relationship with state and federal regulatory agencies.” (Plaintiff’s Second Amended Complaint). For the suit to be successful, Bayou needed to prove, not only a pattern of racketeering activity, but that the coordinated campaign team was a separate RICO enterprise, not involved in bargaining, but with a different objective, the intent to take over or destroy the company (“RICO Model Applied to Corporate Campaigns”).

The Steelworkers saw the lawsuit as a baseless distraction. Carl Frankel, who handled the case recalls, “We viewed it as a leverage piece because the dispute was still going on, but we looked at the lawyers and they clearly were on, from our standpoint, we believe they were on a crusade to develop a RICO practice aimed at unions because of coordinated campaigns.” (Frankel Personal interview 2).

The general consensus at the Steelworkers was that the RICO suit was initiated for motives obviously not intended in the statute, Fernandez recalls,

I think it was driven by two issues. You had a law firm, Bickel and Brewer, that thought they had a unique and novel way to combat unions and corporate campaigns by using RICO statutes and suing and trying to recover damages. . . I think they saw it as a way to make a

name for themselves and expand their practice for antiunion clients. Secondly, the RICO suit's strategic implications was to try and tie our hands behind our backs. When you have a RICO suit, that tends to make the legal department nervous. They tend to watch closely over what you're doing (Fernandez Personal interview 13).

Others within the USWA saw it as personal retribution by Howard Meyers for the trouble they had caused him during the coordinated campaign. Jim Valenti explains,

I really think that with Howard Meyers, the whole problem there was ego, clearly. I think it was his legal staff and his environmental, health, and safety experts that told him earlier on that they were going to prove these allegations false. I think, honestly, I think they told him, 'Don't worry about it. We're going to be able to handle this.' When they were cited under OSHA, and they were cited for willful violations, and they continued to test those citations, and they stood the test, and when he tried to influence certain people to squash the environmental from a statewide level, and then it was turned over to the feds, and they came in and those allegations were substantiated, I think he got very angry, and I believe, in my heart of hearts, that this RICO was frivolous from the start, and it was nothing more than payback. He's just an egomaniac. He got caught, when it was proven there was negligence on his part and it was willful negligence. I think he blamed the Steelworkers for the convictions of his vice president of corporate operations (Indianapolis) (Valenti Personal interview).

Lawyers from the USWA and IUD filed a brief reply in support of their motion to dismiss on November 22 and a full brief on November 30, stating that,

There are no genuine issues of material fact, and indeed no legal issues that are not governed by well-established, controlling precedent. On the undisputed facts of this record, Bayou Steel's case against the USWA and IUD is simply and only a challenge to lawful and protected conduct taken by a union in order to pressure an employer to agree to a new collective bargaining agreement on terms acceptable to the union (Brief in Support of Defendants).

Although the USWA hoped to have the case dismissed outright, it obtained a small victory when the U.S. District Judge Roderick McKelvie upheld the suit, but ruled the company's claims of securities fraud inappropriate on January 11, 1996 and set a trial date for September 9, 1997 (Hyman "Win-Win Rulings Satisfy").

The RICO lawsuit became extremely troublesome and expensive for the Steelworkers. Although they firmly believed they had a strong case in defense, it forced the USWA to spend considerable resources, taking sixty-one depositions, researching, and organizing for a court trial. It also forced many in the legal department on the defensive, bringing attention away from the coordinated campaign. Although most of the coordinated campaign team was intent on defying Bayou's intimidation, it still managed to hamper their activities. Fernandez recalls,

It was effective because there were many things that I wanted to do, but was sat on because of the RICO suit. Matter of fact, when the

RICO suit was filed in Delaware I was sort of hamstrung with several things I wanted to do. There were still a lot more sites out there.

There were a lot more businesses. There were a lot more issues to be mined. With the RICO suit, we had to reevaluate because of our own legal department. They weren't concerned about losing the suit, not primarily, they just naturally wanted me to sit on it, so I didn't give them (Bayou) any more excuses to keep amending the suit or file any more RICO suits. To a certain extent it worked, not to a great extent, we were still very active, but there were other things that we wanted to do that we thought were good hits but didn't (Fernandez Personal interview 13-14).

Meanwhile, in Laplace, negotiations were stalled. The parties rarely met to discuss a settlement. There was the general feeling that there was so much ill-will between the parties that an agreement was near impossible. After a couple years on strike, both the company and the union left bargaining up to their lawyers, hoping they could reach a settlement. The only communication came between Ernie Malone, the company's lawyer and Louis Robein and Joe Whatley, representing the Steelworkers (Brean Personal interview 11).

From an economic standpoint, refusing to bargain with the union in good faith and scuttling possible agreements made no sense for Bayou Steel. Members of Local 9121 truly wanted to return to work and were willing to make concessions in order to do so, but there was a certain point below which they would not go, and this was made clear. Every month the strike continued, it cost Bayou money, both in production and lawyers fees to continue the RICO suit and handle the NLRB charges. It was clear to

the USWA, however, that management's stubbornness was not out of logical calculation, but a matter of personality. Jerry Fernandez feels that,

Howard Meyers truly was one of those individuals that had a small man complex. Small in stature, self-made, came from modest beginnings, acquired and made his fortune. The corporate campaign, in a way, made this whole strike irrational. I am absolutely convinced that the thing should have and could have been settled long before it was. It seemed that every time we did something major, we'd get these feelers about talking and all of a sudden it pulled away like a handgun blowing up with Howard Meyers saying, 'Look, this is my goddamn business. I made this. I put my life into this and I don't care about the damn workers, unions, or whatever.' That's one of the issues that made Bayou different than the others. Every once in a while you run into one of those where it just doesn't make any sense. There's no strategic plan on the part of the owners to sort of say, 'Alright, where's the break even? When are we going to settle this thing?' When they went into it, they thought they could beat us, but when it got going, personalities started taking over. Howard Meyers got this hate every time we whacked him, and we whacked him pretty good. I think the guy just went apeshit. . . I think he might have sacrificed his whole goddamn fortune(Fernandez Personal interview 15-16).

By mid-1996, however, the parties were exhausted. Local 9121 had been on strike for over three years, fighting a battle many thought would never end. Although the union was dedicated to manning the picket lines indefinitely, a larger number began

moving on with their lives. More than fifty percent had found jobs during the strike and questioned whether they would return to Bayou, even if a contract was signed. The International was tired as well. It had spent an enormous amount of money on the strike. Although the results were encouraging, there was no agreement. Howard Meyers and the company found that the union was stronger than they expected and that the USWA could have an effect on their business performance by means other than just withholding their labor.

Unlike March 1993, the parties were no longer very far apart on what they considered an acceptable contract. A potential settlement had been reached at the Governor's Mansion in 1994, with only two issues separating the union from management, seniority accumulation during the strike and return to work provisions. Logically, the strike should have been settled long ago. Finally, something happened.

In its typically slow fashion, the NLRB had delayed hearings on the ULP charges against Bayou for over three years. Finally, a trial was scheduled for September 23, 1996. Unlike many companies in similar situations, Bayou Steel never permanently replaced its striking employees, but rather continued to operate under the old contract. Part of reason for this strategy was to fight Local 9121's unemployment compensation claims. Another, however, was to prevent Local 9121 from offering to return to work, which the company would refuse, thus turning the strike into a lockout. If the ULP charges were upheld by the Board, Bayou could be responsible for back pay liability. As the Board trial approached, the company was concerned, not only about the approximately \$200,000 in lawyers' fees the court case would cost, but also about the likely event that the ULP charges would be upheld, thus opening Bayou up for back pay liability.

Whether it was Howard Meyers, his investors, or their lawyers which made the decision is unknown, but someone at Bayou decided that, rather than become

vulnerable to further economic hardship, they should settle. On September 23, the morning of the ULP trial, in the courtroom, a contract was finally signed (Robein Personal interview 3). The 42 month strike was over and Local 9121's members would return to work “They could not have ousted the scabs and won this great victory if they had not maintained their solidarity and commitment to trade union ideals.” George Becker stated of the occasion, “All working people owe them a debt of gratitude for struggling so long and so hard to achieve justice.” (“Union Wins 42-Month Strike”).

### ***The Aftermath***

“It’s going to be a good night’s sleepin’ tonight” stated Local 9121 member Ernest Dunn, after he heard of the settlement (Giordana “‘Its Finally Over’”). The bitter strike had ended and members were expected to return to work by October 31. The long strike had cost the company \$10 million in its campaign to fight the union including, they claimed, \$100,000 on new tires for replacement workers and trucks. Even more so than the company, the strike had been painful for the members of Local 9121. Although they had stayed together, they lost more than their \$36.5 million in lost wages and benefits (Thomas “Nerves of Steel”). Many had sacrificed their homes and possessions, marriages had been destroyed, and forty-two long months had been taken from them.

The agreement had been a compromise, but the struggle would continue long after the document was signed. Many issues remained unresolved; Who would lose their jobs for strike related misconduct? Would they have to work with the very scabs they had painfully watched cross the picket line everyday? Could the Local recover? And what would happen with the RICO suit?

The agreement was basically the same as the one negotiated at the Governor's Mansion in March of 1993. The incentive pay plan was still there. Members would be expected to contribute to future health care costs and the company was allowed to subcontract work, although with a very restricted list of positions. The union could claim a victory, however. All the strike issues had been softened to the point where they were acceptable to the members. Additionally, although they would be required to take a physical and drug test upon their return to work, the terms were much more generous than those at the Governor's Mansion. Furthermore the strikers would keep their seniority and receive a \$425 bonus check, the same as the replacement workers had received (Giordano "Its Finally Over").

The greatest and most painful concession for the union, however, came in the return to work provisions. Unlike the March 1994 offer, which used 'just cause' as the basis for deciding misconduct cases, the Comprehensive Strike Settlement Agreement prescribed NLRB rules for arbitrators to decide the fate of workers discharged by the company. Although workers were given until October 8 to announce their intention to return, many were unsure whether the company, armed with videotapes of picket line activities, would allow them to come back. Two hundred and Seven workers were expected to register to reenter the gates, but the company promised not to layoff any of the temporary employees (Giordano "Strike Workers to Stay On"). Although fifty of the temporary workers were eventually let go, the majority stayed, a painful reminder of the compromise made by the members of Local 9121 who returned (Giordano "Bayou Steel Rehiring").

The picket lines were gone, the shack lay empty, and the poster displaying the 'Scab of the Week' was gone. It appeared as if the fight was finished, but appearances can be deceiving. "The contract was signed, but it wasn't over with. It was just the beginning." recalled Monica Meely (Meely 6). Using more than 2,000 videocassettes

as evidence, Bayou announced its intention on November 1 to discharge sixty-five of the one hundred and forty-five USWA members who had registered to return, suspending another eight until December 2. Those sixty-five included many active leaders of the union, such as President Ron Ferraro and Faron Bowen (Giordano “Bayou Steel Rehiring”). Local 9121 and the USWA promised to fight the discharges every step of the way. Ron Ferraro stated,

We’re confident the company can’t provide evidence to justify its attempt to get rid of these good union brothers. The fact is, this was a very peaceful strike. There were occasions when heated words were exchanged, and our members were provoked many times by scabs and other company allies, but nobody was ever injured on either side, but whatever the outcome, it will never break the back of our union. Our solidarity sustained us during the strike, and we’re just as solid now (“Strike Over, Their Fight Goes On.”).

For those that did return, their time was no easier. Not only were relationships with the scabs strained and hostile at times, but foremen and managers punished the strikers in many ways, including demotions and assignments to undesirable or unfamiliar work. According to Monica Meely,

There was a lot of animosity there, definitely. But we had to, as returning workers, we had to get a grip on ourselves and know that we’d been gone for three and a half years. What the company expected us to do, I think, was to come there and just get rowdy. I mean that was hard, because you walk in there, and here you haven’t been there

for three and a half years, and so many things have changed. You have all these new people there. You had union people that weren't allowed to go back for whatever reasons, and you're there and feeling like you don't feel complete, because it's like this person, this replacement worker is here . . . The people that were there were the people that we saw were doing our jobs when we knew we deserved to be doing them. It was hard (Meely Personal interview 5-6).

Despite their difficulties, there was a payoff for those strikers who reentered the plant. This was seeing the results of their three and a half years of hard work, "There was times when we wondered if we affected them, but when we walked back in that plant, we really found out they couldn't take no more. The scabs couldn't take no more. Management couldn't take no more", recalled Kinley Porter (Bowen 12). They also saw that they plant could not be managed effectively without them, according to Kim Duhe,

They tore up so much equipment. Even by the time we came back in the casting area, when I came back the first day, it looked like one of those darn movies you see after a darn bomb went off. They had equipment like a kid taking a toy apart just laying in the corner. They had gear boxes and motors. They had equipment all over just torn apart, and you looked at it. Its like they couldn't put it together. It was in bad shape. . . They would always tell us before the strike, 'If y'all don't like your job, we got 500 applications.' Well, apparently the 500 applications they had were very unqualified people (Duhe 11).

Although it pledged to fight the discharges, the union was less successful in front of arbitrators. Local 9121 lost their first three cases. Fear went through those awaiting their chance to recover their jobs. In a fax to Joe Whatley, Ron Ferraro expressed the mood, "Our arbitration procedures aren't working. We are losing not only arbitration cases but the Local union." (Ferraro Fax to Whatley 1 May 1997). Although Bayou reversed its decision to discharge at least thirteen of the local members, many remained on the list. The company made it clear that it wished for as many former strikers not to return as possible. To facilitate this, it began making offers to those on the discharge list ranging from \$2,500 to \$15,000 (Whatley Letter to Ron Ferraro 6 May 1997). Although the union won their next three arbitrations, including Faron Bowen's, the damage had been done. Most discharged members had accepted Bayou's offers.

At the top of Bayou's dismissal list was Ferraro. They were willing to do almost anything to prevent his return. Uncertain of the future outcome of his arbitration case, they began attempts to buy him out, using his status as a codefendant on the still pending RICO lawsuit as leverage. Although against Steelworker policy, the USWA agreed in June 1997 to release Ferraro, allowing him to be represented separately in his termination proceedings. By October 13, 1997, Local 9121's President was no longer an employee of Bayou Steel or a member of the Steelworkers. He was removed as a defendant from the Delaware RICO suit, and, which many former strikers resented, received a payment of \$30,000 (Pepitone Fax to Homer Wilson 15 October 1997). In a way, Ferraro's departure was an end of an era for Local 9121. He had bravely led the union through forty-two months on the picket lines and corporate campaign, but now he was gone.

On October 29, 1997, in a court sealed settlement, the International union and company's attorneys reached a nonmonetary agreement in the RICO suit, thus

drawing to a close the long saga at Bayou Steel (“Bayou Steel, Steelworkers Issue Statement”) (“Steel”).

Today, although not without problems, Local 9121 and the management at Bayou are rebuilding their relationship. The plant has been setting production records since the strikers’ return, demonstrating their value to the company and the emptiness of management’s previous claims that the strikers were not needed. The price of Bayou’s product has remained strong, and the addition of the Harriman plant’s rolling capacities have led to record orders, ensuring work into the future. With the help of Steelworker representatives, the company has created an incentive pay plan has been a success for most involved. On average, for fiscal year 1997, workers earned \$3,673 more a year than before they went on strike (Thomas “Nerves of Steel”). Tensions have eased with time at the plant. Although they cannot forget what happened, relations with the former replacement workers, managers, and foremen have improved.

At the local, in a vote of confidence for their strike’s leaders, members of Local 9121 elected former Vice President Kim Duhe to the position of President, with Kinley Porter joining him as Vice President and Faron Bowen as Recording Secretary. Although its current membership is a minority of those working at Bayou, the local has been expanding. By July 1998, twenty new members had been signed, including and one former strikebreaker. Kinley Porter thinks their prospects for the future look good, “Eventually, we’re going to sign up a lot of people. Everybody’s fed up. They want changes. They are not pleased, but these guys were brainwashed big time, and they still haven’t seen the light, but eventually we are going to get them” (Porter 15 July 18).

Although many no longer work at Bayou, participants in the strike will always remember. Former member Monica Meely states emotionally,

This strike has had an impact on me. It has changed me for the rest of my life. There's no doubt about it. Some things I've tried to put out of my mind when it comes to it, because there was so much, there was a lot of hurt and there was a lot of pain, but you try to learn from it and you try to move on, but you never forget (Meely Personal interview 4).

### ***Conclusion***

The struggle at Bayou Steel was long and difficult. Participants in the conflict put everything on the line, but were never sure of victory. In the end, a contract was signed and many returned to work, proud of their sacrifices and unity. The fight, however is not over. Local Union 9121 has to vigorously enforce their contract and prepare for bargaining in 2002. More importantly, members must remember why they went out and stayed out for three and a half years. The union needs to rebuild by enlisting new members and educating all on what solidarity means. Members must defend their rights in the workplace, rights they risked their livelihoods to preserve. They cannot forget the lesson they learned; by standing together they have the power; the power to force management to listen to their demands, the power to protect their jobs, and the power to have a safe and environmentally conscious employer. This is a lesson not only for the employees of Bayou Steel, but for all working Americans.

The international union learned a lesson as well. Merely waging a coordinated campaign similar to the strategy used at Ravenswood would not necessarily lead to identical results. For every campaign and every employer, new strategies would need to be developed and new tactics implemented.

The union learned these lessons the hard way at Bayou. Victory was far from complete for the union. But Bayou and other employers had learned some lessons too. The Steelworkers had demonstrated once again that they were willing to do whatever it took to outlast and out leverage even the most committed union-busting employer.

## CHAPTER SIX: CONCLUSIONS

### **Argument: A well-planned coordinated campaign strategy will lead to union victories in strikes or lockouts**

Bayou steel provided no easy answers for those involved. The campaign lasted 42 months by the time a contract was signed, and both sides claimed victory. The Steelworkers, their staff, and members did almost everything possible to win, yet the results were mixed. In light of what happened at Bayou, it becomes necessary to make a critical analysis of my argument and answer certain questions including, Was the coordinated campaign at Bayou a success? and Why did it turn out as it did?

#### ***Was Bayou Steel a USWA Victory?***

The standard way researchers evaluate a strike is by looking at the contents of the collective bargaining agreement. In many ways, management ended up with a better contract than the union. Without a doubt, it was a concessionary agreement. The union gave up one holiday and their Sunday premium. They were also forced to make important changes to their medical plan, a major issue of the strike. Although the agreement was not identical to the company's last, best, and final offer which demanded a preferred provider plan (PPP) with employees contributing 40% of future cost increases, it contained many of its basic elements, including the PPP and a 80/20 split on future costs. Just as important, the final agreement included an incentive pay plan, although without the base wage cuts management had initially demanded.

Instead of making demands for improvements, Local 9121's fight was focused around fighting concessions. For them, one of the most important issues was

combating the proposed incentive pay plan. Despite the fact that the plan was put in place, the union can claim victory in this area. Although they were fearful of tying their pay to productivity, they maintained their base wages, and more importantly, got the right to negotiate the incentive plan and subject it to the grievance procedure in the future. While employees not meeting the productivity goals receive a small degree of protection through the contract's COLA provisions, none, except those in the shipping department, have needed them. Instead, most of Bayou Steel's workers take home much more per hour than they had before, and more than the \$1 base wage increase they had initially demanded. With the plan subject to bargaining, they should be able to insure that it continues to pay out in the future. Another significant strike issue was over the company's demand for broad subcontracting rights. This was another union victory, as the company agreed to a restrictive subcontracting list affecting few of the Steelworkers members.

The most painful part of the contract for the union, and management's greatest victory, was not in how the agreement affected current employees, but in its return to work provisions. Throughout the strike, the union took the position that an injury to one is an injury to all and that they would not go back to Bayou Steel unless all of their members were allowed to. The contract, however, allowed the company to dismiss employees it felt had violated appropriate behavior on the picket line and used a large collection of video and audio tapes to prove their accusations. Furthermore, the contract provided few protections for those dismissed in arbitrations. Three of the most active and loyal union members lost their jobs because of this and 49 others were forced to take payments from the company not to return to work (NUMBERS). Although 93 Local 9121 members returned to work, the absence of the other 52 who had applied to return was glaring. This cast a gray cloud over the conclusion of their three and half year struggle. Interestingly, the majority of those from the local

involved in the strike, even those discharged for misconduct, consider it a victory.

Whatever the contract provisions may be, this must be taken into account.

Just looking at the contract is not enough to make an accurate evaluation of the strike. We must also look at it from the perspective of union power, both at the local level and the industry level. Local 9121 was forced on strike because Bayou Steel wanted to break the union. The fact that they returned with the union intact must be considered a victory. Those that went on strike are diehard union loyalists. They still actively participate in union activities and support other workers in area locals.

Without question, however, the local is not as strong today as when they went out on strike in 1993. Only a minority of Bayou's production employees are union members. They are no longer as aggressive in grievance hearings and, despite the work the union did during the strike, the safety and health committee has become relatively passive. They are currently rebuilding with some success, but, unless something changes dramatically, they would not be able to wage the same war today as they had. Fortunately, they still have four years until their current contract expires.

Since the strike at Bayou Steel was both long and received a lot of attention, it is logical that it affected the Steelworkers' power throughout the entire industry. Employers cannot help but consider what happened in Laplace when developing their own position for dealing with the union. If the strike was gauged to be a USWA victory by other minimill operators and workers, we should expect to see better contracts and greater success in organizing drives. Likewise, if it was considered a failure, collective bargaining agreements and organizing will suffer.

It is impossible at this time to evaluate the Steelworkers' success in organizing minimills. Win rates, both before and after the strike, are not available, therefore, this is a question which may never be answered. My personal opinion, however, is that the results of the strike at Bayou Steel, while they will not induce large masses of

workers to join the USWA, will not prevent future organizing as if the campaign had been a total failure.

Another way to measure union power at the industry level would be to evaluate the changes in union contracts at minimills after the strike. Since the strike ended only two years ago, this is a subject for future study. Most Steelworker contracts in the minimill industry run for five or six years and very few have come up for renegotiation since the conclusion of the strike.

The one notable exception has been at Georgetown Steel in South Carolina. This firm employed 600 bargaining unit members and their contract expired on December 5, 1997, at which point, members of Local 7898 walked off their jobs. Unlike Bayou Steel, the labor dispute at Georgetown was over contract improvements, not concessions. The union's members, who had not had a base wage increase in 14 years, demanded a 43.4% increase in pay, a 65% increase in pension contributions, a successorship clause, guaranteed 40 hours a week worth of pay, and a five year agreement. The company, however, only offered a 20% wage and 47% pension contribution increase under a six year contract ("Steel: Contract Dispute Continues" d13).

A month later, on January 6, 1998, the Steelworkers returned to their jobs, after a close ratification vote. Although the wage settlement resembled management's position, at 22%, more than the union's, the issue of pension contributions was split between the two positions. Contract language favored the union, with a five year contract, a guaranteed 40 hour week, increases in sickness and accident benefits, a successorship clause, and the right to bid for Georgetown if it is put up for sale (Tumey d10).

The strike at Georgetown Steel was no doubt influenced by the events at Bayou Steel, but is difficult to tell exactly how. The most important difference at

Georgetown was that it was a strike over contract improvements, although it is unclear whether this was the result of Bayou or merely an improved economy. It will take extensive study and the negotiation of several more contracts before we can begin to judge the influence the Bayou Steel strike has had over the industry.

The conclusion we can reach both looking at the results of the strike both in terms of contract provisions and union power is that it was neither an all out victory, like Ravenswood nor an absolute defeat, like Phelps-Dodge. Instead, as unsatisfying as that may be, all that can be said is that it was a draw.

### ***Why Not?***

After examining the results of the strike at Bayou Steel, we must seriously question the validity of my argument. The coordinated campaign did not live up to its expectations. It did not result in an undisputed victory. Was this a failure within the campaign or were other factors involved?

The Steelworkers actions at Bayou Steel fall within what I identified as a ‘well-planned coordinated campaign’. Local 9121 had the strong backing of the international union. They provided everything the members needed to fight the company.

Although exact figures are not available, it is estimated that the USWA spent between \$20 million and \$50 million on the campaign, at least \$100,000 per member on strike. The local union never had a doubt that their international was behind them in their struggle. Bayou Steel was always on the mind of the international, and they dedicated some of their best staff, as well as professionals from the IUD, to researching and planning actions. They also hired experts, such as Dr. Ben Ross, in areas where they needed assistance. Local 9121 certainly did not have the same problems P-9 did at Hormel.

I believe, as well, that the strategy at Bayou Steel was sound. Although it took some time to get off the ground, the Steelworkers identified who owned the company and what their strengths and weaknesses were. They recognized that Howard Meyers and a small group of insider investors controlled the company and were the only ones which could be forced to agree to a settlement. Understanding this, they targeted the company's areas of weakness, including their ability to refinance debt and expand their rolling operations. The campaign staff, I believe, correctly identified RSR's environmental record as the area with the most potential and used this to pressure the company.

Despite the tendency during corporate campaigns to ignore the importance of involving the rank and file, the Steelworkers brought Local 9121's members into almost every action that took place. They were constantly given the chance to do their part, whether by researching courthouse documents in Dallas or travelling to Germany to speak to unionists there. They USWA understood that without a strong local who felt as if they owned the campaign they could never win. The campaign's failure to achieve total victory may lie elsewhere.

Coordinated campaigns have been successful because they have been able to exert pressure on employers to sign contracts through creative means. The employer, the industry, and the environmental in which Bayou operated made waging a successful campaign extremely difficult. Bayou Steel was located in a right to work state in a community without a strong tradition of labor activism. This made it easy and more acceptable for men and women to cross the picket lines and become replacement workers. It also meant turning away trucks and encouraging local business not to work with Bayou was a much more difficult task.

The nature of the minimill sector of the steel industry also heavily influenced the campaign. Most of Bayou's sales were on a regional basis - in the antiunion south.

Not only is it extremely difficult to target steel service centers as customers, since they are not the end users of the product, but public opinion in the area was not firmly behind the strikers at Bayou. Can companies' decisions not to buy 'scab aluminum' helped make the Ravenswood campaign successful. The Steelworkers were unable to discover who actually used the steel Bayou produced, and it is unlikely they could have put significant pressure on them to stop.

The Steelworkers were also fighting against an industry that, although 50% organized, was dominated by nonunion employers. They set the agenda and were benchmarked as ideal operators. Deviation from the pattern they set was seen by operators as dangerous, since it was seen as the path to competitiveness in the industry. When Local 9121 went on strike, they did so to stop incentive pay, subcontracting, and health care takeaways, yet this was the direction the industry was taking. If Bayou's management had decided to ask for these concessions without the other minimills having set a precedent for them, the Steelworkers would have had a greater chance of success. Instead, the USWA was trying to buck trends that appeared inevitable to those making the decisions at Bayou. This is reflected in the final contract in which the company agreed to the incentive pay plan on the union's terms rather than abandon it for a smaller, and possibly less costly, base wage increase. Bayou's management probably felt that if they neglected to follow the direction of the industry, they would be viewed as unprepared for the future and unable to attract the investors that they desperately needed.

The union was also fighting against an employer known for the authoritative decisionmaking style of its management. During the campaign, many questioned whether Howard Meyers would be more likely to settle with the Steelworkers or simply abandon the Bayou mill. Rumors near the end of the campaign that Meyers was looking for a buyer reinforced the belief that the owner's stubbornness might

prevent him from signing a contract, no matter how much pressure the union put on him.

The management of Bayou Steel had a business plan for the company which limited the potential success of a coordinated campaign and made it much more difficult for them to settle on the union's terms. In the 1990s, minimills have usually taken one of two directions. Those that chose the 'high road' diversified their product lines and invested in new technologies to make themselves more productive and competitive in the market. Mills that followed the 'low road' simplified their operations and received productivity gains by inducing their employees to work harder. They were also under greater pressure to restrain labor costs. Bayou Steel was heavily leveraged and lacked the capital necessary to update their plant and pursue an 'high road' strategy. As a result, controlling costs was seen as critical. Eliminating the union was the preferred strategy. Failing this, they felt they needed to shape the contents of the collective bargaining agreement exclusively. They were only willing to raise compensation if it was accompanied by a corresponding increase in productivity, something the incentive pay plan offered, but Local 9121 opposed. It is likely that they viewed contract negotiations as a life or death situation for them, believing that if they did not make necessary changes, they would become uncompetitive and face possible shutdown if the price of their products dipped again.

This is not to imply that the Bayou Steel campaign was doomed from the start, only that it would be extremely difficult to win, something I do not believe the Steelworkers fully understood when George Becker announced the start of the corporate campaign in August of 1993. The USWA believed they could simply replicate Ravenswood. As Bronfenbrenner and Juravich state,

After the Ravenswood victory, the USWA seemed assured that they had discovered the best model for strategic campaigns. Yet, as the near loss at Bayou showed them only too well, there was no single model that was equally effective across every struggle. What they learned, or relearned, from their experience at Ravenswood, was that the campaign had to follow the employer, the workforce, and the circumstances, not the other way around (Bronfenbrenner and Juravich 37).

While I agree with Bronfenbrenner and Juravich's conclusions that the USWA tried to use Ravenswood as a model and that a campaign must be tailored to the unique conditions surrounding the bargaining unit, I do not believe that Bayou Steel failed to achieve complete victory because it was a 'cookie-cutter' campaign. Early on, I think there was the tendency by the corporate campaign staff to view the two as similar, but after several months, the similarities diminished when they learned that Ravenswood's pressure points, such as its customers and owner were not the same as Bayou's, which were investment and environmentally related. The primary weakness of the Bayou campaign was not in its research, planning, or activities, but in its lack of results. Ravenswood was a success not only because of a good strategy, but also because of chance. They were lucky to find Marc Rich, an owner whose base for business and personal affairs can be strongly affected by negative publicity. Howard Meyers was not Marc Rich, and Bayou was not as easily pressured. Bayou's pressure points were simply less effective for the union, at least in the short term.

Coordinated campaigns work because they are able to affect the employer's ability to do business and make money. Those working on Bayou Steel, during parts of the campaign, seem to have forgotten this. Actions, such as targeting Alan Patricof, seem attractive and provide opportunities for solidarity building but have little

potential of actually hurting the company. The hope was that Patricof would intervene to help settle the strike, but this was very unlikely. It merely served to annoy Howard Meyers and his investors and may have actually hurt the campaign by making it just as much a personal battle for them as a business one.

The failure of the Bayou campaign to adequately affect RSR's business operations in the three and half years of the strike was a result of their choice to use the company's environmental record as the primary area of pressure. The Louisiana DEQ was relatively uncooperative and helped stall the USWA's campaign. As a result, Bayou was able to cleanup or hide many of their violations, which were not even exposed by the EPA until long after the Steelworkers had begun using this as an area of pressure. Because of this, many Steelworker charges appeared unfounded and were less likely to influence groups such as the Board of Commerce and Industry and potential investors.

Using environmental issues to pressure Bayou, the Steelworkers were unlikely to see immediate results. As Aiken demonstrates, they can be extremely effective and influence the company's ability to make money, but areas for a 'good hit' do not come along often. It is possible that this strategy is too slow moving when members are out of work.

Many felt that pressuring Bayou through its environmental, safety, and health record had great potential and could have forced Howard Meyers to his knees if the campaign was allowed to continue longer. Near the end, it seemed as if many of the pieces were coming into place, the company was to have been assessed substantial fines, and they would have been prevented from expanding anywhere in the U.S. The Steelworkers, however, chose to accept a draw instead of aiming for a clear victory.

The coordinated campaign might have been more successful in the future, however, International officers saw it as working without a clear end. They were

uncomfortable with the fact that the campaign had continued for 42 months. Everyday, more local members found other jobs in Laplace and would be less likely to return to Bayou even if they did win. If the campaign had lasted much longer, it is likely that there would have been very little left of Local 9121's membership to return to work. In September 1996 there was the possibility of a victory if they held out. There was also the potential for a total defeat. If the USWA lost the NLRB case, their members could be permanently replaced and the union could face decertification. The trial was a onetime event to get out of Bayou and let the members come back to the plant without losing face. Given their position at the time, it would seem difficult to choose anything else but to settle, even if it meant refusing the coordinated campaign the chance to fully prove itself.

Despite what was for the most part a well-planned coordinated campaign, the Steelworkers did not see the victory they expected at Bayou. This forces me, while not abandoning my initial argument, to amend it. Even the best coordinated campaigns cannot guarantee union victories. Many other factors go into this, such as the nature of the industry, employer, and their pressure points. These should be considered before the decision to launch a campaign is made, not after, as in Bayou. Coordinated campaigns must also never lose sight of what makes them effective, their ability to affect the employer's ability to make money. Not only should the ability of tactics to do this be taken into consideration when devising strategy, but also their ability to work and work speedily should also factor in. As we have learned from Bayou, if a campaign does not show results quickly, it may be ineffective. Employers need to always feel that they are under heavy pressure and should never be allowed to forget the union is there.

We need to recognize that even though the Steelworkers' campaign was not a clear victory, it was not a defeat. Bayou Steel was a strike that the USWA could not

lose. The company tried to break the union. If this had happened, it is likely the other organized minimill operators would have followed their lead, and the Steelworkers would never be able to gain a foothold in the industry. While the campaign did not live up to its promise, it did force the company to bargain and sign a contract with Local 9121. If this had been run as a traditional strike, the company would have had all the power and either forced the local accept an extremely concessionary contract or see themselves destroyed. By preventing another Phelps-Dodge, the coordinated campaign proved that new approaches do work.

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