

*History has been
our heritage.
It was given to us
by our forefathers.
It always will be.*

UNITED STEELWORKERS

A BRIEF HISTORY OF OUR UNION, ITS STRUGGLES AND ACCOMPLISHMENTS

*Nothing we have
was given to
us without a
struggle.
It never will be.*

1986 –1987

Negotiations began on June 6th, 1986, and CCI was citing financial troubles and demanding concessions claiming the Tilden Mine might close if the demands weren't met. The Union believed that CCI's problem was due to the Tilden's massive debt of \$273 million and another \$173 million of CCI's steel partners debts that CCI had absorbed. The Union maintained that labor concessions weren't going to fix CCI's financial woes.

An independent financial consulting firm, Lazard-Freres and Company, was brought in to perform an audit on CCI's books. The Union also brought in their own auditors to do the same. Those results were given to the Union and the Company on Thursday July 31, 1986. The general membership was not given the information nor was it published publicly. Later that day, both parties agreed to a guaranteed contract extension of nine months until May 1, 1987. After that, the extension would remain, but the contract was subject to cancellation by either party with a 30 day notice.

Members must first understand that in 1986, Cleveland-Cliffs did not own or even have a majority of ownership in either of the two properties. The ownership was compromised of primarily steel producing companies. The partners at the Empire were: McClouth Steel, Wheeling-Pittsburgh Steel, LTV Steel, Inland Steel and CCI. Inland and LTV were the largest partners, owning 40% and 35%, respectively. CCI only owned 5% of the Empire.

The partners at the Tilden included: Algoma Steel, Stelco Steel, Sharon Steel, LTV Steel, Wheeling-Pittsburgh Steel and CCI. CCI owned the largest amount at 39%, followed by Algoma at 30%.

There were a number of factors that that caused the contract extension of August 1, 1986.

- * There were still 880 CCI employees on layoff.
- * Prior to August 1, 1986, CCI had announced a 10-to-11 week shutdown at the Tilden Mine. The original plan to produce 5.3 million tons of pellets had been reduced to 4.0 million tons.
- * LTV Steel had filed for bankruptcy.

Four days after the extension agreement, on August 5, 1986, CCI announced an increase in production at the Empire Mine of 500,000 tons of pellets, bringing its annual production to 7.2 million tons.

From that point on, very little took place relative to negotiations for the next eight months. However, CCI's media blitz continued, as on April 28, 1987, CCI announced plans for a \$25 million magnetite expansion. The expansion they said would be critical to the survival of the Tilden Mine.

Next, a Mining Journal article on May 8, 1987, stated that contract talks were on hold as both parties were apparently "still far apart on their demands."

Then, in an August 6, 1987 Mining Journal article, CCI announced that the magnetite project was put on hold, claiming that they needed a labor contract to proceed. That article, coincidentally, was the same day negotiations resumed. CCI continued to demand a concessionary contract claiming that it was an integral part of their ability to move ahead and secure a loan from the State of Michigan for the magnetite project.

On September 17, 1987, a tentative agreement was reached between the Union and CCI.

The Local Unions would hold pre-ratification votes at Ronn Hall. If the pre-ratification was favorable, then the pact would be voted on by a mail-in ballot.

The members rejected the proposal on Wednesday, September 24, 1987.

Richard Novak, Chief Negotiator for CCI, said the contract would have provided a source of financing for the Tilden magnetite project. He also said that CCI would have to re-think its alternatives on the Marquette Range, including the possible closing of the Tilden Mine. "This is absolutely our best offer," Novak said. "It remains on the table for approximately one week. If we don't hear from the Union that it will reconsider the offer, and put it up for a formal ratification vote, then we view the offer as coming off the table." "And when we do meet again for collective bargaining, we view it as being back at square one," he said.

A petition with 34 signatures was presented to Local 4950 President Peter Meli to hold another pre-ratification vote. Union by-laws require that a meeting be held if requested by 10 members. The meetings were held at 8:30 a.m. and 4:00 p.m. on Monday, September 28th. The proposal was defeated by a margin of 4-to-1.

Then even more events took place that shaped the future of negotiations.

- * CCI initiated group called the *Citizens to Save Mining Jobs*. This committee was made up of local business leaders who were to study the data provided to them (by CCI) and then make a pitch to the public about how the mining jobs could be saved.

**Both Parties
Agreed To Extend
The Contract For
Nine Months.**

**CCI Announced Plans
for a \$25 Million
Magnetite Expansion.**

1987-1988 cont.

- * A take-over bid for CCI had been initiated by investor David Bolger and his company Tiger Management.
- * Algoma Steel canceled its remaining 1987 order for flux pellets from the Tilden because the test pellet did not work at their steel plant. Algoma however was not planning an immediate withdrawal from the Tilden partnership.
- * CCI initiated a public stock offering that would enable the company to restructure its debt.
- * David Bolger, who now owned 5.5% of Cliffs' stock, had requested a special meeting of Cliffs' stockholders with the intention of replacing CCI's Board of Directors. CCI filed suit in an Ohio Federal District Court to block the meeting, but were denied.
- * CCI had already announced that it had finished refinancing its Tilden Mine debt with the sale of 4 million shares of stock. The proceeds were used to purchase a \$126 million debt at a 15% discount.
- * Algoma Steel said that, "Time is Running Out" for the Tilden as Algoma must decide soon where it is going to get its iron ore in 1988. If Algoma pulled out of the Tilden, it would likely result in the demise of the mine.
- * The Director of the Michigan State of Commerce met with CCI, the Local Unions and Algoma Steel and said that the survival prospects of the Tilden Mine were dim.

On November 2, 1988, the Union broke its silence on the results of the auditor's reports released in July 1986.

While the company had maintained its position that the mine would face extinction unless a concessionary labor contract was worked out, Don Parkkonen, President of Local 4974 had a different story. Parkkonen reported in the Mining Journal that both the independent and Union auditors hired to examine CCI's books in July 1986, reported that the Tilden's problem was due to its large debt, and that debt had since been eliminated. "None of the auditors suggested that we take concessions to save the Tilden Mine," he said. "They made the comment that taking concessions was a political decision, not economic."

Next, the *Committee to Save Mining Jobs* went to work and began giving their presentations to the public. They had slide shows, graphs, charts and all the information they needed to show the public that labor concessions were necessary to the survival of the Tilden Mine. Of course, all of their information was given to them by CCI.

And you'll never guess where they went to give their presentations. They went into the local churches and gave the presentations to the various congregations on Sunday. It doesn't seem likely that good church-going people were headed for the sermons on Sunday so they could hear CCI's propaganda plea, but they didn't have a choice, they got it jammed down their throats.

On November 5th, Peter Kakela, a Michigan State researcher who follows the iron ore industry, said that the magnetite project was not enough to save the ailing Tilden Mine. He presented other cost reducing measures to CCI and the Union that constituted a reorganization plan without bankruptcy. Labor concessions were not mentioned in his cost reductions.

On November 9th the parties returned to the table, and on November 24th, the Union decided to have a ratification vote by the membership on CCI's latest offer. It was decided that the vote would be done by a mail-in ballot.

But before the votes were counted, the media circus continued as another high-wire act appeared in the Mining Journal. The article explained how layoffs (if the Tilden Mine closed) would have devastating effects on the local economy.

On December 8th, 1987, the contract was ratified by the membership by a final vote of 1,002 to 765. The pact contained a reduction (deferral) in wages totaling \$1.29 an hour, which was to be paid back to the employees at the end of the agreement with 5.25% interest. There was a \$1.00 addition to the pension multiplier and an increase in incentive coverage.

After the contract was signed the Tilden Mine's dire situation didn't look as dim as it had been portrayed. The ink hadn't yet dried and things began to change.

* Bolger lost his take-over bid on December 23, 1987 and CCI's Board of Directors kept their seats.

* The State of Michigan gave CCI conditional approval for the magnetite iron ore pit on December 30, 1987.

* On March 11, 1988, Algoma Steel remained a partner and also approved the magnetite project.

* On March 16, 1988, The Mining Journal reported that CCI had announced a recapitalization plan to return \$123 million of "so-called hidden assets" to shareholders.

* On April 7, 1988, CCI announced a possible correction to a U.S. Treasury tax bill which would give them a tax break of \$5 million.

* On April 12, 1988, *production was increased* at the Tilden Mine to *six million tons*. M. Thomas Moore, CCI's president and CEO said, "The surge in iron ore pellet demand in North America is an opportunity to realize the benefits created by improved productivity and cost reduction."

* In a November 22, 1988, Mining Journal article, CCI announced they were making an early return of the deferred wages to employees totaling \$5 million. Don Ryan, CCI spokesman stated, "There's been a significant turn around in the iron ore industry, so the decision was made to cancel the (deferral) program."

* On that same day (Nov. 22), and on the same page of The Mining Journal, CCI announced that the Tilden partners would finance the magnetite project themselves, thereby negating a loan from the State of Michigan.

1987-1988 cont.

* On December 4th, 1988, The Mining Journal headlines read, *Iron Ore Future Looks Rosy*. CCI had announced a resurgence in the iron ore industry, "The days of the shutdowns are behind us," a CCI spokesman said.

* In early 1989, CCI reported a record \$39.2 million net profit for 1988.

***Contract Concessions
wouldn't save the
Tilden Mine.***

***The ink hadn't yet dried and
things began to change.***

* CCI's March 1989 proxy statement showed that the top from \$809,283 in 1987 to \$1,496,833 in 1988.

* On April 21, 1989, CCI reported that its first-quarter

Everything that had happened after the signing of the contract left a bitter taste in the mouths of the members. The Tilden Mine went from near-death to six million tons of pellets in four months. CCI also didn't need to borrow money for the magnetite project as they had so adamantly expressed in the newspapers. The majority of tears in their crying towels were based on the fact that they needed labor concessions to finance the loan for the magnetite project. Record profits for 1988 and top executive salaries that nearly doubled finished pushing the knives into the members' backs.

As the years went by, local business leaders who were members of *The Committee to Save Mining Jobs* also broke their silence. Many of those committee members expressed their disenchantment with CCI as well. They felt that they were misled and used by CCI solely for the purpose of spreading deceit and misinformation. As one committee member said of CCI, "They used us to spread their garbage. We were duped into believing CCI's story. I don't have anything good to say about them. I don't want anything to do with CCI."

1990

In early 1990, CCI announced a record net profit for 1989 of \$60.6 million. That, combined with the 1988 record net profit of \$39.2 million, pushed the combined total for those two years to near \$100 million.

But before negotiations even began, the well-used crying towel was back on the corporate shoulder of Cleveland-Cliffs. M. Thomas Moore, president and CEO, was quoted in the *Mining Journal* as saying, "The iron ore industry and surrounding economic community shouldn't be lulled to sleep by the current good times."

That article was only a prelude of what was to come. Another media circus and all out press war.

Negotiations began in Minneapolis on July 9, 1990, and continued until July 19th, at which point CCI's negotiators got up and walked away from the table.

A Cliff's news release stated, "The union's demands are so extreme, unrealistic and uncompetitive that they cannot be the basis for a new contract."

USW District Director Dave Foster said specific proposals aren't the point. "I could say their proposals are equally extreme, unrealistic and uncompetitive," he said. "But that's not the point. It's irresponsible to get up and walk away from negotiations. Problems are only solved by people sitting across the table and talking. This was just a power play and I'm not impressed." Foster also said that CCI had recently signed a contract with the Wabush Mine in Canada, another operation partly-owned and operated by CCI, for wage and benefit increases of \$8.80 an hour.

By July 23rd, M. Thomas Moore had a letter in the mail to bargaining unit employees criticizing the Union's proposals.

CCI returned to the table on Saturday, July 28th, but not enough progress had been made and at 12:00 midnight on August 1st the pickets went up.

On August 6th, a rally was held at Westwood High School's gymnasium and was attended by 1800 miners and families. District Director Dave Foster addressed the group saying that CCI had failed to respond to 90 percent of the Union's proposals and that the Union is willing to resume talks at any time. Foster also said that CCI's contracting out proposals were unacceptable. "They want us to pay for our wage increases by sacrificing jobs, and we aren't willing to do that," he said.

Mike Prusi, President of Local 4950, told the membership that we hadn't had a raise in over seven years and that CCI offered a four-year contract with a \$1.50 an hour raise (over the four years). "A dollar-fifty raise is nowhere near acceptable," he said.

On August 16th, M. Thomas Moore was at it again with another letter to the striking miners and their families. He opened the letter by saying, "Consistent with our commitment to keep you informed, this letter describes Cliffs' July 31 contract offer on behalf of the Empire and Tilden owners." The letter also contained 10 pages of charts and graphs depicting projected earnings based on CCI's latest offer.

On August 22nd, he had a picture of his mug in the newspaper again. He was responding to an August 9th *Mining Journal* article—which must have caused delirium tremors within the corporate ranks—in which the editors of the *Mining Journal* said they thought CCI could afford more than a \$1.50 raise over four years.

He again criticized our Union representation and then continued on with a bunch of yada-yada about the 80's, the state-of-the-industry and other crying towel stuff.

Neither his letter nor his editorial had any impact on the membership, their solidarity or support for their negotiators.

Moore's editorial was responded to by District Director Foster six days later. Foster eloquently countered everything Moore had said, but his most important statement came at the very beginning of the editorial. "I must observe that Cleveland-Cliffs'

1990 cont.

management has consistently shown itself to be more interested in carrying on a war of words with the miners, their families and the general community of Marquette County than in involving itself in the nitty-gritty reality of negotiating solutions, working out compromises and building better labor relations."

Moore of course, had to respond to Foster's editorial. His response on how the Tilden and Empire must remain competitive took up a quarter-of-a-page in *The Mining Journal's* editorial section.

After a month of media campaigning, Cliff's returned to the table on September 5th. But it wasn't for long—as they didn't

four executives combined salaries increased 85%

income was double that of the first quarter of 1988.

***"The days of the shutdowns are behind us."
a CCI spokesman said.***

CCI walked out of negotiations on July 19th.

hear what they wanted to hear,—and negotiations broke-off two days later.

It was now the end of September and no new negotiations were in sight.

The Steelworkers decided that it was time to take a trip to Cleveland and picket the corporate headquarters of CCI. Eighty miners boarded buses at 11:55 p.m. on October 2nd and headed for Cleveland.

They arrived the next morning and were joined by 50 Steelworkers from the Cleveland area. The demonstration caused an impromptu meeting between CCI and Union negotiators. Both sides said that the meeting was not a bargaining session but a “constructive” discussion that may lead to further negotiations.

Negotiations were scheduled to resume on October 15th, but before they began, CCI took another shot at us with a quarter-page letter published in *The Mining Journal* on October 11th. The open letter to the employees — *and also to the People of the Central Upper Peninsula*— was a plea for us (and apparently the public) to force *our* negotiators to accept *their* offer.

Throughout negotiations, the Union had continually adjusted its proposals, and did so again when the parties resumed

negotiations on October 15th. But the company wanted their own package, and talks broke-off again on October 22nd.

Then, on October 30th, CCI bought another quarter-page ad with an opening statement in bold letters to the miners *and the People of the Central Upper Peninsula* (again) that said, **“Let’s End This Needless Strike!”** They then proceeded to criticize our negotiators and explained how unreasonable they had been. At the end of the letter CCI demanded that a vote be taken on *their* offer.

Director Foster sent a letter to each miner on November 5th, explaining the Union’s position for needed increases in wages, pensions, retiree medical insurance and incentive equity. He explained that the Company’s contracting out proposal could reduce our workforce by thirty percent.

CCI responded by buying yet another quarter-page in *The Mining Journal* on November 7th “clarifying” their position. This latest media negotiating tactic ignited a barrage of editorials to *The Mining Journal* from both our members and the public. Everyone was sick and tired of CCI’s public pleas to end the strike.

On November 27th, negotiations resumed with Federal Mediator Donovan Mayne in attendance. The parties were able to hammer out a tentative package on the 28th and a ratification vote was scheduled for Saturday, December 1, 1990.

The contract passed by a vote of 1,233 to 345 and the 123 day strike was over. Director Foster said the deal made CCI members, “the highest paid iron ore miners anywhere in the United States.”

The contract contained:

- * A three year contract (not four like the company had proposed).
- * A \$2,000 bonus to be paid within five days.
- * Fifty shares of CCI stock worth over \$1200.
- * Inflation Recognition payments of: \$ 700 in 1991; \$ 700 in 1992; and \$ 600 in 1993.
- * An immediate wage increase of \$1.25 an hour.
- * A 25 cent-per-hour wage increase on January 1, 1992.
- * A tonnage bonus with a maximum payment of \$.69 per-hour and a minimum of \$.25 per-hour for every hour worked. The plan would pay a \$500 advance on the first paycheck in 1991.
- * An \$11 dollar increase in the pension multiplier with a guaranteed pension of \$1100 for 30 years.; \$1250 guarantee for those retiring at 60 with 30 years.
- * November 15th was added as a holiday.
- * Establishment of the 401K Plan.
- * The Personal Day was added.
- * The split-week (vacation-by-days) was gained..
- * Safety shoes now provided at 100% company expense.
- * Tuition reimbursement.
- * Increased Funeral Leave to five days for son, daughter, mother, father and wife.
- * Establishment of Crew Coordinators.
- * CCI dropped demands for contracting out, manning and job combinations.

Editor’s note: From the time the strike began on August 1, 1990 until it ended in December, there were 108 newspaper articles, advertisements and editorials relating to the strike.

**Eighty Miners Boarded Buses
And Headed For Cleveland To
Picket Corporate Headquarters.**

The contract passed by
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