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A Lost Dream: Worker Control at Rath Packing

Abstract

[Excerpted from Introduction by Gene Daniels] The story of Rath Packing Company of Waterloo, Iowa, is alternately a model of the American Dream and the story of a dream turned nightmare.

Started in Iowa in 1891 with a work force of 22, Rath employed 8,000 people at its peak. In 1944, workers at Rath slaughtered 12,000 hogs, cattle and sheep a day. It was the largest and most modern packing house in the world.

In the 1950s and early 1960s, however, Rath's management failed to make several strategic moves. They failed to market Rath's products to supermarkets, thinking "Mom & Pop" stores would remain the backbone of community grocery shopping. Little attention was paid to the growing conglomeration within the meatpacking industry itself. And, management failed to re-invest in new machinery and processes and failed to build a new facility like the single-story buildings being constructed by competitors. All these factors combined to provide Rath with short-term profits and long-term headaches. By the 1970s the company was in deep trouble.

Keywords

Rath Packing Company, Waterloo, Iowa, ESOP



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A Lost Dream:

Worker Control at Rath Packing

- Gene Redmon, Chuck Mueller & Gene Daniels

The story of Rath Packing Company of Waterloo, Iowa, is alternately a model of the American Dream and the story of a dream turned nightmare.

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In the 1950s and early 1960s, however, Rath's management failed to make several strategic moves. They failed to market Rath's products to supermarkets, thinking "Mom & Pop" stores would remain the backbone of community grocery shopping. Little attention was paid to the growing conglomeration within the meatpacking industry itself. And, management failed to re-invest in new machinery and processes and failed to build a new facility like the single-story buildings being constructed by competitors. All these factors combined to provide Rath with short-term profits and long-term headaches. By the 1970s the company was in deep trouble.

In May 1978 Rath management, displaying millions of dollars of losses over several years, asked the unionized work force to accept a 50 cent-an-hour wage cut, give up one week of vacation and delay a cost-of-living payment. The company claimed it was about to collapse. 1,900 people would lose their jobs; the ripple effect would eliminate another 10,545 jobs in the Waterloo-Cedar Falls area; and \$171 million would be lost to the community. After

• Gene Redmon is immediate past president and Chuck Mueller is former chief steward of United Food & Commercial Workers (UFCW) Local 46, which represents the packinghouse workers at Rath Packing Co. in Waterloo, Iowa. Gene Daniels, formerly a labor educator at The Labor Center of the University of Iowa, is now with the Labor Education Service of the University of Minnesota.

studying the company's concessions demands, United Food and Commercial Workers (UFCW) Local 46 rejected them.

But UFCW Local 46 President Lyle Taylor and Chief Steward Chuck Mueller carefully studied a consultant's report that was released in November of 1978. The report laid out both short- and long-term alternatives and called for cooperation among all parties. Taylor and Mueller, however, noticed a brief paragraph on page 40 which alluded to ". . . allowing the employees to purchase the Waterloo facilities." These men had a heart-felt obligation to do all they could to save the jobs of their members, and they began to explore this almost unheard-of possibility with relentless vigor.

Ultimately, UFCW Local 46 saved the company by setting up an Employee Stock Ownership Plan (ESOP), through which the workers bought the company. It was not just any ordinary powerless ESOP, but one which provided for worker control of the company—a plan which has been hailed as "the clearest example of industrial democracy in the United States."

After extensive preparations, the members of Local 46 voted in July 1980 to buy the company by purchasing a majority of the company's stock through payroll deductions. Union members and other "union representatives" were added to the Board of Directors, and the new Board fired the old president and brought in Herbert Epstein in May 1981.

But things have not gone as planned at Rath. Concessions in wages and benefits which were unthinkable in 1978 had become commonplace by 1982. Extreme measures have been taken by the worker-owners at Rath, but the company cannot yet turn a profit. The Taylor/Mueller dream of 1979 has become a nightmare.

Rath continued to lose money. By April 1982 the company had total liabilities of \$82 million—even after the infusion of millions of dollars in federal grants, wage deferrals and stock purchases through the ESOP. The deficit operating cash flow was \$2.6 million. Late in 1982 Rath found itself \$38 million behind in its payments to its employees' pension funds, and Rath management took extreme action: the pension plans were terminated, affecting over 6,000 people.

At the same time union president Lyle Taylor moved into Rath management in an effort to better direct the day-to-day operations of the company. In the Spring of 1983 Herb Epstein left the company, and Taylor became company president and chief operating officer.

But things have not gotten any better. By the end of 1983 Rath needed more financing, and its major creditor decided not to lend it any more money. More than \$90 million in debt, Rath

management (now headed by former union president Taylor) went to bankruptcy court and asked, among other things, to be relieved of its union contract.

Since then, the union has been working without a contract and receiving a wage rate well below the industry standard. The company is looking for a buyer. The "kill" floor is not operating in Waterloo, and the workforce is down to about 350 people.

This capsule history of the Rath ESOP raises more questions than it answers. Nobody can tell the story better than those who've lived through it. In the following pages is an interview I conducted with Gene Redmon and Chuck Mueller in July of 1984. At that time Gene was Local 46 president, having assumed that position when Lyle Taylor vacated it to become company president, and Chuck Mueller was still Local 46 chief steward.

Since the interview, Gene has resigned as president to become the labor representative for United Way of Black Hawk County, Iowa. In the Fall of 1984, Chuck gave up his chief steward's post in an unsuccessful election bid for the local presidency. Lucille Bremer is now Local 46 president.

Also since the interview, Local 46 has had to sell its union hall, where the interview took place.

Gene Daniels
December 1984

Interviewer: When did the members of Local 46 begin the purchase of Rath stock under the terms of the ESOP?

Union: The first stock purchase was in June of 1980.

Interviewer: Please describe briefly the essential aspects of the Rath employee ownership/worker control plan.

Union: Well, the one-person, one-vote factor is very important. Most ESOPs don't have that. They give people stock, but they don't have voting rights with that stock. One can structure them any way you want, but ours is specifically structured to provide one person, one vote. It also provides for regular participant meetings so that the trustees know how to vote the stock at the annual stockholders meeting. We can also buy stock back from those who leave Rath.

Interviewer: How does Rath's Board of Directors figure into it?

Union: The only way they figure into the ESOP is the fact that

because of the ESOP, the workers at Rath have a majority vote. We select the directors. [See Figure 1.]

Interviewer: Are there any Local 46 members on the Board?

Union: Oh, yes!

Interviewer: How many?

Union: Let's see. We've got Clark, Phyllis, Bass. . . we have six.

Interviewer: Six out of how many?

Union: Thirteen.

Interviewer: Wasn't the ESOP supposed to buy out 60% of the company's stock?

Union: Yes.

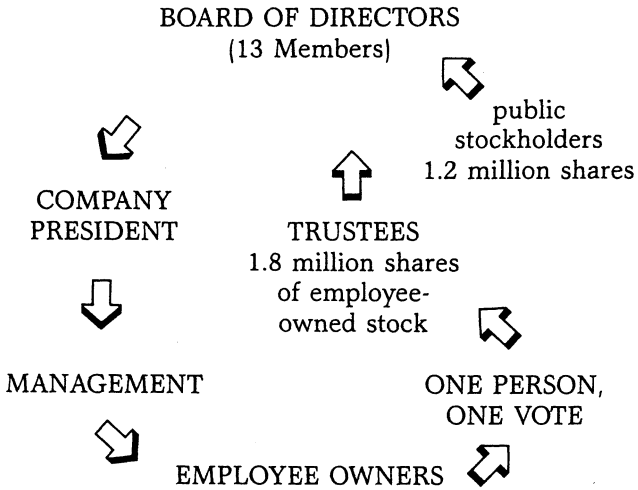
Interviewer: But I've been reading lately that the ESOP holds only 50%.

Union: Well, here's what happened. We—Rath and the union—tried to develop a trust through the attorneys in Chicago. It had to be approved by the Department of Labor. The only way to get it approved was for the DOL to give us a "prohibited transaction exemption" because we were buying more than 10% of the stock and holding it in trust. They wouldn't give us one. That's when we started the ESOP. The Department of Labor doesn't have to approve ESOPs. It is exempted from them because it goes through the IRS. We contacted people at Cornell University and some of the experts they recommended. Ultimately, we found out that we [*then Local 46 President Lyle Taylor and Chief Steward Chuck Mueller*] could do what the union wanted. We wanted a one person, one vote to control how the stock would be voted. We also wanted control of the trustees. And we wanted the participants, *our union members*, to be able to guide what was done with the stock. The ESOP was written up and presented to the company where the Board of Directors approved it, making it effective January 1, 1981.

Interviewer: But you started the stock purchase in June of 1980.

Union: Once the Department of Labor shot down the trust, we all agreed to go ahead and start purchasing stock. The employees had to elect on their own to put up their stock into the ESOP. That's why the ESOP has 49.5%, instead of 60%. Some held it. We didn't get a little over 10% of the stock into the plan because some members opted to keep the stock for themselves rather than

Figure 1



Source: *PROSPECTUS: The Rath Packing Company Employee Ownership Plan*, December 10, 1980. Following the June 17, 1984, Rath stockholders meeting, the Board of Directors voted to increase the number of directors from 12 to 13. Company president Lyle Taylor (former Local 46 president) was elected the thirteenth director.

participate in the ESOP.

Interviewer: I do not recall ever seeing this explanation offered before. I was not sure if I had made a mistake along the line about the stock percentage.

Union: There is a lot of confusion on that. The stock purchase and the ESOP are different than wage and benefit deferrals. They are two separate things. People have a hard time with it. They think we spent \$30 million buying stock. We didn't. We spent \$20 a week, each employee, every week they worked. They got ten shares a week, every week they worked, until the stock was all purchased.

Interviewer: You're right about the confusion. And, to take it one step further, I have seen at least one news account this summer that claims that the voting powers vested in the trustees has turned industrial democracy at Rath into an industrial republic.

Union: [No response.]

Interviewer: The trustees control the one person, one vote.

Union: Oh! . . . Well, technically that's true except that the plan provides that the participants will meet and instruct the trustees how to vote their stock on issues that they know about. If there's an issue which comes up that we didn't know about, the trustees then vote what they think is the best interest of the membership. The key to an ESOP, in our opinion There are really two of them. One is the one person, one vote. The other is that the participants select the trustees.

Interviewer: Thus far, we haven't said anything about the role of local and federal dollars in this whole exercise. Isn't there some taxpayer money at stake here?

Union: There certainly is. You have to understand that consecutive Rath managements, including the current one, have lost millions of dollars since 1941! Now, we're not Chrysler, but I almost wish we were! Since 1961, Rath has been in the black at the end of the year only eight times. Black Hawk County and the city of Waterloo came through for us in the late 1970s. Lynn Cutler was a county supervisor then. She now serves on the Democratic National Committee. Anyway, she chaired the Black Hawk County Economic Development Committee, which got us a grant of \$3 million from the Economic Development Administration of the U.S. Department of Commerce. Did we say all that? Whew! She and Mayor Leo Roof of Waterloo also went after a \$4.6 million Urban Development Action Grant. These two, along with Senator Dick Clark and even President Carter, got involved in getting us the UDAG money. We got them both and that's where the first deferral came in. For every UDAG dollar loaned to Rath, there had to be matching funds of roughly \$4.37. The deferral and the EDC money were a part of the matching funds.

Interviewer: Was that the 1979 deferral?

Union: Yes. And HUD put in a proviso on the grant that the management of Rath had to sell the outstanding shares of stock to the workers. An interesting sidelight on the grant just comes to mind. About the time we were first working on the grant, Roger Jepsen was running against then Senator Dick Clark. Jepsen took the position against granting us the money. He later [as Senator, after defeating Clark] worked hard to get UDAG money for Dubuque's FDL Foods. He's been very silent about doing anything

for Rath.

Interviewer: What was bad four or five years ago somehow becomes okay for FDL Foods.

Union: Yeah. Employee ownership is viewed by some as a socialist plot. It's just good business for FDL to be able to run . . .

Interviewer: Good capitalism . . .

Union: The difference is who's doing it.

Interviewer: Let's shift gears just a bit. How is Local 46 viewed by other packing house chains or individual locals?

Union: The other unions in the UFCW felt that we were some of the cause of the concessions in the meat packing industry. We are now probably viewed as fools because we banked on employee ownership and profit-sharing to give us back what they [*other UFCW locals*] considered to be concessions. It's probably kind of an "I-told-you-so" attitude. Most of the other locals thought we were a little bit goofy!

Interviewer: Now they think you are real goofy!

Union: Yeah. Now they are convinced we are.

Interviewer: What was the International's response to Local 46 when it was clear that the members were going to buy the stock?

Union: They took the position that you're crazy, but go ahead. Rath is going under. This is the only justifiable reason for doing any of this. And, when you do it, do it in such a way that if another packer comes to us and says they want the same as Rath, we can say to them: "Okay, you give the workers at your plant the same thing that Rath is giving their workers, and we'll talk to you about it." So, back in 1979 when we negotiated the first wage deferral [*not ESOP payment deductions*], the International's attorney helped with the language. The language was couched in such a way that they were wage deferrals, not concessions. The International was seeking to protect the Master Agreement.

Interviewer: Do you recall how much that deferral was?

Union: It amounted to probably \$4,000 per person the first year, from April through December 1979. Then, these deferrals continued on over the years. So, any other deferrals we gave added on. When we got into the additional \$2.50 an hour deferral for each person in 1983, there was a tremendous amount of money then.



Interviewer: When was the last time you negotiated a contract?

Union: Our last contract was negotiated in October, 1982.

Interviewer: When you finished that contract, what was your basic hourly rate?

Union: We negotiated the contract in such a way that we could continue the deferrals. Then, in February of 1983, we voted to defer \$2.50 more. That put us down to \$7.24.

Interviewer: Is that when the UFCW filed an unfair labor practice against Rath?

Union: Right. They charged that the company was in violation of the NLRA [*National Labor Relations Act*]. Rath didn't have the authority to negotiate such a thing.

Interviewer: Has the charge been settled?

Union: No, the hearing has been held, but there's been no decision handed down. We don't know why, either.

Interviewer: Didn't the fact that the charge has not been settled have some impact on what went on this spring [1984]? I'm talking about the attempted decert.

Union: Yeah. The fact that the charge is still pending barred them [*the signers of the decertification petition*] from proceeding with the decertification.

Interviewer: Tell me about the decert try.

Union: Well, the house was divided. I don't know the percentage. Some of our folks were for going along with the \$7.24. Others were willing to put up with their [*Rath management's*] work policies. Some weren't. The contract never came to a vote because the company never gave us what is truly a final offer. A number of free riders got up a petition for decertification. They got a few signatures. We've talked to some people who are in the union and signed it. They say that they signed it to get off dead center. Many have called us and asked how they can get their names off the petitions. They [*free riders*] claim they've got a third. We've never seen any evidence that they've got a third. It was started by free riders.

Interviewer: There were some charges that Rath management had something to do with it. That has never been substantiated, has it?

Union: We suspect that, but we've never been able to prove it.

Interviewer: By "we," you mean the leadership of Local 46?

Union: The leadership of Local 46.

Interviewer: Right now, are you working under a contract with Rath Packing?

Union: No.

Interviewer: Do you see a contract in the future?

Union: We don't see any contract with the present administration. Our best chance would be for a buy-out, some other employer.

Interviewer: Why don't you have a contract?

Union: The company and company lawyers were able to convince a bankruptcy judge to throw out the labor contract.

Interviewer: When was this done?

Union: Effective December 31, 1983. It seems like we were in court in Cedar Rapids all of November and December.

Interviewer: What governs how you're working right now?

Union: We work under what the company instituted as the Work Policy Manual, spelling out the wages, hours, and working conditions as they see fit to financially better the company.

Interviewer: And your pension?

Union: The plan was terminated in October 1982.

Interviewer: Since then, is there anything that goes towards retirement for Rath employees?

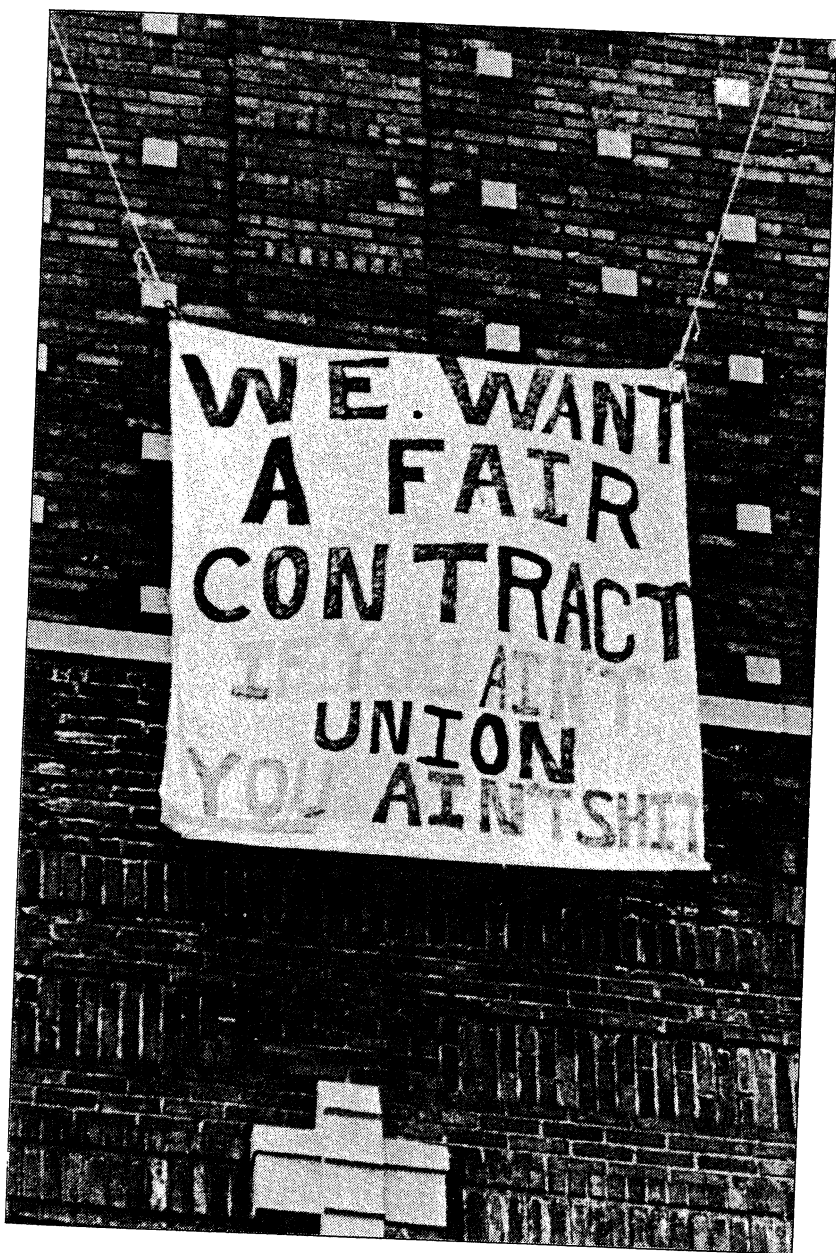
Union: No. The terminated plan is based on years of service prior to October '82. No more years after that. It's those years times \$13.

Interviewer: So, new employees coming in do not have a pension plan and those workers who were here before do not receive any additions.

Union: Right.

Interviewer: How about work practices under the new policy manual?

Union: On the productivity, the company maintains productivity is the same as before the bankruptcy. Job loads are based on what we call "whisky bottle seniority."



Interviewer: I'm almost afraid to ask. What is "whisky bottle seniority"?

Union: That's where if you're in good with the boss, you get a good deal. If the boss doesn't like you, you get a bad deal. Back in the old days, you took the boss a jug of whiskey and got a good job. If you didn't, you got the worst.

Interviewer: Since the bankruptcy, how has the grievance load been.

Union: There's a very low level of settlement. The company is not bothering to give logical explanations. It's just "grievance denied." We're into arbitration, which we hadn't done since 1970. We went back to arbitration because we can't resolve grievances any other way. The number of grievances went up dramatically and now they're down again. We attribute that to lack of settlements and the people giving up on grievances.

Interviewer: How was the grievance load from 1980 until the bankruptcy?

Union: Pretty good, even then. But we could settle them in what we call "pre-arb." There the union and company would sit down together and settle them.

Interviewer: And that isn't happening now?

Union: No. The pat answer and the pre-arb statements are "...company position remains the same." It's not due process at this point. It's just a fight.

Interviewer: Speaking of a fight . . . I was just looking at the photo on the wall. There's a banner that reads, "We want a fair contract. If you ain't union, you ain't shit." Mind telling me about that?

Union: We were picketing the administration building this spring [1984], trying to get a contract. It was family day: spouses, children, and the whole crew. The night before, some of our younger members painted up that sign. The next day, while on the picket line with the news media around, they let it flop down from the roof. We didn't know they were going to do that, but we're glad they did. They may not have a lot of union training yet, but they are full of piss and vinegar. We're proud of them.

Interviewer: Did this happen around the time your kill-floor steward was fired.

Union: Well, no. This picket thing happened not very long before that happened.

Interviewer: How on earth did one of your stewards get fired?

Union: The kill floor was going to work nine hours one day, and the people wanted to grieve on the fact that they weren't going to get overtime after eight hours. The company refused the steward a grievance. He insisted. The company fired him. The "kill" shut down in support. Then, the other departments shut down in support of the kill. The union couldn't tolerate the firing. It was stopping due process and if there's one thing we've got to have, it's due process.

Interviewer: The owners of Rath Packing walked out over their union steward being fired by Rath management.

Union: Not only that. While the grievance discussions were going on in the kill, the management called the police. . .

Interviewer: They called the police?

Union: . . .to haul us out of our own building.

Interviewer: To haul the owners out of their own building.

Union: Now, three weeks previous to this, there had been a second shift donnybrook in "sliced bacon." They called the police. The police came in and threw us out of our own building. After that happened, we called labor attorney Harry Smith in Sioux City and asked what was the penalty for criminal trespass because that's what the police said they'd do if we didn't leave voluntarily. Harry said that we had a right to be there. They didn't have the right to throw us out. We aren't guilty of trespass. Harry said to say (1) we're protected under the NLRA because it's a "concerted" effort, (2) we have a right to be here [*in the building*] because we're trying to resolve a dispute, and (3) we own the place. So, when the three police officers came to the kill floor to throw out 100 of our people, we got hold of the sergeant and went through our little recitation, to which the sergeant admitted he didn't know about that, but the agents of Rath had told him to remove the workers from the premises. We went through the speech one more time and the sergeant began to back off a little bit. Finally he said, "Why don't I just get out of here and let you folks settle it."

Interviewer: One smart police sergeant.

Union: Yeah.

Interviewer: So, how long were you out?

Union: Three days.

Interviewer: How many people?

Union: 700.

Interviewer: What was the agreement that got you back to work?

Union: The company agreed to honor the grievance procedure.

Interviewer: What is the status of the steward?

Union: He's back to work. We took the position that we all go back or nobody goes back. We then agreed to arbitrate the steward's discharge at a later date.

Interviewer: Given the bankruptcy, no contract, picketing, and the police, I have to ask you: Are the Action Research Teams (ARTs) at least working?

Union: No. The union has stepped out of the picture and urged the people not to attend them. We told the company we'll have nothing to do with the ARTs.

Interviewer: Were the ARTs a part of the ESOP? Just what were they?

Union: When we first started the ESOP, we wanted to figure out a way to get the workers' ideas up to management because we believe that workers know their jobs better than management. Cornell University helped us set up these Action Research Teams, especially Chris Meek. He came out here and set them up. They're another name for quality circles. We used them as the means for the worker to get his or her idea up to management.

Interviewer: How many teams did you have going?

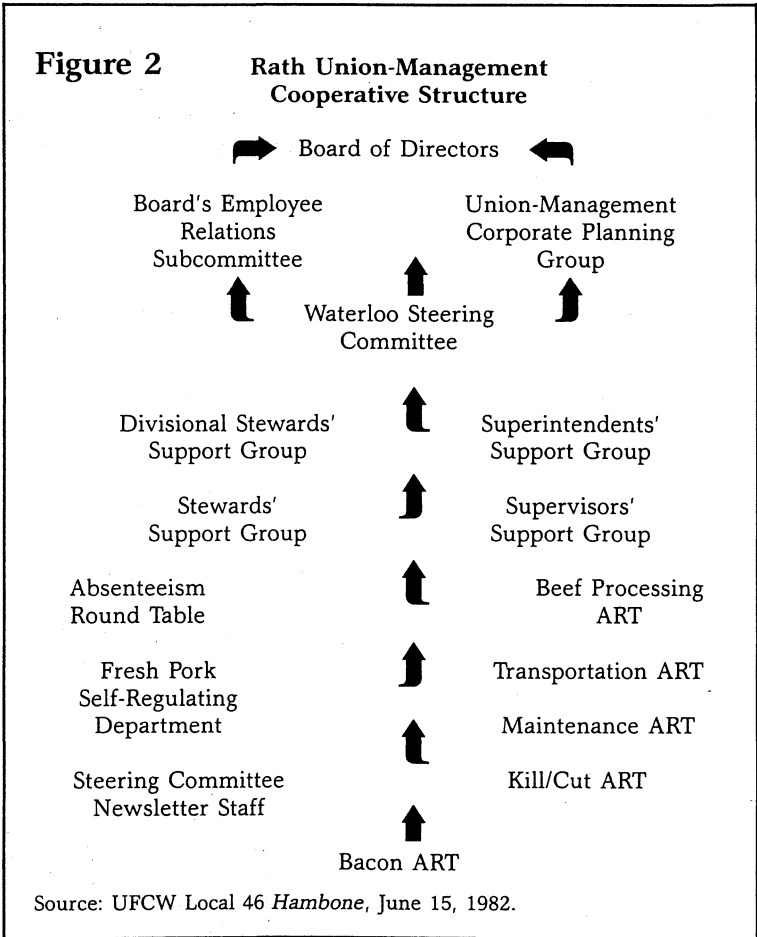
Union: 15 or so at one time.

Interviewer: Did they do some good?

Union: Oh yeah! But it seems where we had resistance from management, the teams bogged down. It's very important that management adopt the concept as policy and push it down through their supervisors. Many of the supervisors felt threatened by the existence of the teams.

Interviewer: Why aren't the ARTs working?

Union: There is no cooperation from the company. We're back to a normal employee/employer relationship. It's what we call an adversarial relationship.



Interviewer: Like what we were talking about with the grievance machinery.

Union: Right.

Interviewer: It doesn't work unless all parties are trying.

Union: Yeah. ARTs are a cooperative thing and we're not in a cooperative mode right now. We're just like any other company now.

Interviewer: Can you relate the change process that took Lyle Taylor from president of Local 46 to president of Rath Packing?

Union: Some months prior to Lyle being moved in as president of Rath, he was put in as executive vice-president and chief operating officer [1982] by then corporate president Herb Epstein. It had become apparent to the Local and the Board that Herb just wasn't getting the job done. When Herb asked for the \$2.50 deferral in January 1983, we agreed to the deferral on the basis that he would resign and Lyle would take his place. The union urged the ESOP participants to back us up. We pushed hard for Lyle because we felt he would make the changes that needed to be made.

Interviewer: So, in the spring of 1983 the transition took place?

Union: That's right. Herb resigned. The Board nominated Lyle and the participants voted for it at the annual ESOP participants meeting. When the annual stockholders meeting convened, Lyle was elected president and chief executive officer.

Interviewer: One of the changes Lyle Taylor did effect was the bankruptcy declaration. Did you know in advance it was coming?

Union: We knew that somewhere down the line bankruptcy was imminent if the company didn't turn around. Before, Rath always had the pension payments to fall back on. Rath went to a plus \$14 million net worth with the pension plan termination. Yet, from October 1982 up to October 1983, they managed to lose all of that net worth plus the continuing deferrals.

Interviewer: Let's go to the bankruptcy proceedings. Were you prepared or were you surprised at what went on?

Union: We weren't surprised that the judge threw out the contract. We already had the book on him. Judge Thinnes gave us three weeks to work out a contract with the company, but the company did not want to settle.

Interviewer: I know that in the contract negotiations since the bankruptcy decision, the union even offered Rath the Wilson [*Cedar Rapids*] compromises and even that didn't work. What has been the union's reaction to this type of bargaining?

Union: We didn't dream that it was going to happen this way. When Lyle handed us the new policy book, you could have knocked us over with a feather. We just didn't believe he would gut the contract. That was six months ago and Rath has been losing money every since.

Interviewer: At the \$7.24 rate.

Union: At the \$7.24 rate. We think they needed to go into bankruptcy. We didn't think they needed to reject our contract. What's bad about it is our Board of Directors allowed it to happen.

Interviewer: Are all those directors still on the Board?

Union: Most of them. We put three new union members on there this last stockholders meeting, bringing to six the total of union members on the Board. We had three on at the time of the bankruptcy.

Interviewer: What accounts for Lyle Taylor's behavior as company president?

Union: You know Lyle. You have to ask him this question because we certainly don't know the answer. Our members believed in Lyle. Some still do, including some of the members sitting on the Board. Lyle's personal leadership skills are extremely effective.

Interviewer: Is Lyle's throwing out the contract a case of a union officer going bad once he or she gets on the other side?

Union: That's too simple. Lyle never does anything halfway. He shared our dream of worker control at Rath and fought hard for it. He was not going to let Rath go "belly-up" in the late '70s without a fight.

Interviewer: So why the policy book?

Union: We went into bankruptcy because Rath still cannot operate profitably. We suggest—now this is just a thought—that Lyle no longer sees the ESOP as the means of making Rath profitable and saving jobs. He is now looking for someone to buy Rath out. Lyle is trying to make us attractive. \$7.24 and no contract may be a part of his strategy. This is all just a guess on our part. You'll have to talk to him.

Interviewer: This summer Adam Weinreb attempted to buy Rath and this local union was in full support of the effort. The financing just didn't jell. After all this union has been through in the past six years, everybody was willing to jump out of the tenth floor and give it all away to Weinreb if he could work a financial miracle. You would have cashed in the worker control, wouldn't you?

Union: . . .Yes. The ESOP might have continued, but worker control would have been gone. We would have had 27% of the stock, but the purpose of the ESOP would have no longer been there. That purpose was to keep our stock in a block so we could control it.

Interviewer: Your ESOP would have turned into one of the fringe benefit options you disdained earlier in this interview.

Union: That's why the union was willing to embrace Weinreb. Even though all of the directors were selected by the ESOP participants, the employees do not control Rath Packing. We own it but we have less control that we did when we first started the thing.

Interviewer: You had some wonderful dreams. You know the successful European models and all the major U.S. efforts at worker ownership. The dreams are gone, aren't they?

Union: Yes, they are in Waterloo. Employee ownership and control of Rath probably died a year ago. No, it died before that. We just didn't know it died. Our first and worst mistake was the selection of our first Board of Directors in 1980-1981.

Interviewer: Why was that?

Union: We selected a combination of union members, lawyers, academics and the like. People, we thought, would understand our dream. We should have picked a majority, if not all, of good militant union workers. We now have six union members on the Board. It's the most we've ever had. The union officers should have sat down in this room and said to the union directors that this is what we are going to do and this is how you are going to tell management what to do. We didn't do that. We lost it there. We never really had control. We tried to use the ESOP to direct the Board and we did direct them to a certain extent. But in the end they did their own thing when the hard issues came down the pike. The Board followed Lyle's lead closely, without question. We needed more union people there, plain and simple.

Interviewer: Did you do a good job of educating the membership about what worker control and employee ownership really means?

Union: No. We did some education, but not enough. You, Roberta [Till-Retz] and Lynn [Feekin] [all from *The Labor Center at the University of Iowa*], worked with us to keep our union identity intact, but we didn't do enough. We really never got it through their heads what to expect as employee owners. How to behave. Our directors, union and non-union, were too often intimidated by management and their attorneys. They did the best they could.

Interviewer: Your people really didn't know what to do.

Union: Yeah. Do you trust Lyle, once a long-time and good leader of this local? Do you listen to company attorneys who frighten

you with legal jargon about responsibilities, lawsuits, and much more? Do you listen to what the ESOP trustees say? We, the union, failed. We did not educate our directors and our members as to their duties. As a result, we have never controlled the Board of Directors at Rath Packing.

Interviewer: Can somebody else take the Rath ESOP/Worker Control model and make it work, knowing what we've just talked about?

Union: Sure, sure.

Interviewer: I want to close with this. The Rath model, given the idea that you need to have more worker control on the Board, have good management. . . .

Union: Yeah.

Interviewer: . . . have good education for Board members and participants. . . .

Union: Oh yeah.

Interviewer: . . . that this would make the Rath model truly workable.

Union: The Rath ESOP is a perfect instrument. We'll show it to anybody. They don't have to hire a lawyer. If they can grab all the control they can plus educate themselves. . . . keep the union strong even though they're employee/owners. . . . keep that hammer. They can make it work. But nobody wants to touch a failure. . . . It can work.

Interviewer: But it didn't work here.

Union: We didn't. . . .

Interviewer: The model isn't at fault, it's implementation. . . .

Union: Right. The things we did. We had the resources, but we made mistakes that lost it.

Interviewer: Will Rath be here next year?

Union: We're not confident that it will be. The Rath Packing Company purchased by somebody else could be here. If we go belly up, we look for someone like IBP [Iowa Beef Processors] or Morrell to move in and pick up the carcass and close the Waterloo plant. They'll go to our Columbus Junction plant and take the brand name. IBP wants Columbus Junction so bad they can taste it. . . . It never ends. . . . ♦