

MARCH/  
APRIL 2003

# BCTGM *Letter*

VOLUME 5  
NUMBER 2



**ON APRIL 28,**  
*we will honor fallen workers,  
and we will keep on fighting  
until the promise of  
safe jobs is a reality.*

**WORKERS MEMORIAL DAY  
APRIL 28**

**Mourn for the Dead • Fight for the Living**





## the PRESIDENT'S MESSAGE

### America's Seniors Need a Real Prescription Plan

Every day there are thousands of retirees who make the choice between buying groceries or buying the prescriptions they need to stay healthy.

Every day retirees are dropped from their HMOs and are left to struggle to find quality health care. These are the untold stories of the American retirees' movement.

Since January, when President George W. Bush unveiled a plan to privatize Medicare and force seniors to join managed care programs if they wanted a prescription drug benefit, America's retirees have been waiting for this administration to do something about the exorbitant costs of prescription drugs.

The costs of prescription drugs causes financial hardship and impairs the health and well-being of millions of older Americans. Older people account for 13 percent of the U.S. population, but more than one-third of the drug expenditures. Nearly one-third of older Americans, 11 million, lack drug coverage of any type in the course of a year.

The skyrocketing increase in prescription drug costs for seniors and all Americans is one of the root causes of the nation's health care crisis. Its impact is felt throughout the economy. More than ever before the BCTGM is forced to deal with the issue during the collective bargaining process.

The President's proposal to force seniors into HMO's was immediately opposed by Democrats and many Republicans in Congress. Beyond Congress, organized labor—including the BCTGM—denounce the Administration's approach as cruel, unfair and ineffective in addressing the prescription drug cost mess.

The breadth and depth of the opposition forced the Administration to back off the original plan and come up with an alternative. Unfortunately, the alternative unveiled at a March 4 American Medical Association conference in Washington, was not much of a change at all. It still forces retirees out of Medicare and into private health plans and HMO's in order to keep the doctors they trust and receive all the medicines they need.

The Bush plan would cost \$400 billion over 10 years, less than one-quarter of what the Congressional Budget Office says seniors will pay for drugs over that time.

Seniors who want to stay with traditional Medicare "would receive help with prescription drugs" Bush said. He did not say how much or when it would kick in. Independent medical analysts said Bush's plan

could force Medicare patients to pay the first \$4,000-\$7,000 per year of drug bills.

This latest plan to offer federal subsidies for prescription drugs for seniors is nothing more than a giveaway to the drug industry and HMOs. The non-partisan Center for Responsive Politics reported drug companies gave \$30 million to the GOP in the last two election cycles combined, and HMOs kicked in another \$10 million.

The BCTGM supports other prescription drug proposals, all of them run through Medicare. Seniors do not want to, nor should they have to, leave Medicare to get affordable prescription drugs. Medicare is the nation's largest, most efficient, most successful health insurance system serving the needs of almost 40 million seniors and disabled beneficiaries.

The BCTGM supports the Medicare Rx Drug Benefit and Discount Act being offered by Rep. Charles Rangel (D-NY) and Rep. John Dingell (D-MI). This legislation meets the needs of seniors and allows them to stay in traditional Medicare while still getting the medicines they need at a price they can afford. The Bush administration's plan falls short...again. Until the Administration and Congress effectively come to grips with the prescription drug issue and the deteriorating situation in the nation's health care system, there is little hope for a strong economic recovery and working families and retirees will continue to struggle.

**Frank Hurt**

*BCTGM International President*



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# RICH WORKERS RATIFY CONTRACT!

After an intense organizing campaign and collective bargaining negotiations, the workers at Rich Products Manufacturing Corporation, who signed up for BCTGM Local 25 in Murfreesboro, Tenn., overwhelmingly ratified their first three-year union contract.

Negotiations were led by International Representative John Price and Local 25 Business Agent George Bolton; members of the Committee were: Jeff Webb, Sanitation and Chief Shop Steward; Louis Faith, Refrigeration Tech; Larry Gibson and Rick Walker, both in Grade II Production.

Faith has been with the Rich Company for decades, having started out in Buffalo, N.Y., where the company is headquartered. As a pilot, Faith flew a small aircraft into Murfreesboro to work at the plant when it opened its doors more than 20 years ago.

According to Price, "This contract was the result of the commitment and solidarity of the workers who proved to themselves that by sticking together they can do wonderful things!"



Rich Product workers display their support for their first union contract. Pictured here (front row, from left) is Lindy Victory, Judy Davis, Pam Smith, (back row, from left) Linda Alsup, Tammy Sloan and James Vaughter.

The first contract for the newly organized unit provides for check-off for dues and BCTGM-PAC, medical leaves of absence, vacation, nine holidays and three floaters, Union Label, technology language, Educational Conference and Union Orientation program, health & welfare plan, the B & C Union and Industry Int'l Pension Fund,

shift differential, wage increases and a successor clause.

Important safety gains were also made under the agreement that includes monthly meetings with a safety committee of union members. It also provides for paid protective footwear, fully paid safety prescription glasses and extra pay for Hazwop workers.

"Our new members can be proud of this first time agreement because it is a sound footing for the future and it provides members with the protection and security of a BCTGM contract. This contract puts an end to favoritism and provides a real grievance and arbitration procedure," says Bolton.

This plant of 275 workers was organized on October 4, 2002 when a majority of the workers said BCTGM UNION YES! This contract is the beginning of a new life of dignity, justice and respect for Rich workers on the job.



Sue Sellars (left) and Carol Hall express approval for the three-year.

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# Failed Trade Policies: Workers Pay the Price

Millions of American manufacturing and production workers who have lost their jobs over the past decade can point to failed trade policies as the primary cause of their hardship. The North American Free Trade Agreement (NAFTA) alone has destroyed three-quarters of a million American jobs.

No part of the manufacturing economy has been spared the trauma of plant closings and downsizing that has resulted from these flawed trade policies. Coupled with bad tax policy, trade laws actually encourage employers to move production out of the country to low-wage countries while allowing imports to flood our markets.

Over the last several years, the BCTGM has witnessed an alarming increase in the amount of foreign-produced food and consumer products showing up on store shelves, much of it from Mexico. Imports of products like biscuits, cookies, bread, crackers, candy, chocolate and pasta are at record levels.

Meanwhile, a number of employers including Bob's Candies, Kellogg's, Hershey, Nabisco, Bimbo and Brach & Brock, closed plants in the U.S. in order to expand operations in Mexico. Despite their claims to the contrary, employers are shifting production to Mexico simply to take advantage of cheap labor. This dangerous trend is directly tied

to NAFTA and the overall approach to trade matters.

As a result of last year's congressional passage of "fast track" legislation, which the BCTGM strongly opposed, the Bush Administration and supporters in Congress are pushing hard for more "free trade" deals like

cover countries throughout the Western Hemisphere (except Cuba). Many trade experts have referred to FTAA as "NAFTA on steroids."

This trade deal would be devastating for American workers. Corporations will have even more foreign options for relocating production facilities and still more countries will be able to flood our markets with their products. There is no doubt that food and consumer items will be among the foreign products replacing BCTGM-made products on store shelves.

"American and Canadian workers, including thousands of our BCTGM sisters and brothers, have paid a terrible price for the false promise of 'free trade,' explains BCTGM International President Frank Hurt. "Instead of new jobs for U.S. and Canadian workers, we have seen plant closings, layoffs, downsizing and record imports.

"Despite a clear record of failure, we face the prospect of even more expansive 'free trade' agreements. Every BCTGM member has a stake in fighting these agreements.

"I'm calling on each of our local unions to put a team together and begin contacting their elected officials. We must have a comprehensive plan to demand fair trade policies that protect BCTGM jobs," Hurt concludes.

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NAFTA. The most far reaching is an agreement to establish a Free Trade Area of the Americas (FTAA). This agreement would

# What is BCTGM-PAC?

Our union and each one of us have an important stake in the political process, which makes our laws.

Through this process we've achieved our basic rights and protections as working Americans—the right to: belong to a union, bargain collectively, workplace safety and health protections, equal pay and family and medical leave. The process also regulates our industries and the products we make.

Today, the enormous political resources of big business and the super-rich are challenging our gains. Other forces want to use that process to shut down our industries and our jobs.

We can counter them, as a union and as individuals, by contributing money to candidates who support working Americans and our families.

And the most effective way we can do this is by contributing to candidates through BCTGM Political Action Committee (PAC). Our contributions help our union elect candidates who support legislation good for working Americans and who oppose harmful laws.

## How Does BCTGM-PAC Work?

- You can contribute to our PAC through voluntary payroll check-off. Or, if your employer already provides check-off for management, you have the right to use PAC check-off. In either case, simply sign a BCTGM-PAC authorization card instructing your employer to deduct a specific amount from your pay.
- The money check off is then sent to BCTGM-PAC at the International Union.

## How are BCTGM-PAC Funds Used?

- Your BCTGM-PAC contributions make a difference. They help elect friends of working people and defeat candidates who want to diminish our rights, our jobs and our hard-fought gains.
- When you and your fellow union members check off for BCTGM-PAC, you help make this country a better place to live and work...for ourselves, our families and for the future.
- When union members make contributions through BCTGM-PAC, we increase our political power.
- BCTGM-PAC funds are separate from treasury funds.

### BCTGM-PAC Clubs

	<i>Per Year</i>	<i>Per Month</i>
President's Club	\$325.00	\$27.00
Leadership Club	\$240.00	\$20.00
Century Club	\$120.00	\$10.00
Gold Club	\$ 60.00	\$ 5.00
Silver Club	\$ 24.00	\$ 2.00

### You can be part of BCTGM-PAC

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*Contributions or gifts of BCTGM-PAC are not deductible as charitable contributions for federal income tax purposes.*

3/03



# OUR INDUSTRIAL PRODUCTION CONTINUES TO SLIDE

**T**hese are dangerous and troubled times, as you all know. And they are especially dangerous for the working men and women who have always formed the backbone of our national economy.

After two years of tax and budget policies that reek of old trickle-down Social Darwinism, we've got some real troubles in this country, and many more to follow if we proceed down this wrongheaded path. You know it; I know it; and the American people know it. In fact, one recent poll found that by a 2-1 margin, Americans think the economy is worsening. And it is no surprise.

Our industrial production continues to slide: 101,000 jobs lost in December. Unemployment remains at an eight year high, and nearly nine million unemployed cannot find work—that's more than the population of 10 states. In the last two years of Bush II economies, our economy has lost over 1.7 million jobs—and many of them aren't coming back. Even for those who are still working, real wages have been stagnant for more than a year, and many are losing their wages to higher health care premiums, or losing their health care altogether along with much of their pension benefits.

No sector of the workforce has been hurt more than manufacturing. And most of that loss occurred in the late 1990s when the stock market was surging, pension plan contributions were low, and health care costs had largely stabilized.

Now, with the economy in decline, record bankruptcies, assaults on pension funds and health benefits, and deflation raging internationally, the situation is much worse.

And yet the Bush Administration, and its Republican allies in Congress, offer nothing to the hard-hit working people of this country. In fact, do you know what the Bush Labor Department did in response to the worsening layoffs and collapse of manufacturing jobs: they decided to cancel the publication of the Mass Layoffs Report that describes job losses! In the Bush economy, no news is good news—so they cancelled the news.

And there's plenty more to come—regulations and directives from the Department of Labor and the Treasury and the White House that will weaken workers' compensation, reduce overtime pay, and make it more difficult for unions to help the political candidates their members support.

Oh, yes: and tighten the screws to make it harder to organize the victims of this assault into unions that can protect working men and women. It always amazes me how they're so committed to bringing democracy to Kazakhstan and Uzbekistan and

Pakistan: how about some democracy for the working people who live right here in the USA?

Let me say to you very frankly: if we cannot change the people who control this government, we cannot help you. It's that simple. These Republicans are working overtime to shovel more and more benefits to the wealthy.

We need a rededication to the principle of economic democracy on which the wealth of this nation and the strength of our communities was built. We need tax and trade laws that encourage companies to locate and remain here in the USA, not run off to developing nations where cheap, unorganizable workers are paid slave wages if they are paid at all.

We need a Department of Labor that recognizes that its responsibility is to protect the health and safety of working people, and protects the wages and the rights of working people instead of a corporate-oriented Department that overturns ergonomics rules and opposes overtime and parental leave laws.

We need a Congress that will reform labor laws to enable working people to organize democratic unions and participate in the political process instead of hamstringing the political and union rights of millions of working men and women.

We need all that, and more.

But we aren't going to get any change if half our people aren't registered to vote, and another 50 percent of the registered voters don't go to the ballot. We have enough trouble getting them to count the votes of the people who actually voted! We'll never win if we don't get our people to the polls.

We need a vigorous labor movement that organizes workers and organizes politicians, too: one that does what you are doing today—come to Washington to talk with legislators, and one that works in every state to put the heat on at home, that holds elected officials responsible for their votes, and that asks them to do more than vote: to be advocates for the people in their communities who have been forgotten in the Bush economy and abused by tax and budget policies that ignore their needs and the needs of their families.

You have real friends here who are delighted at your activism and your dedication, and we need to be working with you, and your brothers and sisters in the labor movement across this nation, to build a political movement that will change the direction of this country and return political power to the people who build America and will keep her strong.



U.S. Rep. George Miller (D-CA)

# Merging Locals

Since the merger that created the BCTGM on January 1, 1999, Local Unions have discovered that there is strength in numbers. Because of the enormous power and size of corporations that locals must deal with daily, it has become increasingly difficult to run small local unions. In today's economy and modern workplaces, mergers provide locals with the benefits of operating in an effective and efficient manner.

There are many positive success stories about locals that have merged and in future issues of the BCTGM NEWS, such locals will be highlighted. Following the initial process of integrating the locals, officers and members report that there are many benefits to the consolidation. In fact, many have remarked that the initial fears they experienced were not justified and they wish they had merged sooner!

There are various advantages to merging local unions and while such benefits are optional, these advantages are encouraged to help better serve BCTGM members:

- Strength in numbers
- Increased Efficiencies
- Cost Savings
- Elimination of duplication
- If sufficient numbers, a full time officer
- Greater ability to take advantage of technology
- More strength at the bargaining table
- Better ability to service members
- Stronger presence in the community
- Better Accountability
- Elimination of additional paperwork
- More efficient accounting system
- More program possibilities
- Possible organizing to grow local
- Improved communication
- Enables local to meet the challenges
- Allows for better planning
- Opens more opportunities for the future
- It's the right thing to do for the members

Since we last reported on local union mergers in the Sept./Oct. 2001 issue of the *BCTGM News*, the following local unions have merged:

Local 184G (Indianapolis, IN) into the membership of Local 372A (Indianapolis, IN) with an effective date of January 1, 2003.

Local 193 (Butte, MT) into Local 466 (Billings, MT) with an effective date of January 1, 2003.

Local 77 (Detroit, Mich.) into Local 56 (Cleveland, OH) with an effective date of February 1, 2003.

Local 349G (Atlantic, IA) into Local 50G (Omaha, NE) with an effective date of March 1, 2003.

Local 56 (Cleveland, OH) into Local 19 (Cleveland, OH) with an effective date of April 1, 2003.

## AFL-CIO UNION INDUSTRIES SHOW

### 2003

#### **AFL-CIO Union-Industries Show Set for May 2-5 in Pittsburgh**

The 2003 Union-Industries Show will open Friday, May 2 and run through Monday, May 5, at The new David L. Lawrence Convention Center in downtown Pittsburgh.

The Show will be one of the first major events at the center, which is scheduled to officially open in March. The center offers 335,000 square feet of display space and 49 meeting rooms.

The complex is adjacent to the city's Allegheny Riverfront Park and part of the Pittsburgh downtown retail and entertainment district.

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# A Juggling Act: Balancing Work and Family

In 1997, when BCTGM member Janis Baldwin was denied a raise because she was pregnant and couldn't work overtime, she knew first hand that balancing family and work was difficult. But as a BCTGM shop steward, Baldwin also knew that a union contract was her only defense to help her improve the balance of taking care of her family and doing her job

"I learned a lot from that experience," she recalls. "One of the lessons I'll never forget was that to working men and women with family issues, resolving ways to balance work and family is sometimes more important than a wage increase, or many other provisions that we regularly bargain for. Issues of work and family are priority issues for every worker with a family."

The conflict Baldwin experienced in trying to be a good worker and a responsible parent is common among workers across the country. So when it came time to bargain new contracts with companies, the BCTGM mounted a member education campaign, calling attention to the havoc abusive mandatory policies created in balancing work and family life. At Earthgrains, members even went on strike in 2000, garnering widespread public support.

As a result, the BCTGM negotiated contracts that limit mandatory overtime. And the BCTGM is among an increasing number of unions bargaining for such benefits as flexible work schedules and other family-friendly benefits as workers struggle to balance workplace and family responsibilities. Complementing the bargaining

strategy are state legislative initiatives to give legal backing to such policies as paid family leave.

"Often, people look at balancing work and family as a personal problem," says BCTGM International Vice President and Chief Negotiator Bob Oakley. "There needs to be more discussion about the institutional support workers need. Bargaining for worker-friendly issues is a way to build a stronger movement."

## Family and Medical Leave

Current federal laws—passed in large part through the efforts of the labor movement—guarantee many workers three months' unpaid leave for the birth or adoption of a child or in case of a serious illness. In contract negotiations and legislative efforts, the BCTGM builds on those laws.



The federal Family and Medical Leave Act (FMLA) grants workers unpaid time off when they give birth, adopt a child or need to take care of an ill family member or recover from their own illness. But the law only applies to companies that employ 50 or more people—leaving out nearly half of the workforce.

The BCTGM makes work and family issues a high priority during negotiations. Surveys of bargaining unit member prior to negotiations now frequently include questions about child care, paid family leave and related issues.

"Workers need more than a living wage," says BCTGM International President Frank Hurt. "Workers also need to be treated with respect and dignity and that means the time off and the benefits to take care of their loved ones—their children, their spouses and partners, their parents. That's why we fight for paid leave, negotiating expanded FMLA clauses, and pushing for higher-quality, more affordable child care."

In the biscuit industry, which employs nearly 10,000 BCTGM members, the BCTGM has been successful in incorporating family-friendly contract language above and beyond than what the law requires.

Like other union members around the country, Baldwin is now able to balance work and family as a result of her union's efforts. She says her struggle convinced her that the union's efforts on work and family issues "is not just a woman's issue. It is a worker issue. It's about being a parent."



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# CONTINUING THE FIGHT IN CONGRESS FOR OUR WORKING FAMILIES

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*By U.S. Rep. Michael H. Michaud (D-ME)*

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After working 29 years at the Great Northern paper mill in East Millinocket, I had the honor of being elected to the United States Congress. My victory was in large part due to the incredible efforts of labor, including the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM).

While I have only carried my Congressional voting card for a little over two months now, I have carried my PACE Union card for nearly three decades. I understand what it is like to punch a time clock at the mill, to work the midnight shift, to walk a picket line, and to live through layoffs and pink slips. I have lived with the worry that the mill you have spent a lifetime working in may one day shut its doors forever under the cloud of foreign competition.

On only my second day in Congress, I received the kind of news we all dread—that the Great Northern Paper Company was filing Chapter 11. This announcement means that more than 1,100 Great Northern workers do not know when the mill will reopen, and whether or not they will be able to pay their bills in the weeks and months ahead. I have worked shoulder to shoulder with these people for nearly 30 years—they are my extended family—and this news has been extremely difficult for the entire region.



U.S. Rep. Michael H. Michaud  
(D-ME)

These kinds of things are never simple, but we know that one of the biggest cuprits in this case is the influx of cheap foreign goods, a flood that was unleashed by “Free Trade.” But where is the freedom in this so called free trade? But where is freedom when jobs are lost? Where is freedom when you can’t make a mortgage payment? Where is freedom when you can’t send your children to college? “Free” trade must be fair to our people, or we are selling our nation’s collective birthright. The Bush Administration must reevaluate its trade policies, or our economy will forever be crippled.

The loss of these jobs raises grave concerns about the true health of the American economy and its ability to sustain what many of us have come to know

as the middle class. It underscores the compelling need to increase the minimum wage, implement effective education and training programs to help workers upgrade their skills, and take other steps at the state and federal level to mitigate the growing income disparity among American families. I am deeply disappointed that these issues are not addressed in President Bush’s economic stimulus package, a package that does almost nothing for our workers.

The very men and women whose hard work fueled a decade of economic expansion, which they barely enjoyed, have now become the first victims of a fallen economy. They are hurting, and they need our help. And it’s times like these that cause us to reflect on the urgency of our work as labor union members and the work we have to do to change the course of American public policy.

Unionized workers have been the backbone of our nation’s economic development and have used their collective power to contribute to the well-being of the whole community. Organized labor is good for working people, and good for America. We must continue to work together to help people who have been hurt by forces that are too large for any one person to stand against alone. This is our calling—that is my charge.

# THE STRENGTH OF SENIORS

*The Alliance for Retired Americans with 2.7 million members is mobilizing for affordable prescription drugs and a strong Social Security system*

With a record number of U.S. workers—many of them union members—nearing or in retirement, the labor movement is addressing issues that matter to older Americans and bringing more retirees into the fight for working family issues.

In May 2001, the AFL-CIO and community activists launched the Alliance for Retired Americans to mobilize the talents of retired members. This year, 2.7 million members make up the Alliance, including nearly 20 percent of all BCTGM retirees.

“Retired union members are one of the strongest forces the labor movement has,” says BCTGM International President Frank Hurt. “And the Alliance provides a way to mobilize this force and change the way our government treats this nation’s seniors.”

## Focus on Issues

The Alliance focuses the political energy of retirees to mobilize around key issues, such as the need for a guaranteed Medicare prescription drug benefit, says George Kourpias, Alliance president and president emeritus of the Machinists.

“All of us are affected by the high costs of prescriptions,” Kourpias says. “We want to make sure our grandparents, our mothers and fathers are able to get medicines they need.”

Seniors are unified in the need for affordable prescription drug benefit through Medicare—and they have the political power to keep the issue in the forefront of debate. A 2002 survey for the Alliance by Peter D. Hart Research Associates shows that, on average, seniors account

do not have prescription coverage some time during the course of a year, the Alliance reports.

## Grassroots Action

Retired union members are building coalitions to gain prescription drug benefits at the state level as well. Maine was the first state to pass a prescription drug cost control law. The Maine Alliance, a group of the state’s local unions, seniors and consumer groups led the effort.

Protecting Social Security is another key issue for Alliance members who strongly oppose Bush administration plans to privatize portions of the program. Following up on its Social Security mobilization efforts begun in 2001, the

Alliance launched a pledge drive that continued through the 2002 election by mobilizing hundreds of retirees in three dozen cities during the July 4 congressional recess to urge elected officials to sign a pledge rejecting Social Security privatization.



for some 28 percent of all voters in off-year elections. Nearly nine in 10 respondents (87 percent) say they would be more likely to vote for candidates who back an affordable prescription drug benefit. Nearly one-third of older Americans—about 11 million—

## What is the Alliance for Retired Americans?

The Alliance for Retired Americans is a national organization launched in January 2001 by a coalition of AFL-CIO affiliated unions—including the BCTGM—and community-based organizations dedicated to economic and social justice. The Alliance is a unique national organization that works to create an America that protects the health and economic security of seniors, rewards work, strengthens families and builds thriving communities.

For more information on the Alliance for Retired Americans, visit, [www.retiredamericans.org](http://www.retiredamericans.org).

## Defined Benefit Pension Plans are Better for Employees

■ Defined benefit pension plans provide guaranteed income security to workers for their retirement; no matter what happens in the stock market, how long an employee lives after retirement, or whether he or she becomes disabled.

■ Employees are not subject to investment risk. Pension funds invest assets with an optimum mix of growth potential and risk.

■ Retirement benefits are not dependent on employees' ability to save. Lower-income workers and workers facing declining incomes lose twice under defined contribution plans, where employer contributions are often tied to employee savings. While defined benefit plans often have mandatory employee contributions, their contributions provide workers a secure retirement.

■ Defined benefit plans provide cost of living adjustments and pension formulas that are tied to the highest-paid years, which protect employees from inflation while they save throughout their working lives.

■ Death and disability insurance, which are typically provided under defined benefit plans, provide income security for participants. Defined contribution plans provide no insurance benefit in case of an employee's death or disability; employees must purchase this coverage at additional cost.

■ Defined benefit plans provisions can allow for portability with shorter vesting periods, reciprocity agreements, and buybacks for prior or related service. Defined benefit plans may also allow employee borrowing.

## Defined Benefit Pension Plans are Better for Employers

■ Defined benefit plans allow employers to set and to guarantee income-replacement goals for their workforce.

■ Employers benefit from the favorable investment performance of pooled pension fund assets. The wide range of investment options open to large funds makes it possible for employers to provide adequate benefits to employees while limiting contributions.

# DEFINED BENEFIT vs. DEFINED CONTRIBUTION PENSION PLAN

Much has been made of the growth of 401(k) and related **defined contribution pension** plans for American workers. Despite claims to the contrary, **defined benefit pension** plans still provide the best benefit to retired workers and to workers planning their retirement. Defined benefit plans are not only better for employees, but are also better for employers, and are simply better public policy.

in mature, ongoing plans typically changes little from year to year.

■ Defined contribution plans are not a "magic pill" to solve employers' budget constraints. Defined contribution plans are not more efficient at providing benefits equal to defined benefit plans. Comparable benefits often require comparable employer contributions. Plus, features such as employee loans, investment options, education and information obligations, and periodic statements can make defined contribution plans expensive to administer.

■ Employers face high costs to switch to defined contribution plans.

■ Defined benefit plans are not hard to budget. Actuarial projections are made each year and announced months in advance, allowing employers adequate time to budget the expense. Pension liability

## Defined Benefit Pension Plans are Better Public Policy

■ Defined contribution plans shift the cost of administration onto employees. Employees pay significant management fees to mutual funds and other plan services directly out of their retirement savings, whereas pension funds use their own managers.

■ Defined contribution plans can create other social costs. Individuals who fare poorly investing their defined contribution plan account, or who outlive their retirement benefit, may use more social services and need financial assistance such as Medicaid and welfare benefits in their retirement years, offsetting any perceived "savings" to taxpayers.

■ Defined benefit plans promote retirement savings among lower-income workers, by mandating a single, low level of employee contribution to participate.

■ Many defined contribution advocates resent pension fund power and influence on corporate governance issues. Corporations and executives who don't like pension fund activism hope to use defined contribution plans to erode investor power, by breaking up large pension plans into small pools of individuals' savings.





## Our Members Are Indispensable

Agriculture has always played a significant role in the Canadian economy and the current food system, including food processing, has continued this trend. Amidst a slowing economy, the outbreak of war, and the setbacks in the auto, airline and technology industries, food processing remains surprisingly robust. This is good news for the nearly 12,000 BCTGM members working in food plants across Canada.

At a time when Canadians are watching what they spend, food consumption has grown steadily. In the baked snack segment, which includes cookies and crackers, spending in this area increased from \$1.1 billion in 1998 to \$1.3 billion in 2001. This bodes well for our members employed by Christie Brown, Dare Foods and Voortmans. In the salty snack segment, the market has grown from sales of \$875 million in 1998 to \$1.1 billion in 2001. This rapid growth is good for current and future members at Small Fry in Quebec. While the cereal segment has not experienced rapid growth, new product innovations in the past several years has put total cereal sales close to \$1 billion, presenting good news to our members at London's Kellogg Canada facility.

The strength of Canadian food companies is also a positive sign for BCTGM members. Bread and cake manufacturer George Weston's acquisition of Bestfoods Baking created a North American powerhouse. Canada Bread also

solidified its strength in the bread industry with its acquisition of Multi-Marques, Bens Ltd. and more recently, Maple Leaf Foods' U.S. baking operations. Canada also remains attractive to foreign direct investment. Kellogg,



Nestle, Hershey, ADM and General Mills, all have sizable presence in the Canadian food industry.

According to BCTGM Vice President Sean Kelly, what makes these companies success-

ful, is the hard work and dedication of its workers. "The success of these companies depends entirely on its workers. These dedicated men and women work in tough conditions for long hours. This is where the profits are created. Our members are an indispensable part of the process," said Kelly.

Several reports suggest that the strength of the food industry is also good for the Canadian economy. According to a 2002 report prepared by the University of Saskatchewan, during the period 1961-1999, agriculture had the fastest rate of productivity growth of any sector in the Canadian economy. The authors note that Canada's food system "will continue to be important in lowering food prices, in expanding incomes, and in expanding export earnings, all of which have a direct impact on Canada's standard of living." This highlights the important role that BCTGM manufacturing workers play in the Canadian economy.

### Top 5 Canadian Food & Beverage Processors 2001 Sales

- |                                    |               |
|------------------------------------|---------------|
| 1. McCain Foods                    | \$5.3 billion |
| 2. Maple Leaf Foods (Canada Bread) | \$3.8 billion |
| 3. George Weston Limited           | \$3.8 billion |
| 4. Parmalat Canada                 | \$2.5 billion |
| 5. Molson Inc.                     | \$2.4 billion |

(Source: Food In Canada, September 2002)

# BREAD & CAKE INDUSTRY

BCTGM members within the bread and cake sector work in production facilities as mixers, packers and shipping clerks, and are a part of the bread and cake making process from start to finish. This sector includes companies engaged in the manufacture of fresh bread, rolls, cakes, pies, pastries, bagels, tortillas, and other perishable products; refrigerated and frozen bread, dough, cake, pies, croissants and bagels, pizza dough and other bakery items. This sector does not include snacks, cookies or biscuits.

### Union Contracts

BCTGM Local Unions representing workers in this sector join in regional bargaining conferences under the leadership of the International Union to coordinate negotiations.

A target company is generally selected in the region to negotiate an initial agreement that serves as the pattern for other companies and facilities in the region.

### Company Information

In the bread and cake industry sector there is no runaway leader in terms of sales and/or distribution. Interstate Bakeries, Sara Lee Bakery Group, and George Weston Bakeries, are three of the largest companies. Bimbo USA, Flowers, and Pillsbury are also big players in selected markets. There are also many smaller companies that serve particular regions, including Klosterman's, Schmidt's, Lewis Brothers, Pan-O-Gold, and McKee's.

### BCTGM Makes Hostess!

Hostess-brand baked goods—an IBC product—are made by BCTGM members employed at these Hostess Cake Bakeries:

Los Angeles (Local 37), Schiller Park, Ill. (Local 1), Seattle, Wash. (Local 9), San Francisco (Local 24), Denver, Colo. (Local 26), Indianapolis, Ind. (Local 372B), Davenport, Iowa (Local 36), St. Louis (Local 4), Buffalo, N.Y. (Local 429), Tulsa, Okla. (Local 65), Philadelphia (Local 6), Memphis, Tenn. (Local 149) and Ogden, Utah (Local 401).

### Largest BCTGM Employers in the Bread & Cake Industry:

#### Interstate Bakeries:

More than 10,000 members employed by Interstate Baking Co. (IBC) produce such brands as Hostess, Wonder Bread, Weber's, Dolly Madison, Drake and Home Pride.

#### George Weston Baking:

More than 8,000 BCTGM members employed by George Weston produce Arnold, Thomas, Boboli, Sahara, Entenmann's, and Brownberry brand products. BCTGM members also produce Stroehmann brands Dutch Country, Stroehmann, D'Italiano.

#### Sara Lee Bakery Group:

Nearly 6,000 BCTGM members employed by Sara Lee produce such brands as Rainbo, Cooper's Mill, Ironkids, Colonial, Earth Grains, Sunbeam, Heiners, Sara Lee

#### Bimbo Bakeries

Approximately 1,700 BCTGM members at Bimbo Bakeries USA produce such brands as Bimbo, Marinela, Webers and Tia Rosa.

#### Canada Bread

Canada Bread/Multi-Marques employ approximately 2,000 BCTGM members and produce such well-known brands as Dempsters, POM, Bon Matin, Tenderflake, Olivieri.

### How were Twinkies invented?

Twinkies (a favorite BCTGM-made IBC product) were developed as an inexpensive treat during the Depression. Jimmy Dewar, manager of the Schiller Park, Ill. bakery, noticed the pans for Hostess' Little Shortbread Fingers were only used during summer months. Dewar decided to make use of the pans throughout the year by filling them with golden sponge cake and banana filling. Today's vanilla filling was the result of a banana shortage during World War II. En route to show off his new idea in St. Louis, Dewar saw a billboard for "Twinkle Toe Shoes"—and the name Twinkies was born.

## Stewardship San Diego Style

*Local 315 Financial Secretary Deborah Lacey-Zuelsdorf recently saluted four outstanding stewards and offered an overview of each individual.*

### **TARA PARKS:** *Shop Steward for Wonder Thrift Stores and Executive Board Chief Trustee*

Tara has been a member of the union since January 18, 1993. She was also a lead clerk for Wonder until the stores' lease ran out. Tara has represented the Local at political functions. During the 2000 Earthgrains strike, Tara spent the day helping to hand out the struck goods notices to all of the thrift stores, plants and depots. She has been on the local contract negotiation committee for the last six years. As the steward, her expertise and knowledge is very helpful in resolving grievances and in representing her fellow union members. The members think highly of her as they call her often to ask contractual questions. She always keeps in contact with the Local for answers and to advise of any problems.

### **RONALD PRUDEN:** *Shop Steward for Bimbo Bakery and Executive Board Vice President*

Ron has been a member of the union since July 1970. He has worked in several different machine shops. He currently is the Chief Shop Steward at Bimbo and has been on the Executive Board since 1995. He has also served on the local contract negotiation committee for the last six years, where he has spoiled both the company and union committees by bringing his own baked goodies (great cookies). Ron does a superb job as a steward and always documents problems that his co-workers might have at the plant and brings copies of his notes to the local office to help resolve these problems. Ron always keeps track of any arising problems or questions to make sure that he is giving the members the correct answers to their contractual questions. He has a good reputation for fairness with everyone.



Pictured above (from left to right) is Local 315's outstanding stewards, David Erbe, Tara Parks, Ron Pruden, and Linda James.

### **DAVID ERBE:** *Shop Steward for Bimbo Bakery and Executive Board Trustee*

David has been a member of the local since September 17, 1995, and has served as a Trustee since Oct. of 2000. Before working with Bimbo Bakery, he was with the Parisian Bakery. He has been on the local contract negotiation committees for both Parisian and Bimbo Bakeries. He does a great job as a steward in representing his co-workers when he does investigations concerning any possible grievance situations with the Supervisors. The company has a healthy respect for David as a steward. He also keeps in close contact with the Local and relays messages back to the members.

### **LINDA JAMES:** *Shop Steward for Bimbo Bakery and Executive Board Trustee*

Linda is the newest shop steward in the Local. She has been a member since October 8, 1999. Linda joined the Executive Board as a Trustee in 2001. Linda is known for her truthfulness and being willingness to tell it like it is. Linda is learning and growing in her knowledge as a shop steward and more and more members are coming to her for advice and answers. Linda is also very good at keeping in touch with the Local regarding any problems or issues that arise at the plant. She makes sure that she is giving her co-workers correct answers concerning the contract by checking with the other shop stewards and the Local Officer before giving advice. Linda also served on the local contract negotiation committee for her first time in 2003.

**Tell us about your outstanding stewards:**

**BCTGM NEWS**  
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# Union Plus Auto Buying Service

Whether you are looking for a new or pre-owned car, van or truck, you can rely on BCTGM Power Union Plus Auto Buying—a free car buying service for union members—to help you find the right vehicle for the right price. Plus you'll save and support your fellow union members when you buy a union-made car.

To begin the process, contact the BCTGM Power Union Plus Auto Service toll-free and tell the representative your vehicle needs and preferences. All the research and negotiations will be done by your "Personal Auto Advisor."

Designed to save you time, the car buying service uses an extensive, up-to-the-minute database of vehicles and a network of authorized car dealers. When you call, you'll be asked a few questions such as:

- Are you looking for a new or pre-owned car?
- Do you have a particular car, van or truck brand or model in mind?
- Which color and options would you like for your car?
- What is your price range for the car?

## BCTGM

# POWER

When you are ready to buy, the Auto Service will direct you to the contact person at the closest author-

ized dealer in your area that has the car you are looking for at a special pre-negotiated price.

There is never an obligation to buy and your Personal Auto Advisor will continue searching until you're completely satisfied.

Check out the official UAW list of union-made vehicles. If you purchase one of these cars or trucks, you'll get a \$100 rebate.

*To review a list of Union Made Vehicles, visit [www.unionplus.org/autobuying](http://www.unionplus.org/autobuying).*

## Save 25% off vehicle history reports

Considering a pre-owned vehicle, but worried it may have been in an accident or been stolen? No problem, we can answer these questions too through the Union Plus Consumer Guide Vehicle History Report (VHR). A VHR reports flood-damaged vehicles, salvaged titles, theft histories, and rolled back odometers—problem areas that may lower the value or compromise the safety of the vehicle. To provide fraud protection, your VHR gives you a clear history of the vehicle, revealing the information you need, quickly and easily.

**Find Your Union Made Dream Car Today, 1-877-800-2924**



## Not Petty!

In the last issue of this publication, the wrong telephone number for the BCTGM Power Pet Insurance program was listed. Please note that the correct number is: 1-866-275-7387. We apologize for any inconvenience this may have caused.

# HEALTHCARE CRISIS?

Management's reaction to rising health care costs is to either eliminate coverage, or shift them onto the backs of their workers.

## BCTGM RESPONSE

- ✓ Eliminating coverage makes the problem greater. The more uninsured workers there are, the higher the premiums will be for those that remain covered.
- ✓ Shifting costs is not a long-term solution but a temporary bandaid.
- ✓ The price of healthcare coverage is a cost of doing business, like flour or sugar.
- ✓ If companies can afford to pay out millions in compensation, bonuses, and stock options to CEO's, they can afford to pay their workers' healthcare costs.
- ✓ Union members should not have to pay twice for health benefits. In the collective bargaining process, union and management negotiators always take into consideration the total cost of contract settlements. Agreements are often reached in which the union members choose to put more of the total value of the overall settlement into maintaining or improving health benefits. When we "buy" health insurance with money from the total package that could have gone to wages, in effect, we have already "co-paid" our fair share of health costs.



## UNION SOLUTIONS

- ✓ A national, single-payer healthcare system would cover all workers and citizens. It would also put all companies on a level playing field, forcing them to compete on quality rather than their ability to push costs onto workers.
- ✓ Improving and enforcing workplace health and safety laws would save the healthcare industry billions of dollars.
- ✓ Prescription drug coverage