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Columnists

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Steelworkers think globally

DAVE BEAL

One of St. Paul's signature manufacturing sites — its 39-year-old steel mill hard by the Mississippi River on Red Rock Road — has moved to center stage in the ongoing debate about the net effect of the increasingly global economy on U.S. workers.

The plant's still-powerful international union is trying its hand at the globalization game, which many transnational corporations have been playing so effectively.

Negotiators from management and labor are locked in tough talks as **Local 7263** of the **United Steelworkers of America** seeks its first contract with the mill's new owner, **Gerdau Ameristeel**.

After the workers' old contract here expired last July, they promptly authorized a strike. That vote came in the midst of a bitter lockout that shut down Gerdau's unionized sister mill in Beaumont, Texas, for seven months.

In November, bargainers here finally reached agreement on many non-economic issues — grievance procedures, work rules and the like — and since then have exchanged economic offers. Both sides are to begin negotiating this week over meaty pocketbook concerns: wages, retiree and health care benefits and a supplemental benefit fund.

Meanwhile, the wrenching challenges that steelmakers and their workers face in the rapidly globalizing steel industry loom like an 800-pound gorilla at the bargaining table.

Gerdau Ameristeel is part of rapidly growing **Gerdau S.A.**, the world's 12th-largest steelmaker. The parent company, based in Porto Alegre, Brazil, employs more than 23,000 workers in Brazil, Argentina, Chile, Colombia, Uruguay, the U.S. and Canada. Its latest acquisition, a large stake in Spanish steelmaker **Sidenor**, gives it a presence in Europe.

Gerdau's U.S. managers argue that to compete in a more global industry, they must turn to "reality-based bargaining."

Philip Bell, director of human resources for Tampa-based Gerdau Ameristeel, argues that the management wants to avoid the fate that has befallen workers at **Northwest Airlines**, **General Motors**, **Ford** and other large corporations. These companies find themselves in a pickle today because, in Bell's view, their past union contracts gave unrealistic benefits to their workers.

"Then they find themselves in the position of GM, where they have to freeze pensions, eliminate retiree benefits and pass on dramatic increases in health care costs to employees," Bell says.

Today's rising steel prices, profits and stock prices aren't likely to last in this highly cyclical industry, he adds.

Union leaders here and at the Steelworkers headquarters in Pittsburgh counter that reality-based bargaining is simply a euphemism for seeking concessions. Concessions, they quickly add, are something Gerdau Ameristeel doesn't need.

Gerdau Ameristeel went public in 2004 and last week reported sales of \$3.9 billion for 2005, up 29 percent. Its stock, which has been drawing upgraded recommendations from securities analysts in recent weeks, hit a new high last month. Union leaders say Gerdau's St. Paul plant is making lots of money.

They say the proposals Gerdau is making at the bargaining table would throw workers here into a spiral of falling wages and benefits and lost jobs. They fear becoming more enmeshed in a proverbial "race to the bottom" that has already smacked the pocketbooks of thousands of North American steelworkers.

The union has countered by designing its own global strategy, a form of a "corporate campaign" that features extensive research about the Gerdau empire and strengthening ties with Gerdau workers in Canada and South America.

A key part of its battle plan is bonding with Gerdau workers and political leaders in Brazil, where Gerdau was founded 104 years ago. Roughly half of Gerdau S.A.'s production and 15,000 of its workers are in Brazil.

Last September, union leaders traveled to Porto Alegre to meet with Gerdau workers, their labor leaders and the country's politicians.

Last month, the leaders of two of Brazil's largest industrial unions — **Fernando Lopes**, general secretary of the **CNM/CUT** confederation, and **Nair Goulart** of the **CNTM** alliance — came to St. Paul for an international conference of Gerdau workers. Together, the two groups represent 1.5 million Brazilian metalworkers.

The employees and the management at Gerdau in Brazil have a good working relationship, Lopes said, but that condition came about only after "a long battle."

Lopes added that Gerdau's workers must unite across borders to gain bargaining power that will enable them to temper the harsher effects of globalization.

"What Gerdau is trying to do here is not acceptable," he said, referring to the company's tough stances in Beaumont and now in St. Paul.

Last week, a 22-member Steelworkers delegation attended a "global companies and global unions" conference convened in New York City by **Cornell University**.

The St. Paul mill's 400 workers — 330 of them in Local 7263 — represent one of the city's largest and most productive work forces. They make an average of \$20 an hour, according to Bell, plus good benefits.

A trip through the plant tends to generate respect for its workers. The mill, open to the elements at both ends, runs around-the-clock seven days a week. The noise is like constant claps of controlled thunder. Temperatures can fluctuate wildly, from steamy hot to bracingly cold winds.

Many of the workers are not happy with Gerdau's proposals. **Kevin Fahey**, a union representative, says the proposals would move them backward on pensions, a new two-tier wage scale, overtime and would eliminate supplemental employment benefits.

Fahey says bargaining is much harder than it was under the plant's former owner, Minnetonka-based **Cargill**. "Cargill was a tough negotiator, but they did things right at the bargaining table."

All of this raises the question of whether the Steelworkers' global strategy will bear fruit.

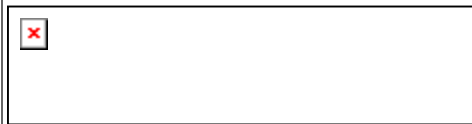
"In many ways, particularly for the U.S. steel industry, it's too little, too late," says **Gary Chaison**, an industrial relations specialist at **Clark University**. Transnationals like Gerdau hold most of the chips now, he says. They can move production around, and use competitive threats to hold down wages and benefits and cut jobs.

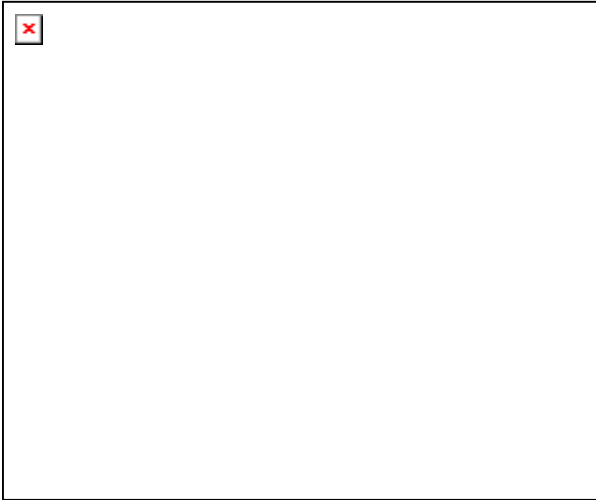
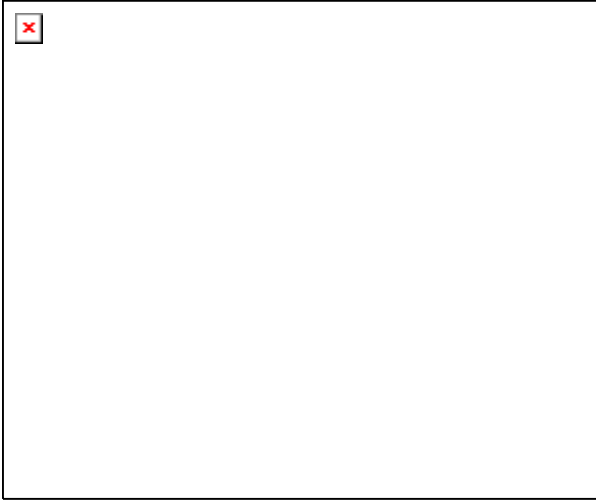
Others disagree.

"The global economy has become a blast furnace that seeks to eliminate many of the gains that steelworkers have won over the years," says **Harley Shaiken** of the **University of California at Berkeley**, who thinks it's too early to tell how the Steelworkers will fare in their international campaign.

In any event, he says, they have no choice but to try.

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