

# Lockout continues at American Crystal Sugar Company

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One thousand three hundred sugar beet workers at plants in Minnesota, Iowa, and North Dakota have been locked out by their employer, American Crystal Sugar Company, since August 1. Workers voted in July by a 96 percent margin to reject the company's offer for a new contract that would have sharply reduced benefits and job security.

American Crystal filled its plants with replacement workers after the old contract expired on July 31. The company and the union, Local 167G of the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM), met with a federal mediator on Thursday to resume negotiations that can only be aimed at imposing concessions on the union membership.

American Crystal is the largest beet sugar producer in the United States. It has plants in Moorhead, East Grand Forks, Crookston, and Chaska, Minnesota; Hillsboro and Drayton, North Dakota; and Mason City, Iowa.

The company has made large profits in recent years as sugar prices have risen. US sugar prices for the second quarter this year were higher than during the same quarters of 2009 and 2010, rising by 35 and 15 percent respectively. Executive pay at American Crystal has soared. Compensation for company CEO David Berg more than doubled between 2008 and the end of 2010 to almost \$2 million, and the average pay increase for the company's top four executives was 75 percent over two years.

Despite its financial success, American Crystal has taken aim at the jobs and benefits of its workforce, joining an employers' offensive in the current economic climate. Among other things, the company wants the ability to replace union workers with contract workers, to dismantle seniority, to redefine which

workers are "year-round" and entitled to full benefits, and to lower its health care costs for union workers to that of its nonunion workers. It offered a pay increase that would be more than neutralized by the increased health care costs shifted to the workers.

Faced with such an attack, the union negotiating committee nevertheless promised American Crystal that they would remain "neutral" and not make a recommendation about whether union members should accept the company's final proposal. The union members drew their own conclusions. John Risky, president of BCTGM Local 167G, told the *Grand Forks Herald* that union officials only got through a half-dozen pages or so of American Crystal's proposal before workers in Drayton, N.D. stopped them and said that they would not accept the changes the company sought to impose.

While American Crystal representatives expressed surprise that the union rejected its final offer, the company was well prepared for the lockout of its union workers. On July 18, the company instructed union workers to clear out their lockers and workspaces and brought in non-union personnel to observe various positions that week. It rejected the union's offer to have its members continue working under the terms of the old contract while negotiations continued. Instead, American Crystal contracted with Minnetonka, Minnesota-based Strom Engineering to obtain replacement workers, who began work the morning after the old contract expired.

Strom Engineering has specialized in providing replacement workers for over five decades. It has annual sales of \$13.6 million and a number of associated business entities. An August 6 article in the *StarTribune* noted that "the company has been criticized in the past for hiring ex-cons, misleading job

applicants and running grueling, 12-hour shifts seven days a week without so much as a bathroom break.” One woman who sued the company in 2007 claimed that she was told to urinate off the back of the crane she operated when she asked about bathroom breaks.

Since the lockout, union members have protested outside American Crystal’s seven plants as well as outside hotels where replacement workers are staying. Union officials claim morale is high, but some workers are clearly feeling the strain. Dan Dumas, a worker at the Hillsboro plant for 33 years, told the crowd at a rally a couple of weeks ago that he could not take his daughter to the therapy she needed after a serious car accident because he no longer had health insurance.

John Durkin, a worker at the East Grand Forks plant for 34 years, told a local TV station that he could not afford the chemotherapy for his Stage 4 lung cancer. Jonathan Straub, another worker at East Grand Forks, told the *Grand Forks Herald*, “I’ve had to take even more money that was squirreled away out to the point it is getting close to nothing, depending on how long this lasts. For now, everything is pretty well riding on the line.”

The union bureaucracy can be expected to take advantage of the hardship facing workers in an effort to impose concessions while preserving the union’s dues base. On August 18, BCTGM International President Frank Hurt wrote to company CEO Berg urging resumed negotiations. In the letter, Hurt appealed to Berg’s profit motive, stating “Your company’s decision to take this outrageous action threatens this Union’s support for legislation [tariffs] and other public policy initiatives that are crucial to the profitability of the company.” Hurt lamented that “one of the most productive and effective labor-management relationships I have ever known” has been “severely undermined.”

The union has also appealed to Democratic Party officials who have expressed concern about the damage posed by the lockout to labor-management relations. Democratic Minnesota Senator Al Franken worried in a recent opinion piece about the lockout that there was a “real danger in fraying the fabric of this relationship that, to me, had been sort of a model one, of ag[riculture] and business and labor working together as partners.” After meeting with union and company officials just prior to the lockout, Minnesota Governor

Mark Dayton, a Democrat, stated, “They both care about the company, they care a great deal about the company and they want to continue to be successful. They share that desire and need to remember what binds them together.”

Labor-management “unity” will only mean a drastic cut in living standards for the sugar beet workers. The only way for American Crystal workers to fight the assault on their living standards and jobs is to break from the Democratic Party and the trade unions who defend the interests of big business. They must form their own rank-and-file committees, independent of the trade unions, and be prepared to reject the rotten contract that will undoubtedly result from resumed negotiations, seeking the support of other sections of workers facing similar struggles.



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