

Bakery, Confectionery, Tobacco Workers and Grain Millers International Union

10401 CONNECTICUT AVENUE, KENSINGTON, MARYLAND 20895 • TELEPHONE (301) 933-8600 • FAX (301) 946-8452

DAVID B. DURKEE
INTERNATIONAL PRESIDENT

August 5, 2015

The White House
Washington, DC 20500

Dear Mr. President:

I am writing to bring to your attention a matter of great importance to the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM), our Chicago members and the City of Chicago.

BCTGM Local 300 represents nearly 1,000 workers at the Mondelēz Chicago Nabisco Bakery located at 7300 S. Kedzie Avenue. This plant currently is Mondelēz's largest U.S. bakery.

For more than 50 years, our members at this bakery have been producing high-quality baked goods including some of the world's most iconic brands such as Oreo and Chips Ahoy cookies and Ritz and Premium crackers. Our members are good, hardworking Chicagoans who have loyally devoted much of their working lives to helping make this company, and its predecessor Nabisco, financially successful.

Through the strength of our Union and quality of our collective bargaining agreements, these workers have been able to realize a good, middle-class life for themselves and their families and enjoy dignity, justice and respect on the job.

For most of the time that the BCTGM has represented the workers at the Nabisco Bakery, we have had a productive, positive collective bargaining relationship with the employer. Unfortunately, in recent years, this relationship has deteriorated as the company grapples with an unsustainable debt ratio caused by an ill-conceived company spinoff and pursues a path of relentless outsourcing of U.S. jobs to Mexico and counterproductive cost-cutting measures.

Instead of valuing and investing in the highly-skilled, dedicated workforce that built and sustained the company, current Mondelēz management has chosen to break from the past constructive relationship and proceed in an adversarial manner in its relations with the BCTGM.

On May 15, 2015, company officials requested a meeting with BCTGM representatives at the Chicago Bakery. At this meeting, the company informed the Union that Mondelēz was preparing to make a \$130 million capital investment in new oven lines. The investment would go to either the Chicago Bakery or the company's bakery in Salinas, Mexico.

We were further informed that in order to secure the investment in the Chicago Bakery, the workers would have to come up with \$46 million in annual savings in perpetuity. And, even if the investment were to be made in the Chicago Bakery, the company stated that 255 BCTGM members would still lose their jobs. If the investment were to go to Salinas, approximately 450 Chicago Bakery jobs would be lost.

At the May 15th meeting, the company provided no legitimate, comprehensive proposal for us to review and no detailed production and financial data for us to analyze. When we did the basic math, however, based on the number of workers involved, our members would have to take a **wage and benefit cut of \$22-29 per hour** in order to meet the company's demand. Certainly, this demand is not one to which our members would, or should, ever agree.

Our experience in these situations told us that Mondelēz had no intention of putting the new investment in the Chicago Bakery. The company's disingenuous approach was nothing more than a ploy to reap concessions out of the Chicago workers before the announcement.

On July 29th, our assessment of the May 15th meeting was validated as Mondelēz announced that the investment would be going to Mexico. Hundreds of good, skilled middle-class Chicago workers will be losing their jobs because Mondelēz has chosen to turn its back on its loyal U.S. employees.

At the same time as Mondelēz is demanding outrageous sacrifices and nonsensical wage and benefit cuts from its workers, corporate executives are being asked to make no sacrifices whatsoever. In fact, the polar opposite is taking place as senior management continues to enjoy exorbitant compensation beginning with the corporation's CEO, Irene Rosenfeld, who received total compensation of \$21 million in 2014, an increase of \$6 million from the previous year. Over the past eight years, Ms. Rosenfeld has received approximately \$165 million in total compensation.

Mondelēz is a \$35 billion multinational corporation. It may be headquartered thirty miles up the road from Chicago, but it has no loyalty to Illinois workers or to the United States of America.

What Mondelez is doing to the workers at its Chicago Nabisco Bakery is emblematic of the pernicious corporate business model that has taken hold in this country; a business model that is predicated on the maximization of corporate profits and executive compensation through the elimination of good, middle-class jobs in U.S. factories concurrent with the expansion of production in unregulated factories in very low-wage countries around the world; a business model that is battering American workers and middle-class families.

It is this contemptible business model that is helping drive the economically and socially corrosive transfer of wealth from working families to the wealthiest one percent and one-tenth of one percent. It is at the core of the income inequality crisis in our country about which you have spoken so forcefully and eloquently as President.

Further, the untenable situation in which these fine Chicago workers find themselves is a direct result of NAFTA. Without NAFTA, Mondelēz would not be able to leverage the \$2.00 per hour wages of the workers in its Salinas plant against the middle-class wages and benefits of bakery workers in Chicago.

It has been the same reality for hundreds of thousands of other American workers who have lost their jobs as companies are incentivized to shift production from the U.S. to Mexico and other very low-wage countries around the world. The loss of irreplaceable, good, middle-class jobs is the legacy of NAFTA and the primary reason why the BCTGM strongly opposes TPP, which we resolutely believe will only exacerbate the job loss and deterioration in our standard of living caused by failed trade agreements.

Mr. President, in July 2013, in a speech in Chattanooga, TN, you said, "So we should be doing everything we can as a country to create more good jobs that pay good wages. Period." The BCTGM wholeheartedly agrees with you!

In that spirit Mr. President, we respectfully call upon you to reach out to the corporate leaders at Mondelēz and urge them to rescind their Chicago decision and instead invest in Chicago workers and create, not cut, good, middle-class American jobs.

We ask you, as well, to convey to them that cutting middle-class American jobs, lowering wages and alienating the dedicated men and women who work so hard to produce the quality food products that are essential to this company's success is a business model certain to fail. Mondelēz should be reminded that working constructively and in the spirit of mutual respect with its Chicago workforce is in the best interest of the company, the workers and the city about which you care so deeply.

Thank you Mr. President for your consideration of our request. We look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "David Durkee", with a long, sweeping horizontal stroke at the end.

David B. Durkee
International President