

# **State of the U.S. Paper Industry**

## **Labor Relations in the U.S. Paper Industry**

*Presented by Donald L. Langham, Regional Director*

*United Steelworkers*

I'm here to report on the state of the paper industry in the United States, and on how we are dealing with these issues in collective bargaining and other forums. As most of you know my heritage is from the United Paperworkers, and from that heritage the Steelworkers represent and bargain for the majority of production and maintenance workers in America's pulp and paper mills. We represent about a quarter of the workers in plants that make paper and board products. All told we have about 150,000 members in the U.S. paper industry.

Sisters and brothers, the U.S. paper industry is in crisis. Because our employers in the sector made bad decision after bad decision, because they chose not to modernize their mills and plants, because they blamed everyone but themselves for their problems, they have come to a situation where they are cannibalizing their own mills and plants to stay afloat.

Because of plant closings and other curtailments, our union has lost 70,000 jobs in this industry over the past 15 years. The paper mill I came out of when I first went to work for the union closed its doors five years ago.

Let me give you a few facts. Not a single major paper company based in the United States, with the exception of Kimberly-Clark, is financially healthy. Outside the tissue sector, there has not been a new paper mill completed in the U.S. since 1992. There have been no new pulp mills at all since that year.

Over the past few years, we have saved a number of plants and mills from certain closure by working closely with communities and with the more enlightened companies and investors to find a way to keep production going. Several of these rescue efforts have created strong viable companies.

We have participated in employee buyouts of two companies, Blue Ridge Paper Products, a unit of the former Champion International Corporation, and Appleton, a former unit of Arjo Wiggins. It may be necessary in the future for us to step in and save even larger companies. It may be the only way to preserve our members' jobs.

Now that I've given you a brief picture of the industry, I want to spend the rest of my time talking about collective bargaining and labor relations in the industry.

It might be good to start off with a positive story that illustrates the value of international solidarity. In 2000, SCA bought several tissue plants that had been owned by Georgia-Pacific Corp., a major U.S. paper maker.

That year my good friend Sune Ekbåge, the president of the Swedish Paperworkers invited me to come to Sweden. Keith Romig and I went there, and one of the most important things we did was have a long conversation with SCA's top human resource managers in Stockholm. We did this to acquaint the company with the fact that our union desired a constructive relationship with it.

But when SCA took control of the plants the company listened to bad advice, and its managers implemented what we believe was an anti-labor strategy. The managers made difficult collective bargaining demands and indicated they did not want a constructive relationship with the union.

We began a campaign. We also got in touch with our sisters and brothers in Sweden and explained the situation to them. It took several months of meetings and some campaigning on our part, but in the end we reached a decent settlement of our collective bargaining issues, and we reached agreement on something else.

The company agreed not to oppose us when we came to recruit its non-union workers. In fact we reached a specific agreement that the company would agree to bargain with the union at its new tissue mill in my home state of Alabama, as soon as we could demonstrate we had the support of the majority of the workers. The company honored the agreement, and it was the first new paper mill brought into the union since 1977. A few months later we also organized a non-union SCA converting plant in Arizona after a similar agreement with the company.

We could not have done this without the help of Sune and the Swedish Paperworkers. Because of the strong relationship between our two unions, SCA was persuaded to quit taking the bad advice of anti-union people in the United States. SCA is now one of our best, if not the best big employers in the U.S. paper industry.

This year, we were very unhappy to learn that the paper companies in Finland had decided to imitate the worst bargaining practices of their U.S. competitors, and locked out 25,000 paperworkers in Finland in order to force major concessions. We concentrated on Stora Enso. Our members signed petitions, wore stickers, and had intensive conversations with their local managers to convince them of how important it was for the companies to reach a fair settlement with the workers.

Because the members in Finland stood strong the companies backed off their demands, and we were proud to help. I congratulate the Finnish Paperworkers on their important victory.

Employers in the U.S. industry continue to demand unacceptable concessions. The companies want to take back any overtime pay not mandated by law. They want to have the unlimited right to contract out, to outsource our jobs. They want to deny pensions to newly-hired workers. They want to get rid of health insurance for retired workers. They want to dramatically increase the share of health insurance costs borne by current workers.

One example of this is another multinational corporation, Sappi, which has caused problems for its workers on three continents. The company has gone without fair settlements at its plants in Maine for nearly three years now. Sappi just cut about 350 jobs at its mill in Michigan, and wants to take away most of our members' rights there. We are working closely with our sisters and brothers in Europe and South Africa to persuade this employer to clean up its act in South Africa, in Europe, and in North America.

We are working to turn back these unfair demands. Two years ago, my union turned an important corner in our efforts to secure fair labor agreements for our members in the paper industry. We agreed to a national program for bargaining in the industry. We are working towards pattern agreements that will cover the entire industry.

Even so, the current problems with Sappi, and the lockout in Finland show clearly our unions will not survive, unless we work together to ensure our members gain fair labor agreements and have a future with this industry.