

Think **K**TWICE!

OCTOBER/NOVEMBER 2001

THE OFFICIAL PUBLICATION OF THE ALLIANCE@IBM/CWA

IBM Workers In Burlington Fight Pay Cuts

BY RALPH MONTEFUSCO, BURLINGTON

The Burlington organizing committee has been very active since our last update in the August/September issue of Think Twice. That issue featured an article reporting that, thanks largely to the efforts of Sharon Stevens and other members of our organizing committee, concerns were raised over cuts in premium pay at other locations.

Our site manufacturing management team held a series of employee meetings at which they made the commitment that cuts in premium pay would not be done in Burlington. We took IBM at its word.

Unfortunately within a week, there were another series of meetings at which it was announced that one day of work, with all associated pay, would be removed from the work schedule of those working 12-hour shifts in selected manufacturing areas. For those affected, it amounts to a pay reduction of approximately 18%.

There was much anger and shock in reaction to the pay cuts. Several people reported having to take second jobs in order to make up for the loss of income. We held several special meetings to mobilize people and plan actions. As a result, we were able to staff a booth at the Champlain Valley Fair. This allowed us to get our message out to a broad range of people, including many retirees.

We held a rally after the Fair ended, with Congressman Bernie Sanders as the featured speaker. Other speakers included members of our chapter's organizing committee, representatives of other supporting labor organizations, and representatives of the Alliance. Following the speakers, there was an open mike session, during which we heard from many of those affected by IBM's decisions over recent years. We also heard a wide range of support from other members of the community.

As a result of these and other recent activities, we have expanded our organizing committee and increased the number of dues-paying Alliance members in our Chapter. We have developed a work plan to continue expanding our organization, to build a structure throughout the site and to reach out to non-manufacturing employees. The recent pay cuts have justifiably brought our focus on those affected, but it is important to remember that the Alliance is for all non-management employees. We are all best served by building a strong, inclusive organization. The true issue is that we do not have a seat at the table when decisions are made about our livelihoods. The solution is to negotiate a contract.



Sharon Stevens



Congressman Bernie Sanders



IBMers attend rally in Burlington

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Speech by Rep. Bernard Sanders at IBM Rally

SEPT. 7, 2001

Tonight I want to make only a few points. The first is that I am not here to micromanage IBM or to tell them how to run your company in a competitive global economy. That is NOT what I am here to do.

But what I am here to say is that, increasingly, American workers are becoming more and more concerned about the state of the economy, about their job security, and about their wages. And they are demanding that their employers treat them fairly. They are tired of companies all over this country being run on a principle of greed — designed to benefit a few CEOs at the top at the expense of the employees, of the consumer, and in fact of our entire country. Workers want justice: they are tired of being taken for granted and having their pay and benefits constantly eroded.

The truth is that real wages, after accounting for inflation, have declined by 8 percent since 1973. Because of lowered wages Americans now work 160 hours a year more than they did 20 years ago and have the dubious distinction of working longer hours than the people of any other country. Despite the long

hours of work, however, more and more workers are going deeply into debt.

Sadly, the United States now has, by far, the most unequal distribution of wealth and income in the industrialized world. While workers have seen a decline in their real wages, the richest one percent now own more wealth than the bottom ninety-five percent, and the CEOs of major corporations now earn over five hundred times what their employees make. In recent years we have seen a proliferation of millionaires and billionaires, while at the same time more and more working families lack health insurance, and the number of working people sleeping out on the streets has significantly increased.

Let me give you just a few examples of what greed is about, and how it affects the people of our state and our country. General Electric, the largest corporation, in the world, between 1975 and 1995, reduced their American workforce by 270,000 people as they moved their manufacturing facilities abroad to China and other countries. That's the bad news. The good news is

that in the year 2000 their CEO, Jack Welch, and his top two assistants received \$550 million in salary, stock options and executive benefits. In other words, Mr. Welch and his friends rewarded themselves for selling out hundreds of thousands of American families.

Sadly, tragically, corporate greed has reared its ugly head at Big Blue—and the results are being felt by all of you and your families.

At a time when IBM's pension trust fund had total assets worth \$69 billion, and a surplus of \$10 billion IBM made devastating cuts in the retirement benefits it promised its employees. But those of you in this room, and other IBM employees around the country, fought back, and the result was that the company was forced to restore benefits to 35,000 of those employees. Your efforts have not only saved tens of millions of dollars in pension benefits for the employees of IBM, but they have had a major effect on other corporations throughout the country who were giving thought to doing exactly the same thing that IBM

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"quotes" corner

from the founders of IBM:

"How much more am I worth to IBM than that guy down at the bottom of the pay scale? Twice as much? Sure. Ten times as much? Maybe. Twenty times as much? Probably not."

— Tom Watson, Jr.

The Alliance@IBM as a CWA Local — What does it mean to employees?

BY LINDA GUYER, ENDICOTT

The members of the Alliance@IBM recently voted overwhelmingly to become an official Local of CWA. This means we are moving from an affiliation with CWA to become an integral part of CWA, just as Verizon, AT&T, and other workers have their own Locals as part of CWA.

Becoming an official local is a very good thing, because it means we have a commitment from CWA to work with us over the long term, to build and grow the Alliance as a strong employee organization, and build support for collective bargaining rights. It also means that Alliance members now have a say in CWA affairs, such as electing CWA officers, sending delegates to the CWA Convention, and having an official say in CWA activities. It also means we have their backing to continue to be a watchdog organization, getting press attention to IBM employee concerns, continuing to work on stockholders' resolutions, watching for congressional legislation that could hurt our jobs or benefits, and providing support for employees

in local situations, such as understanding and exercising their legal rights, and using Weingarten rights when appropriate.

Also with this more formal structure, we will elect Local officers, follow bylaws, and have a defined decisionmaking process for all Alliance activities.

Unfortunately, what this does not mean is that we have a lot of power to help employees when management makes decisions that hurt our jobs or benefits. To have any substantive effect on employment conditions, layoffs, and benefits, we must have a majority of IBM employees vote for the union in a National Labor Relations Board — sponsored election. We will not go to an election until we have 60% of IBM employees signed up, so we can be sure of a victory.

The rumors about imminent changes at IBM are heating up. Will parts of Raleigh be sold off and employees lose their jobs? Will the cash balance pension come back and be forced onto employees? Without a union

election giving us collective bargaining power, there's nothing we can do about these management decisions.

If we did have an elected union and a contract, IBM management would have to negotiate with the employees about how any of these changes can take place, such as who would be affected, what kind of severance packages people might get, what kind of other IBM job offers they might get, and what retraining could be offered; we could also ensure it was fair and not targeting older employees, and so on and so on.

Typical union contracts also ensure that if a part of the company is sold off, the contract provisions must be retained by the new company.

Every single IBM employee holds the power in their hands to affect their future, for good or bad. This means you! You can hide your head in the sand and pretend nothing will get worse, or you can vote for your union. Are you a member? Are all your friends and coworkers members? That is what we all need.

Sanders' Speech

(Continued from page 1)

tried to do. Unfortunately, we were not successful in maintaining pension choice for some 30,000 other employees.

But the corporate greed of IBM's top management did not stop at the pension cuts. It spread to other areas as well. Although

IBM profits are up by \$2 billion over last year, the company management continues to renege on the promise made to all of IBM's employees and retirees by slashing lifetime retiree health benefits.

Over the past several years Lou Gerstner, the CEO of IBM, received \$8 million in bonuses and a \$1.1 million pension for himself. Yet, during that time, IBM has shipped good paying jobs from North Carolina to Mexico, and has sent jobs from its facility in Endicott, New York to Shanghai, China.

Why are we here tonight? As everyone here knows, IBM management has recently decided that it needed to save approximately \$29.6 million dollars by reducing work hours for the 3,700 manufacturing workers in Essex Junction. This action has resulted in a reduction in take-home pay of 18 percent.

It was apparently not enough to slash pensions; it was not enough to cut retiree health care that had been promised to workers. Now, loyal IBM workers, who are trying to keep their heads above water economically, are seeing an 18 percent reduction in their income.

But I want to know one thing. If the management of IBM doesn't have enough money to keep its pension promises to its workers; if they don't have enough money to keep their

health care promises to their retirees; if they don't have enough money pay their workers the wages they had been receiving, how do they have enough money to provide Lou Gerstner, the CEO, with over \$260 million in stock options? That is wrong. And that is unacceptable.

I know the families in the state of Vermont because it is my job to represent them. I know how hard our people work, and how they are trying to save up to pay their mortgage, send their kids to college, take care of their parents, and maybe take a vacation. No one, no one, can tell me that it is right that one man on top should receive \$260 million in stock options while at the same time thousands and thousands of families in this state and across the country are forced to suffer. This is wrong. And this is unacceptable.

Frankly, I do not believe the founder of IBM, Tom Watson, Sr., were he alive today, would stand for this outrageous level of corporate greed. As many of you know, Mr. Watson told his employees that "IBM's constant purpose is to relieve its people of fear for the care of themselves and their families."

Unfortunately, Tom Watson's IBM is not Lou Gerstner's IBM. Concern for the workers and their families has been replaced by same approach that exists today throughout corporate America —

IBM pension lawsuit gets class-action status

BY CRAIG WOLF
POUGHKEEPSIE JOURNAL

A federal judge has granted plaintiffs their request for class-action status in their pension lawsuit against IBM Corp., making 140,000 people part of the suit. The ruling by G. Patrick Murphy, chief U.S. District Court judge in the Southern District of Illinois, was issued Monday and made public Wednesday by the IBM Employees Benefit Action Coalition, an advocacy group that pushed the suit.

It means that if and when the case is tried, the results would affect all individuals who have been in the IBM Personal Pension Plan any time after Dec. 31, 1994. Plaintiffs seek to force IBM to amend the plan to remedy alleged illegalities, chiefly that the revised plans failed to provide as large a pension benefit as required.

Age bias claimed

The suit claims IBM's plan does not treat identically situated employees equally, but gives less to older ones, causing age discrimination. If the plaintiffs win, IBM would be forced to change its plan and pay more, but they have not specified amounts.

"I think it will be a big win," said Janet Krueger, a leader of the action coalition and a spokeswoman for the plaintiffs. "All the precedents are being settled our way. There's a mounting set of case law that says that these plans are illegal." IBM, which lost its motion to strike the plaintiffs' class-action brief, plans to appeal the ruling, said spokeswoman Carol Makovich in Armonk.

"I would like to point out that the certification itself has nothing to do with the merits of the case," she said, "and about 11,000 people work for IBM in Dutchess County, and most would be covered by the suit, as would many who left the company in 1995 or later. It was at the start of 1995 that a major pension plan change was implemented by IBM, which the plaintiffs charge violated federal pension law. Another change that went into effect July 1, 1999, sparked an even broader reaction by IBMers, and one result was this lawsuit. IBM had argued that the original plaintiff, Kathi Cooper, an IBMer from Illinois, was not a suitable example to lead a class-action suit, in which the lead plaintiff represents all others who are similarly situated.

The plaintiffs argued that this could be cured by creating three subclasses to reflect three varying situations:

- Anyone in the pension plan after Dec. 31, 1994, whose benefits will be ruled by the 1995 plan, with Kathi Cooper as the plaintiff.
- Anyone who was in the plan after Dec. 31, 1994, whose benefits will be set by the 1999 "cash balance" plan, represented by plaintiff Beth Harrington.
- Anyone employed by IBM as of July 1, 1999, and who has left IBM, or will leave IBM, before meeting its vesting requirement of working five years to qualify for a pension.

Murphy rejected IBM's argument that the plaintiffs had unfairly introduced expert testimony on technical pension issues and exceeded a local rule on the number of pages in a brief.

Murphy found the plaintiffs had met all four tests of class-action status: large number of people involved, questions of law common to all people in the class, claims typical of the others in the class and that the representatives would adequately protect the interests of the others.

William Costine of Beacon, an IBM employee active in union advocacy, said, "It's a significant step to right what most people will agree are the major injustices that IBM has put on their employees. We consider it a major victory at this point, even though there's a long way to go."

For more information on the law suit check the following web site: www.cashpensions.org/IBMCertFAQ.htm

outlandish benefits and compensation to the people at the very top, while squeezing the average worker as hard as you can.

I understand that efforts are being made by the CWA to organize a union at IBM. Whether or not you decide to

form a union is your choice, not mine. But I do want to say this: if you do decide to form a union, if you do feel that standing together and bargaining collectively to negotiate a contract is what is best for you and your families — I will be there with you.

Think Twice is written by IBM employees who are seeking a voice in their workplace through the Alliance@IBM/Communication Workers of America (CWA). Get on our mailing list by sending us e-mail via our website at www.allianceibm.org, or call 607-658-9285. CWA, 501 Third St., NW, Wash., DC 20001, is the voice of 740,000 employees at AT&T, the former Bell Telephone companies, General Electric, Microsoft, in the cable TV industry, CNN, NBC, ABC/Disney, Reuters, US Airways, Wall Street Journal, New York Times, Washington Post, and others.



Earl Mongeon & Jim Phillips at Champlain Valley Fair

