

THE RESPONSE OF ORGANIZED LABOR  
TO PLANT CLOSINGS IN ILLINOIS

by

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ABSTRACT

This report examines the problems associated with plant closings in Illinois and various attempts to mitigate the negative consequences of disinvestment and economic dislocation. The study first compares nineteenth and twentieth century industrial development in Illinois to illustrate the areas of continuity and change in the development patterns and structure of the economy. This history demonstrates that plant closings, far from being a recent occurrence, have recurred throughout the past century under similar circumstances as today. Plant closings have received increasing public attention in recent years because of their high incidence and concentration in industries and communities that once constituted the foundation for economic strength of entire regions. An investigation of these plant closings leads directly to underlying structural shifts in the Illinois, U.S. and world economies. These shifts are geographical, with U.S. corporate investment shifting away from the Northeast and Midwest toward the South, West and foreign countries. They are sectoral, or away from manufacturing to services, at least in the U.S. These changes are occurring in terms of corporate structure, from huge, single-industry corporations to even larger, diversified, transnational corporations. They are occurring in terms of occupations, from jobs associated with manufacturing to service jobs. Labor-management relations are on uncertain ground, given the weakened position of organized labor at the bargaining table and a management strategy to establish businesses in less militant or non-union environments. Finally, technological change, symbolized by the computer revolution, has already begun to induce changes in the nature of products and the organization of production, thus affecting occupations and working conditions.

This report reviews collective bargaining, union direct action, plant closing legislation, and social and economic planning in terms of their potential to address the fundamental and particular aspects of problems associated with plant closings. One case of the social and economic planning approach, the plant closing project of the Manpower Assistance Program (MAP) of the Illinois State AFL-CIO, is examined in detail. The MAP, funded by the Illinois Department of Commerce and Community Affairs, began its plant closing work in 1980 and has since coordinated services and provided technical assistance to displaced workers from more than fifteen different plant shutdowns. At the present time, it is the only project of its kind in the nation operated by a state AFL-CIO.

The report finds that the plant closing work of the MAP represents a notable contribution to the development of services for plant closing victims, even though the Program is not in a position to directly combat plant closings. The MAP is also important for the numerous questions it raises about the details of how such programs should be run; the role of organized labor in such programs; the impact of such programs within the labor movement and among organized labor, state

government, management and community groups; the relationship of such programs to other responses to the problem; and the benefits and limitations of such programs. The report also finds that all of the responses, while progress is being made, require further development if they are to be more effective in preventing plant closings and minimizing the negative consequences of those that occur.

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NOTE ON FIELD RESEARCH

During the summer of 1981, while working in Chicago, I contacted Mr. Doug Richardson, Field Services Coordinator, Region I, AFL-CIO, to discuss my interest in writing a thesis related to economic development and employment policy in Illinois. The problem of plant closings in the State came up and he referred me to Melva Meacham, Coordinator of the plant closing project of the Illinois AFL-CIO Manpower Assistance Program (MAP). I met with Ms. Meacham and we discussed various aspects of the work in which she was involved that warranted further research. After a number of conversations we agreed that I would conduct research on a number of the plant closing programs that had been coordinated by her project.

Originally I intended to focus on the retraining programs that had been conducted for displaced workers in four communities in Illinois. This turned out to be an unrealistic goal, because it was not possible to arrange contacts with both retrainees and non-retrainees and interview them adequately during the six weeks of my field research. Rather than change topics entirely, I decided to write about the plant closings work of the MAP in general.

I spent my winter break in Illinois, from early January to mid-February, 1982. During this time, I travelled back and forth across the State--from Chicago north to Waukegan, west to Rochelle and the Quad Cities, northwest to Elgin, and southwest to Peoria and Springfield. I conducted personal interviews with more than thirty individuals in these communities to learn about the various responses to plant closings that had been developed. I observed one meeting between Melva Meacham and local union officials to pre-

pare for an Adjustment Assistance Workshop. (See Chapter Four). I attended two Workshops for displaced workers in Peoria and Elgin. I also collected a substantial amount of background material specific to Illinois, including government reports, local newspaper articles and program documents.

My interviews tended to emphasize three points: 1) background information and/or history of the situation, including, where relevant, both the plant closing and the community response; 2) the individual's analysis of the specific situation; and 3) the individual's opinion on policy issues, such as the use of CETA funds for displaced workers, or the State Federation of Labor's role in providing plant closing services. All of the personal quotations in this report are taken from my interview tapes. The Program history and analysis could not have been written without these interviews. Even though I have thanked them elsewhere, my gratitude to each person I interviewed for their cooperation bears restating.

INTRODUCTION

Teamsters Union Hall, Peoria, Illinois, February 5, 1982:

Despite the fact that it had been snowing heavily since the previous night, more than fifty Pabst Brewery\* workers from the first wave of permanent layoffs at the plant arrived at the Teamsters Hall to attend an Adjustment Assistance Workshop. The Workshop had been organized by the Peoria area AFL-CIO Community Services Representative, in consultation with the local union and Melva Meacham, coordinator of the plant closing project of the Manpower Assistance Program (MAP) a technical assistance and services project of the Illinois State AFL-CIO. Ms. Meacham, who had organized and conducted at least twelve similar workshops throughout Illinois during the previous year, was scheduled to give the opening address. She faced this Workshop with difficulty. Several months prior she lost her job when the Hirman Walker Distillery began its two-year shutdown process that eliminated 1100 jobs in Peoria. Her memories of that experience were vivid enough to make this return to Peoria especially painful. The town, the circumstances and the people were too familiar.

The President of the Pabst Brewery Workers Teamsters Local Union introduced Ms. Meacham as a person who knew what the Brewery Workers

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\* Pabst was scheduled to close completely in late February or early March, thus eliminating approximately 700 jobs in Peoria.

were experiencing because she had been a plant closing victim herself. The audience remained still as she began to speak.

She started by telling the audience briefly about her own experience at Hiram Walker--how she had spent twelve years at the end of a bottling line putting codes on cases. Ms. Meacham recounted that she and her co-workers had not believed that the plant would actually close. She described their stages of emotion, including disbelief, anger and finally, sadness.

Halting momentarily, Ms. Meacham shifted from herself to the Workshop. The Workshop itself was certainly not enough, she acknowledged, but it was more than the employees of Hiram Walker received, since no programs existed when she lost her job. She explained what they would hear during the Workshop, including information about social services, job seeking skills, local training opportunities, public assistance and unemployment insurance. While conceding that some of the topics might not seem of interest or use to them, Ms. Meacham almost pleaded with the audience to listen, if not for themselves then for their union brothers and sisters who were unable to attend the Workshop. "At some point down the road," she stated, "you may need some assistance. And you should not feel shy about taking those services, because you paid for them with your tax dollars and through contributions to United Way. Furthermore, you are not alone. Union members all over the State are in the same position as you are today."

She stated frankly that no one at the Workshop had any jobs for them. She wished she had, but instead "I feel like a lady with a box full of bandaids in a room full of dying people." Finally, not wanting

to end on such a negative note, Ms. Meacham concluded her presentation with some words of encouragement. "This is not going to be an easy time for you. Believe me, I know. However, you can and will make it. This doesn't have to be the worst thing that ever happened to you."

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Since 1980, when the plant closing project of the Manpower Assistance Program, Illinois State AFL-CIO, was first funded by the State of Illinois, Melva Meacham has coordinated more than fifteen similar Adjustment Assistance Workshops throughout Illinois, serving several thousand workers. She has also provided technical assistance to numerous International Unions, other State Labor Federations, and the Human Resources Development Institute (HRDI) of the national AFL-CIO. In less than two years of operation, Melva Meacham and the MAP of the Illinois AFL-CIO have earned a national reputation.

This report tells the history of the MAP and analyzes its activities to date. Even though it is a relatively young and limited program (Ms. Meacham is presently the sole full-time staff for the plant closing project), it is unique in the nation. Thus far no other State AFL-CIO has developed a similar program to address the needs of workers displaced by plant shutdowns. Some states, such as California and Michigan, and a few International Unions, such as the United Food and Commercial workers, the Allied Industrial workers and the United Auto Workers\*, are experimenting with plant closing

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\*These examples are not intended to be totally inclusive of all the projects that exist.

programs, but the need nation-wide exceeds the available resources and programs.

It is crucial, therefore, to study Illinois experience in order to improve our capacity to address the myriad of social and economic stresses that result from plant closings and other instances of economic dislocation. The MAP illustrates both the concrete benefits and limitations of such programs. It demonstrates the types of cooperation and conflict that occur when organized labor, community groups, private business and public agencies attempt to work together on socio-economic problems. The Program also raises specific choices for the labor movement regarding how to respond to rapidly changing economic and political circumstances.

The MAP experience also leads to broader insights and questions about fundamental economic and political issues. In a sense, this study of the MAP is akin to discovering much about the universe by exploring one's own backyard. The boundaries of this case are definite: one small project serving one limited group of unionized, industrial workers displaced by plant shutdowns in one state of fifty in one country of the world. Scrutiny of the details within these boundaries directs us to the universe, meaning the larger economic forces and political traditions that determine the specific characteristics and significance of the events that occur in the microcosm. A fundamental issue for American society is implicit in this inquiry that moves back and forth between the minute details of plant closings and Adjustment Assistance Workshops, and broad political debates and economic changes. How are the resources-- natural, human and financial-- of our society to be allocated and

utilized in the production and distribution of goods and services to maximize the economic and social well-being of all our citizens?

This question lays at the core of the specific problem of plant closings and the MAP as one response to this problem.

This broad view is essential, in addition to the perspective it provides on the MAP, for the insights it raises about the nature of the general problem underlying plant closings. Chapter One develops this perspective by examining the nineteenth century industrial development of Illinois. From this history, we learn that plant closings occurred during this earlier era of industrialization. We learn that communities prospered and declined on waves of changing investment decisions. We learn also that a heated debate about the costs and benefits, winners and losers, of these investment decisions raged even during this time of unprecedented economic growth.

Chapter One adds to this historical view with an examination of major current changes in the structure of the Illinois economy. This comparison between present and past illustrates areas of continuity and change. For more than a century the resource distribution question stated above has been the underlying theme of political debate about plant closings and socially disruptive economic change. In U.S. history, this debate is framed in terms of trade-offs between the public good and private economic gain. A second point emerges from this historical analysis. Each era is faced with a particular set of economic challenges and choices about what should be produced and how available technology should be applied in this production. Thus, the issue of plant closings presents a general problem that has two



interconnected dimensions--one political and the other economic.

Chapter Two illustrates in much detail these two aspects of the problem of plant closings. It presents data on a variety of specific closings that have occurred in Illinois during the past decade. This Chapter demonstrates that there is a reasonable cause to question the rationale for many of these shutdowns because the circumstances, in most cases, do not indicate business failure.

Chapters One and Two together establish the issues that must be addressed ultimately by any efforts to minimize and/or prevent the negative consequences of plant shutdowns. Chapter Three describes a wide range of current responses to these problems, including collective bargaining, plant closing legislation, union direct action, and social and economic planning. These responses are discussed in terms of their ability to mitigate the specific consequences of plant closings, as well as tackle their political and economic origins. The story of the MAP is then presented in Chapter Four as an example of the social and economic planning response category. Chapter Five expands the discussion of planning and analyzes MAP's experience primarily in terms of the potential and limitations of participation in planning by organized labor.

We find that the MAP, like the other responses, is not adequate as a single approach to address the problems associated with plant closings. All of the responses combined are still not able, at the present time, to address the underlying political and economic causes of plant closings. These responses are currently evolving, however. It is too early to predict what will be the particular contribution of each approach to resolving the problems associated

with plant closings.

The MAP represents one step in the evolution of the willingness and capacity of organized labor to deal with the effects of plant shutdowns. It also signifies one step, even if experimental, toward greater participation of the labor movement in social and economic planning. The focus of this report on the steps of the Program raises one set of specific, detailed questions about how to cope with economic dislocation. The historical context explored in this report raises a set of broader questions about the distribution and application of resources in our society. The answers will require an immense amount of work, consisting of both reflection and action. The answers also present a challenge which we, as citizens, are obligated to address.

CHAPTER ONECONTINUITY AND CHANGE IN THE POLITICAL ECONOMY OF ILLINOISIntroduction

Why should a study of a current public policy problem begin with the events of a century ago? The reason is that a thorough knowledge of the history of one's nation, like the understanding of ourselves as individuals, can provide several valuable insights. Personal and historical memory, while it cannot prevent the repetition of mistakes, can aid in decision-making and problem-solving. Contemplation of past successes and failures can guide present action.

History also provides a measurement of both change and continuity. Checking last year's height line on the kitchen wall confirms a child's growth. High school and college reunions perform a similar function: "You're bald now, but you haven't lost your sense of humor".

Historians scrutinize society in the way that old friends examine each other. They perceive familiar signs, variations on past themes, and sometimes, unprecedented change. While the analogy between personalities and nations is limited, they both also possess characteristic traits, or themes.

Historians have identified several themes characteristic of the United States. The frontier theme is one of the most familiar. Former President Kennedy's designation of outer space as the "New Frontier" during the 1960's was no accident. Other common themes are defined as fundamental, recurring conflicts. One example is the conflict between the public good and private economic gain. This

theme is the specific formulation of the fundamental resource distribution question noted in the Introduction. The assumption implicit in framing this issue as a conflict, or debate, is that policies conducive to private gain may not necessarily promote the public good. In many cases, in fact, actions that support private gain are detrimental to the public good. This divergence of interests is evident in many examples throughout U.S. history.

During the 1890's the campaign against large corporations that eventually led to the Sherman Anti-Trust Act was an example of this conflict. The debate of the New Deal regarding the extent to which the government should intervene in the market and regulate private industry was a variation on this theme. In the 1970's and 1980's, plant closings and increasing structural unemployment are causing people to question corporate strategies that do not serve the well-being of working people and their communities. Today, labor unions concerned with displaced workers, housing activists fighting against neighborhood displacement and environmentalists seeking pollution controls have at least one thing in common: they are all standing squarely on the shoulders of a central, long-standing American dilemma.

Thus, before beginning an assessment of the current situation in Illinois, we turn briefly to the history of the State's industrial development for two reasons. This history will, like checking last year's mark on the wall or seeing old friends, help us to assess what is similar and what is different about our present economic situation. This comparison will enrich our understanding of the nature of the problem represented by plant closings. Second, this understanding of the problem will contribute to the analysis of present problem-solving

efforts in the second half of this report.

### The Industrial Development of Illinois

For many people, the Great Lakes states of Michigan, Ohio, Indiana, Illinois and Wisconsin evoke two contrasting images: forbidding, acrid agglomerations of smokestacks and industrial waste centered in the reputedly unliveable cities of Detroit, Cleveland, Gary, Chicago and Milwaukee; and seemingly endless rural lands, the horizons of which are punctuated only with grain elevators and an occasional water tower. Illinois, especially, is experienced as simply one stop on the way to somewhere else. For many travelers, it is the crossroads of O'Hare Airport in Chicago, or the edge of the industrial belt that stretches westward along Highway 94 from Buffalo, New York. Chicago is even more predominant in the popular imagination than Illinois. Chicago is the grain trade center, an international financial center, and more than thirty miles of neighborhoods stretched out in grid form along the lake, housing millions of people.

These general impressions illustrate key elements of the economic foundation of the industrial heartland. The Great Lakes states, although not dramatic in their terrain, were endowed with natural resources highly conducive to the economic development of the nineteenth century--lakes and waterways, forests, coal, iron ore and productive soil. Illinois had the advantage of bordering on the Mississippi River and Lake Michigan, thus providing it with two major ports at Chicago and St. Louis, Illinois also had substantial coal reserves.

The industrial development of the region did not occur for more

than a century after the first settlements of European immigrants were established in the late seventeenth century. A history of the lakefront cities links their development, not surprisingly, to a waterway.

"The Erie Canal, especially, opened up a whole new region tributary to the Great Lakes and triggered the growth of a new urban complex on the shores of the lakes. Beginning with Buffalo and continuing westward to Duluth, from the latter 1820's on, the cities of the Great Lakes region grew faster than the older river towns and came to eclipse them in size."<sup>1</sup>

Natural resources and geography conducive to trade were not the sole causes of development, but were contributing factors. Entrepreneurs and financiers played an even more significant role in the development of both towns and industry.

"These major cities of the Middle West did not "just grow". the promotional activities of the original speculator-founders were only the beginning of a long-time program in which newspaper editors, merchants, and citizens at large combined their efforts to attract settlers and business to a given city and away from its neighboring rivals."<sup>2</sup>

The planning of the Illinois Central Railroad illustrates some of the practices and motivation behind this promotional activity.

"Numerous cities in the West owe their importance to the fact that groups of energetic local promoters with substantial investments in local real estate were able... to persuade railroads to build to their particular locations... The techniques of town development and the system of bargaining with competing communities were perfected by the Illinois Central Railroad, chartered in 1851 to build southward from Chicago through the heart of the state. The company used the threat of building new towns or running its tracks through neighboring places in order to force local officials in established communities to offer concessions of right-of-ways, railroad station site donations, or stock purchases... The company's charter prohibited the railroad from laying out towns on its lines, but Illinois Central leaders circumvented this restriction by creating a land company called "The Associates" for the specific purpose of managing town-site speculations... Profits from the Illinois Central's town promotions were large..."<sup>3</sup>

In Illinois this urbanization was accompanied by rapid industrialization. The fastest-growing, most important industries were rooted in the state's natural resources.

"Basic to all of these growing cities were the agricultural foundations of their infancy. From these developed diversified industries to convert the area's natural resources into finished goods. The more industries a city could generate...the better able it was to continue to grow. Collinsville's clay topsoil became bricks, its corn became liquor, its coal fueled the smelter. Tomatoes from surrounding fields fed the canning factory..."<sup>4</sup>

By 1880, slaughtering and meatpacking was one of the most important industries in Illinois. The Census of 1880 recorded that "the concentration of this industry is startling, the single state of Illinois contributing almost one-third of the nation's whole."<sup>5</sup> The iron and steel industry, located primarily in Chicago, also grew phenomenally during this period. The state boasted thirteen rolling mills and steelworks by 1880.

In 1847 Cyrus McCormick transferred his agricultural implement factory to Chicago from Virginia, and became the leading manufacturer of farm machinery. He thus joined the ranks of several rapidly growing enterprises that led Chicago to national economic prominence.

"Chicago not only dominated the state, it was also fast becoming a recognized national center for industry, ranking third, behind New York and Philadelphia, in gross product in 1880. It ranked first in slaughtering, sash doors and blinds, and planed lumber; second in agricultural implements, brick and tile, furniture, iron and steel, and tanned leather; and third in printing and publishing; distilled liquor, foundry and machine shop products, and men's clothing."<sup>6</sup>

Finally, in addition to its reputation for manufacturing, Chicago became established as an important trade and financial center second only to New York City.

The railroads could not have been constructed, the towns built, the factories operated, nor the products consumed without the immigrants who arrived in Illinois in large numbers and represented 20 percent of the state's population in 1870.

"Labor from the immigrant stream was another necessity. It was the presence of the immigrants that gave much of the flavor to Illinois towns... Immigrants buttressed the work force that sped industrialization, the consumers who supported the economy... Between 1870 and 1900, over 450,000 immigrants entered the state, bringing the total foreign-born population to 966,747."<sup>7</sup>

Thus the latter third of the nineteenth century hurled rural Illinois into the industrial age. Between 1870 and 1900, the population of the state nearly doubled, the number of workers in manufacturing quadrupled and the capital invested in industry multiplied more than eight times.<sup>8</sup>

#### Patterns of Early Industrial Development in Illinois

This phenomenal growth and development did not occur smoothly. Business, communities and workers each experienced particular stresses and strains to which they responded with a variety of strategies. The strategies adopted by these groups to cope with the difficulties of rapid industrialization significantly influenced the nature of development in this era, and for decades to follow. The following key patterns emerged: 1) Business responded to economic stresses by reorganizing into large corporations; 2) Communities competed among one another to attract business and industry; 3) Technological advances in transportation and communication contributed to the mobility of industry; and 4) Workers, seeking to organize unions for their own protection, came into direct conflict with business and, in some cases,



communities. Each of these patterns is discussed below.

The rapid growth of corporations, and their increasing mobility, were two interlocking trends that precipitated substantial controversy. "For the general public, the most conspicuous results of industrial development in the post-Civil War decades were the creation of a new group of multi-millionaires."<sup>9</sup> The trend toward corporate concentration of this wealth is thought to have been a response to the intense competition of the period.

"The primary cause of this concentration was the wave of combinations and mergers that took place at an unprecedented rate during the last quarter of the nineteenth century. This merger movement was the outgrowth of the particularly severe competition that had ravaged and destroyed scores of businesses... The scope of the merger movement was so great that by 1904 it had basically altered the structure of American industry. By the beginning of that year there were over three hundred large industrial combinations with a combined capitalization in excess of \$7 billion. They controlled more than two-fifths of the manufacturing capital of the country and had affected about four-fifths of important American industries."<sup>10</sup>

Businesses in Illinois were fully involved in this merger movement.

"Illinois firms experimented with each of the classic sequence of devices meant to abandon clawing competition... When (associations and gentlemen's agreements) became ineffective, industrialists resorted to trusts or contracts that placed the voting stock of several companies in the hands of "trustees"... The most significant movement toward economic order was finance capitalism. This phenomenon resulted from the accumulation of capital in the hands of a few American and European financiers, enabling them to dominate their own investment markets, and the industrialists' willingness to accept outside or banker leadership in the 1890's when their credit need increased just as the economy was entering a period of depression."<sup>11</sup>

Cities and towns hoped to bolster their local economies by sponsoring advertising campaigns and offering incentives to convince businesses to locate in their vicinity.

"Just as they eagerly sought railroads, cities wooed new industries. Cairo was one of many downstate cities that appointed a committee to secure industry from within the U.S. or abroad by offering free land and a variety of "other encouragements". When the Quincy Improvement Association was organized in 1870, "all the speakers recognized the indispensable necessity of an increase in the number, variety, and extent of our manufacturing establishments."<sup>12</sup>

The efforts of these towns were partly supported by technological advances that facilitated the mobility of business and the decentralization of manufacturing.

"In the late nineteenth century, the substitution of electric power for steam in industry and improvements in transportation made it possible for manufacturers to move away from central cities, and they were encouraged to do so by a number of factors: the need for vast amounts of cheap land to build factories incorporating all stages of large-scale complex production, lower taxes, and freedom from regulation in regard to smoke and noise."<sup>13</sup>

At the same time as businesses and communities were organizing to further their interests, workers were organizing as well. Illinois has a long history of trade unionism, dating to the 1850's.

"A firm nucleus of trade unions existed in Illinois by 1865, in spite of the anti-union LaSalle Black Law passed two years before. The National Typographical Union had locals in Chicago and Peoria in the 1850's, and the railroad brotherhoods appeared in a number of cities in the 1860's. Following the pattern of craft unions, the Iron Molders organized in Chicago, Quincy, Bloomington, and Springfield... Bargaining relationships between the (Iron Molders) and the huge McCormick reaper company were constant and effective from 1862-1886... The building trades began to unite in Chicago, tailors unionized the lake city (Chicago) and in Springfield, and a cigar makers' local appeared in Jacksonville by 1873... These efforts at organization resulted in an impressive nucleus of trade unions in Illinois in the early 1870's."<sup>14</sup>

During the 1860's, workers in Chicago organized several eight hour leagues and were successful in passing an eight-hour ordinance through the Chicago City Council in 1867. From the late 1870's to the

end of the century, there were waves of intense labor conflict. In the 1877 national railroad strike, the National Guard was sent to Chicago, Peoria, Galesburg, Decatur, East St. Louis, Braidwood and LaSalle to quell labor unrest. In total, the National Guard was dispatched in Illinois at least thirty times between 1877 and 1898.<sup>15</sup>

This labor militancy was another factor, according to observers of this period, that triggered the relocation of businesses. This phenomenon, which was observed initially in New England, later spread to the Midwest.

"But cheap labor, even when supplied from abroad, did not long remain content in America, and the shoe industry produced some of the most determined union-organizing drives of these decades. Unfortunately, from the viewpoint of the cities involved, when union demands mounted in one town, many firms sought new sites, such as Milwaukee, Chicago, or Manchester, New Hampshire, where the organizers had not yet penetrated."<sup>16</sup>

Chicago did not remain attractive as a destination for companies fleeing unions. The following testimony by Chicago industrialists presented to the U.S. Industrial Commission at the turn-of-the-century illustrates that the organizers could relocate as well.

The President of Fraser and Chalmers Co. in Chicago:  
 "Chicago today is the hotbed of trades unionism... If it were not for the high investment [manufacturers] have in their machines and plants, many of them would leave Chicago at once, because of the labor trouble that exists here... In fact, in Chicago, within the last two months we have lost some of the very largest corporations that operated here."

President of a contracting firm in Chicago: "... all these controversies and strikes that we have had here for some years have... prevented outsiders from coming here and investing their capital... It has discouraged capital at home... It has drawn the manufacturers away from the city, because they are afraid their men will get into trouble and get into strikes... The result is, all around Chicago for forty or fifty miles, the smaller towns are getting these manufacturing plants..."<sup>17</sup>

Jay Gould, an infamous business magnate of the era, presented the following views of the relationship between business and workers to the Senate Committee on Education and Labor in 1883.

"And is it not true also that capital, if it gets better remuneration in some other country than it gets here, will go there? You cannot transfer your house, but you can transfer your money; and if labor is put up too high here, all the manufacturing will be done abroad, because the capitalists will go where they can get cheaper labor... Q: Labor, you think, gets its fair share? A: Yes sir. The returns of capital are not high; they are going lower. Manufacturers, for instance, do not expect to make the profits that they made some years ago... I think that if left alone, (employers and employees) would mutually regulate their relations. I think there is no disagreement between the great mass of the employees and their employers. These societies that are gotten up magnify these things and create evils which do not exist--create troubles which ought not exist."<sup>18</sup>

The business community's alarm about organized labor was matched by equally committed views from workers and their advocates. The following samples from testimony presented to the Senate Committee on Education and Labor at hearings conducted in New York in 1883 illustrate commonly-held opinions on these issues:

"The general fact is that there exists among the laboring classes of the United States a great and growing feeling of dissatisfaction and discontent... The tendency of business of all kinds, both in production and in exchange, is concentration, to the massing of large capital, and to the massing of men. The inventions and improvements of all kinds that have done so much to change all the aspects of production, and which are still going on, tend to require more and more capital, and to make it more and more difficult for a man who has nothing but his labor to become his own employer, or to rise to a position of independence in his craft or occupation."<sup>19</sup>

Q: "What is the social condition of the machinists in New York and the surrounding towns and cities? A: It is rather low compared to what their social condition was ten or fifteen years ago. Q: Do you remember when it was better? A: When I first went to learn the trade a machinist considered himself more than the average workingman; in fact he did not like to be called a workingman.

He liked to be called a mechanic... and felt he belonged to the middle class; but today he recognizes the fact that he is simply the same as any other ordinary laborer."<sup>20</sup>

"As I read the problem of society today, there are large forces making for the interests of capital and land, as against the interests of labor--these three factors together creating all wealth. Legislation works against labor,... and industrial development works against labor... Society has the right to limit the growth of the private fortunes which it really creates. If it finds them becoming excessive and so harmful, it can take measures to limit them."<sup>21</sup>

Even the Governor of Illinois during this period was moved to support the right of working people to organize.

"When capital aggregates itself and forms vast combinations, surely labor has a right to do the same thing, and all legitimate efforts of the wage-earners of our country to better their conditions should receive both moral and legal encouragement. This is particularly true for the reason that it is much more difficult for laborers to combine for industrial and moral ends than it is for capital."<sup>22</sup>

These anti-corporate sentiments (although not anti-business) were mobilized into a popular movement that "became so widespread and intense that in the presidential campaign of 1888, both the Democrats and the Republicans advocated federal laws to curb the abuses of big corporations... Only when public pressure reached incredible heights did Congress respond."<sup>23</sup> This achievement was only a partial victory. It even became counterproductive when the law was eventually applied against unions.

"The primary effect of the Sherman Act over the next few decades was to weaken labor unions. What had begun as a concession to the public's hatred of abuses by big business became an antilabor law. This effect followed because the courts ruled that many union strikes constituted constraints of trade. On this basis the government arrested numerous union leaders and broke up many unions."<sup>24</sup>

This glimpse into the past illustrates the threads, or patterns,

that have remained interwoven in the fabric of our economy since the nineteenth century. Then, the investment practices of entrepreneurs and financiers substantially influenced the growth and decline of towns, as exemplified by the planning of the railroads. Today, investment practices have shifted the locus of economic growth in the U.S. from the north to the south, and from the U.S. to other countries. Nineteenth century towns competed among themselves to offer incentives to attract industry. Today, tax incentive packages are the centerpiece of many states' economic development strategy. The nineteenth century wave of mergers dramatically concentrated U.S. wealth and industry into huge corporations. Since the 1960's, a second merger wave has produced even larger, diversified conglomerates and transnational corporations. Both of these merger waves, combined with business migration, have left closed plants and depressed communities in their wake. In the nineteenth century these business activities triggered two counter responses: one from workers in the form of union organizing and militancy; and the other from a broad-based anti-monopoly movement. Today, unions and community groups have been protesting abuses of corporate power and seeking remedies through plant closings legislation. Changes in technology--electricity in the nineteenth century and computers today--have significantly altered the direction of industrial development.

#### The Changing Structure of the Illinois Economy

Continuity with the past, however, is only half of the story. We obviously live in a world that is dramatically different from a century ago. What was the industrial era is now the post-industrial

age, seriously in need of reindustrialization. What was a time of growth (although not without recession) is now a time of persistent stagnation. The time of expanding U.S. influence in the world is now a time of declining U.S. political and economic power. In the nineteenth century, businesses relocated across the nation, now they locate throughout the world. The nineteenth century factory system and the assembly line displaced many craftsmen. Today, robots are replacing factory workers.

These changes portend profound consequences for our society and economy. Professor Bennett Harrison of MIT noted this in a recent article comparing jobs in older and younger cities.

"There is an important historical transformation underway which lies beneath the surface of all the political furor over declining vs. growing areas... and the war between the states... The older areas are definitely undergoing a qualitatively different kind of economic development than the new areas. Why? Who, or, rather, what forces control the process of change? What are the implications of this transformation for employment and income of working people in the different regions?"<sup>25</sup>

Professor Harrison sought to answer these questions in a comprehensive study of the New England economy, the results of which are summarized in a report entitled, "Rationalization, Restructuring, and Industrial Reorganization in Older Regions: The Economic Transformation of New England Since World War II." This report cites four "developmental tendencies" that shape the economy: 1) Rationalization of the labor process through extending the division of labor in the workplace with task fragmentation and standardization, thereby reducing the firm's need for skilled workers; 2) Geographic restructuring whereby firms "look to previously peripheral locations, both within the country and beyond its borders, to find new sources of cheap and (at least

initially) tractable labor power."; 3) Corporate reorganization, meaning the "tendency toward increased economic centralization and concentration of control over productive capital."; and 4) Class conflict, meaning that "the timing of major waves of private investment and disinvestment is closely tied to the basic tension between labor and management."<sup>26</sup>

It is important to note similarities between these "developmental tendencies" highlighted in Professor Harrison's analysis and the patterns of development we observed in the nineteenth century. The next section explores the specific character and consequences of these tendencies in Illinois. The application of this framework to Illinois yields the following observations:

1. Investment and production are being redirected and reorganized geographically (Harrison's corporate reorganization and geographic restructuring) within the U.S. and around the world. Illinois has been experiencing slower growth and basic structural changes as a consequence of this process.
2. One of these structural changes is the decline of manufacturing relative to services as the predominant sector in the Illinois economy.
3. This shift in the industrial mix affects the occupational mix. In Illinois, most service jobs are different from most manufacturing jobs in terms of skill, earnings and job security.
4. Technological innovations, as applied by management, alter the characteristics of occupations and working conditions in a plant. (Harrison's rationalization of the labor process)
5. All of the above are affecting labor-management relations (Harrison's class struggle) and the political context for unions in Illinois.

#### Shifting Locations of Investment and Production

The nineteenth century entrepreneurs who saw dollar signs in the resources of New England and the Midwest might have anticipated that



their precious locations would one day be passed over for other sites. It would have been difficult for them to imagine, however, the sophisticated technology and international organization of business that has enabled their twentieth century counterparts to redefine the earlier relationship between location and development.

During the past few decades, U.S. capital investment has been shifting within the U.S. from the Frostbelt to the Sunbelt, and from the U.S. to other countries in the world. Both of these trends have had a detrimental impact on the Illinois economy.

Differences in investment among regions in the U.S. are confirmed by several different indicators. Per capita income showed a higher percentage increase in the South and West than in the Northeast and Midwest from 1970-79. Illinois had the lowest average percentage increase of all the Midwestern states during that period. From 1970-80, employment increased 44 percent in the South and West, 14.1% in the Northeast and Midwest, and 11% in Illinois. Manufacturing employment declined 11.3 percent in Illinois from 1970-80, compared to a midwestern average decline of 5%, and an average gain of 21.8% in the South and West. Investment in new capital equipment increased 77.2% in Illinois, 108% in the Midwest, and 158.9% in the South and West from 1970-77. Investment in non-residential structures from 1970-79 increased 131.6% in Illinois, 170% in the Midwest, and 227.7% in the South and West from 1970-79. (See Tables 1, 2, and 3.)

These regional imbalances were also true for public investment. In FY 1979 the Federal Balance of Payments was -\$35 million in the Northeast and Midwest, and \$22 million in the South and West. (See Table 4)

The Northeast Midwest Institute "reported that in 1979 the Midwest region got back only 84 cents of each tax dollar sent to Washington, while states in the south and west overall received \$1.09. .. As a whole, Midwestern states got back only 72 cents on the dollar. Illinois was near the bottom of the taxpayer return list with 73 cents on the dollar in 1975-79."<sup>27</sup>

The percentage change figures are used to illustrate relative growth rates, but they can be misleading if not examined in reference to the absolute numbers. For example, even though the Illinois per capita income had one of the slowest average growth rates in the nation, Illinois had one of the highest absolute average per capita incomes in the U.S.

These shifts have not resulted from businesses migrating out of Illinois and the Midwest to the Sunbelt in large numbers. The research of David Birch and others has shown that the different growth rates between north and south can be explained by much higher rates of firm expansion and firm start-ups in the south than in the north. Professors Bennett Harrison and Barry Bluestone, writing in Capital and Communities, confirm this point and add a second key insight.

"Other researchers have argued that interstate and inter-regional differences in economic growth rates are attributable mainly to differential corporate branching... There is no question that this accurately describes the basic pattern of new corporate investment. But companies also actually shut down older plants and stores in all parts of the country... On the average, Frostbelt firms destroyed about 111 jobs through plant closings for every 100 new jobs they created through openings, while Sunbelt and Far Western companies shut down an average of only 80 jobs through business closings for every 100 that they created through openings."<sup>28</sup>

It has been popular wisdom that the South and West were more attractive because of the lower costs of doing business in these states. Recent evidence indicates that whatever cost variations

existed are beginning to erode.

The Senior Vice-president of Fantus Co., the world's largest site location firm, stated that, "The total operating cost differential between the North and South is narrowing. The South will have problems in the 1980's. Wage levels in some urban areas in the South equal or sometimes surpass those in the North. Skilled metal-working wages in non-urban areas are about the same." He added that the energy and transportation cost differential is also eroding.<sup>29</sup>

A recent Northeast-Midwest Institute report provides data for comparing the costs of production among regions. The costs of natural gas and other fuels are now nearly the same in the Midwest and the South, and electricity is cheaper in the Midwest than in the South. Moreover, in 1975, the state and local effective business tax rate in Illinois was 1.50%, or lower than all other regions except the South Atlantic and South Central states. (See Tables 5-8) This low tax rate was confirmed in a statement from the Research Director of the Illinois Chamber of Commerce, quoted by the Chicago Sun Times. "As for taxes, Illinois' tax rate actually is toward the lower end. Besides, taxes and tax incentives play a minor part in employer decisions."<sup>30</sup>

Even though costs may be equalizing nationally, businesses are likely to continue to be attracted to lower costs, especially in terms of labor, available through foreign investment.

While it is difficult to trace the direct impact of this foreign investment on Illinois, we do know that substantial foreign investment has occurred in industries that are important to the Illinois economy, such as autos, steel, food processing, chemicals, electrical industries and non-electrical machinery. The following figures illustrate the magnitude of the job loss in the United States.

"American corporations' overseas investment rose from \$11.8 billion in 1950 to \$118.6 billion in 1974. By the end of

1978, the figure was up to \$168 billion, and \$200 billion by 1980. An important Labor Department study found that in 1980, "each \$1 billion of direct private U.S. foreign investment eliminates at least 26,500 domestic jobs on the average." Thus, about 3 million U.S. workers are now jobless due to foreign investment by U.S.-based multi-nationals."<sup>31</sup>

### The Shift From Manufacturing to Services

The national weather pattern of the Snowbelt tends to flow from west to east, but certain economic trends have travelled in the opposite direction. The first wave of industrial and urban development in the U.S. proceeded, as we have seen, from east to west. Disinvestment in manufacturing occurred first in the New England textile and shoe industries before moving westward to the manufacturing belt dominated by durable goods. While there are substantial differences between New England and the Midwest, especially with respect to agriculture and the dominant industries, there are enough parallel trends to warrant attentiveness to the New England economic experience.

This is particularly true for Illinois, whose current economic development strategy is directed toward high technology industries, rather than steel. According to The New York Times, "Illinois has ambitious hopes in the high-technology field. State planners envision a cluster of research enterprises along Interstate 55 near Naperville that would rival Route 128 outside Boston."<sup>32</sup> Hence, when Professor Bennett Harrison concludes from his study of New England that the "true essence of the economic transformation lies in the enormous changes in the industry mix",<sup>33</sup> it is essential for the Midwest to assess its own evolution on this score.

The total number of manufacturing jobs in Illinois peaked in 1969

at just under 1.5 million jobs, after a decade of growth. From 1970-81, the State lost about 187,000 jobs, a decline of 13.8 percent. This decline brought the number of manufacturing jobs in Illinois to a point below the 1950 level. In 1950, manufacturing jobs represented 38.2 percent of all nonagricultural employment in the State. This proportion dropped to 24.1 percent by 1981. (See Tables 9 and 10)

Within the manufacturing sector, nondurable goods suffered a higher percentage job decline than durable goods from 1972-80, although nondurables lost fewer total jobs than durables. Food products and apparel suffered the greatest job losses in nondurables from 1972-80, declining by 11,500 and 9,100 jobs respectively. Chemical products were the only category of nondurables that gained jobs from 72-80, numbering about 3,800. Fabricated metals and electrical equipment were the major losers among durable goods, together losing 38,000 jobs from 72-80. Stone, clay, glass and instruments each lost about 6,000 in the same years. The only job gains from 72-80 were in machinery and transportation, together gaining about 29,000 jobs. (See Tables 11a and 11b)

The Illinois manufacturing sector experienced its highest job losses of the past decade, not surprisingly, during the 74-75 recession. In that year alone, the state lost 145,000 manufacturing jobs. Almost none of the manufacturing industries have recovered their pre-recession job levels. Professor Bennett Harrison and Ed Hill, in their study of younger and older cities, observed a similar trend in other older industrial areas.

"...during recessions, rundowns in capacity and/or actual disinvestment will occur first in places where the capital stock is the relatively least productive and where the

external diseconomies of agglomeration (crowding, pollution, etc.) are the greatest so that places with older capital tend to fall farther and farther behind the places with younger capital with each recession."<sup>34</sup>

The current recession already seems to be having the same effect. As the Fiscal Year 1982 Planning Report for Illinois stated, "another impact of the current recession has been to accelerate job losses in industries which were already declining."<sup>35</sup> During 1980, primary and fabricated metals were hit the hardest with a loss of 16,300 jobs, followed by electrical and electronic equipment, which lost 7,800 jobs.<sup>36</sup> In nondurable goods, the largest average annual decline in 1980 was registered for chemical products.

Worse yet, the long-awaited "recovery" is rarely a true recovery to previous employment levels.

"Many economists say that even after a recovery, businesses add workers slowly and cautiously and many managers use slow periods to permanently reduce their workforces. A secretary who was laid off last month from the GAF building materials plant in Joliet, said she has seen examples of this at GAF since she started working there a few years ago. 'Every year they lay off people, saying it's temporary.' The office staff (has) dwindled to 17 from 45 during her tenure, while the production force, at 300 now, is about a third of what it had been."<sup>37</sup>

The foregoing story of job loss and decline is reversed if the analysis turns to the service sector. Manufacturing's loss of its high share of the Illinois economy from 1950-81 was the gain of the nonmanufacturing sector. In 1950, manufacturing, mining and construction held 43.9% of the economy. By 1981, non-goods producing sectors had grown from 56.1 percent to 71.1 percent, a dramatic shift in a traditionally manufacturing state. The services sector grew faster than any other sectors: 31.7 percent from 1950-60; 40.9 percent from 1960-70; and 42.5 percent from 1970-81. (See Table 10)

Business and health services were the main sources of growth in the services sector. Banking and insurance carriers represented the main job gainers in the finance, insurance and real estate sector. The rate of growth in retail trade was slower than wholesale trade from 1972-80, yet retail trade gained substantially more jobs.

The most recent figures suggest that services have not been completely resistant to the recession. As noted by the FY 1982 Plan for Illinois, "although the current recession did not result in overall employment losses, the 1979-80 increase was well below prior years' rates of change."<sup>38</sup> Trade and transportation experienced their first losses since 1975.

The foregoing numbers demonstrate that the Illinois economy, paralleling that of the Midwest and the nation, has been undergoing a substantial shift from manufacturing to services during the past three decades. The full consequences of this shift are difficult to determine since we are still in the midst of the change. In Illinois the decline of manufacturing has implications for the export base of the state, and therefore, the general health of the economy.

The prosperity of Illinois has largely been a function of its strength as an exporter of manufactured goods and agricultural products. In 1976, Illinois ranked third nationally as an exporter of manufactured goods. The state exported \$6,660 million, or 8 percent of U.S. exports.<sup>39</sup> The three leading products were non-electric machinery, food products and electric and electronic equipment. Illinois was first in the U.S. in foreign sales of the first two products, and fourth in the third. The state also sold large amounts of chemicals and transportation equipment overseas. (See Table 12)

Illinois was first in the nation in agricultural exports in 1977; the most important products were feed grains, soybeans, protein meal and soybean oil. It was also the nation's second largest exporter of meats. An estimated 86,900 (6.9 percent of total) jobs were related to exports in 1976.<sup>40</sup>

Exports are invaluable to an economy because of the additional development they stimulate within the exporting region. According to economic base theory, exports constitute the basic sector upon which the non-basic, or non-exporting, sector depends. In Illinois, manufacturing dominates the basic sector. Money entering the Illinois economy from foreign sales is used, among other things, to purchase services and inputs from local businesses that support the manufacturing industries. The model is not perfect, of course, since all of the money will not be spent in Illinois, but a benefit is realized by the State's economy. The decline of the manufacturing industries key to the Illinois export base has serious consequences for the long-run health of the state's economy. The growing service sector theoretically has the potential to become an exporting sector as well. Its performance in this regard remains to be seen. The State's economic development strategy should aim for the maintenance of a viable export sector.

#### Shifts in Occupations

A superficial look at the net job increases in Illinois might lead one to dismiss the manufacturing job losses, since these jobs have been replaced with service jobs. Several important qualitative aspects of work are missed by this view. We need to examine closely the types of jobs that are being lost and gained in terms of their earnings, skill



level, and potential security.

In their study of the differences in jobs between older and younger cities, Harrison and Hill differentiate between "predominantly high-wage, full-year" jobs and "predominantly low-wage, part-year" jobs.<sup>41</sup> Using the labor market segmentation theory definitions of the secondary and primary labor markets, they assign industries by SIC code to each of these categories. They analyzed the wages of all two-digit SIC industry groups for their ten sample cities in 1970 and derived the following categorization:

"Predominantly low-wage, part-year: Manufacturing, including apparel, lumber, leather, furniture and textiles; Non-manufacturing, including retail trade, business services, health services, nongovernmental education services, other services (except legal and professional). Predominantly high-wage, full-year: Manufacturing, including food, printing and publishing, chemicals, petroleum and coal, rubber and plastics, stone and glass, primary and fabricated metals, machinery, electrical equipment, transportation equipment and instruments; Nonmanufacturing, including transportation services, utilities, wholesale trade, finance, insurance, real estate, legal services and professional services."<sup>42</sup>

This assignment of industries to a particular labor market segment illustrates several aspects of the changing occupational structure in Illinois. Jobs have been lost in both low-wage and high-wage manufacturing, though the largest number of jobs lost has been in the high wage category. The only manufacturing industries in the high wage group that have continued to provide jobs in Illinois are mining, machinery and transportation equipment, although growth in the latter two has fallen off during the current recession. The nonmanufacturing industry groups that have experienced the fastest growth and added the largest number of jobs to the economy have been those in the low-wage, part-year sector, i.e., business services, health services and retail trade.

The high-wage nonmanufacturing industries that have been expanding, such as wholesale trade, finance, insurance, and legal and professional services, provide fewer jobs in total, and tend to be dominated by occupations with high training and/or experience requirements. Another aspect of this change is that most jobs are being lost in industries with the highest rates of unionization, while jobs are being gained in industries with relatively low rates of unionization.

The pay differential observed by Harrison and Hill in 1970 persists in current Illinois wage scales, whether analyzed by occupation or by industry. Professional, technical and managerial occupations in Illinois have the highest salaries; clerical, sales and service occupations categories have the lowest earnings; and the occupations associated with manufacturing are in between these two groups. (See Table 13) The industry wage scales indicate that the lowest paying nonmanufacturing groups in Illinois in 1981 were retail trade, banking, business services and health services.

The average pay of nonmanufacturing jobs in 1981 was \$9,700, compared to \$11,500 for manufacturing. Different levels of benefits also exist between lower wage, nonunionized jobs and higher paying, generally unionized jobs. This "benefit differential" exists in terms of health coverage, pension plans, vacation time, workplace health and safety, and grievance procedures. While these differences are more difficult to quantify, they are critically important from the employee's point of view.

Data from the Illinois Bureau of Employment Security illustrates some of these dynamics at work in the Illinois labor market. Of all

the people who were unemployed, and covered by unemployment insurance benefits in 1980, 11% last worked as professional and technical workers, 17.3% were clerical and sales workers, 11.4% were service workers, and 60.3% were industrial workers.<sup>43</sup> Thus the loss of manufacturing jobs has put a substantial number of blue collar workers on unemployment insurance. Manufacturing occupations also had the highest ratio of applications to available jobs, according to the Illinois job service listings. There were 11.2 applicants for every processing opening, 12.5 applicants for every machine trades occupation. Some of the individual numbers are even more striking: 74 applicants for every auto assembly opening, 35 applicants for every production line opening, 94 applicants for every heavy equipment operator job opening. In contrast, the ratio of applicants to openings in sales was 4.4 per opening, 5.4 in services, and 6.0 in clerical.<sup>44</sup>

The mismatch between available workers and available jobs is indicated by information on those jobs most difficult to fill through the job service, as measured by frequency and duration of each listing. Professional, managerial, and technical occupations were reportedly difficult to fill because of the high credentials required. While clerical, sales and entry-level services were slightly easier to fill, "the labor turnover is high due to low wages and poor working conditions... the average pay for service job titles (\$4.05/hr. Feb. 1981) was the lowest paid of any of the nine occupational categories, with the exception of farming."<sup>45</sup>

The future expansion and security of many of these service sector jobs is not guaranteed. The Illinois Occupation Outlook Handbook, 1976-85, cites several sectors that are expected to grow in terms of

sales and/or volume, but without a commensurate expansion of jobs. For example, "although the demand for the services provided by the communications industries will increase rapidly, advances in technology are expected to limit employment growth in some occupations, particularly in telephone communications."<sup>46</sup>

The volume of sales in trade is expected to rise but "due to labor-saving innovations, employment in this sector is not expected to grow as fast as sales. The use of computers for inventory control and billing... may limit the need for additional clerical workers. Improved methods of handling and storing merchandise will limit the demand for laborers."<sup>47</sup>

The expanded use of electronic registers is also expected to reduce the demand for workers in food stores.

Health and business services, which have grown substantially, are expected to continue to provide expanding job opportunities. This is likely to be true, but there are two factors that promise to limit this growth. Progress is being made toward the "automated office" which may slacken the demand for clerical workers. Also, the significant role of governmental expenditures in the growth of the health care sector has rarely been fully acknowledged. Current governmental cutbacks, as well as a heightened concern for health care costs, cast a shadow on the future growth potential of health services. In the past year, at least three Chicago hospitals have announced that they plan to close.

#### Shifts in Occupations and Working Conditions from Technology

"Automation? Depends how it's applied. It frightens me if it puts me out on the street. It doesn't frighten me if it shortens my work week. You read that little thing: what are you going to do when this computer replaces you? Blow up computers. (Laughs) Really. Blow up computers. I'll be goddamned if a computer

is gonna eat before I do!.... Machines can either liberate man or enslave 'im, because they're pretty neutral. It's man who has the bias to put the thing one place or another."<sup>48</sup>

The sentiments of this steelworker would likely bring support from workers in a variety of industries, including autos, petrochemicals, and information processing. It is too late, however, to counter the consequences of computers through destruction because they are already widely used.

"The widespread application of computers, silicon chips, and industrial robots, and the speed with which these and similar technological advances are being developed, portend vast changes... In essence, our society is involved in a rapid and massive redesign of work."<sup>49</sup>

This redesign of work through the application of computer technology by management is having several consequences for workers. The first, most obvious, impact is job elimination through increasing automation of the assembly line and use of industrial robots. A recent report on plant closings prepared for the National Alliance of Business stated that 30% of assemblers jobs, 65% of production painters' jobs, 50% of machinists' jobs and 50% of welders' jobs could be done by industrial robots with rudimentary sensory input. (See Table 14) Harley Shaiken, writing about the impact of robotics on the auto industry, has stated that "Robot welders in use today can each displace three or four workers, and create comparatively few jobs for their repair and maintenance."<sup>50</sup>

Advocates of this "labor saving" technology argue that new jobs are created as these old jobs are destroyed. Although some new jobs are created, they are fewer in number and do not replace all of the previous blue collar jobs. The jobs that are created to employ blue

collar workers are frequently of a lower skill level. The skilled machinist is left to monitor and press buttons on the computer that executes work previously done by human hands. The "skilled" aspects of the task are transferred to the engineers who design the computer programs. Thus, we observe what Harry Braverman, writing in Labor and Monopoly Capital, has called the "deskilling" of work. A report on the impact of computer technology on communications workers found the same phenomenon.

"The few new nonmanagement jobs (Bell's nonmanagement workforce of 780,000 is expected to grow by one-tenth) will be limited to unskilled, primarily clerical work. And this growth in unskilled jobs will be matched by a precipitous decline in the skilled crafts. From 1974-78, craft employment dropped by almost 22,000 jobs, a trend that is certain to continue."<sup>51</sup>

The application of computer technology also affects working conditions by introducing sophisticated systems for controlling the pace of work and monitoring worker output and behavior. Harley Shaiken has written about this process in the auto industry.

"The highly flexible new computer technology can be used not only to coordinate production but also to control workers. The next generation of robots, for example, is targeted for light assembly jobs and machine loading-- areas where workers currently exercise some control over work pace. G.M.'s Puma System (Programmable Universal Machines for Assembly) alternates workers and robots on an assembly line. People and mechanical arms are regarded as interchangeable, so that if a robot breaks down, a worker is inserted in its place... Not to be outdone by its healthier rivals, Chrysler is computerizing its hourly personnel and attendance records at seventeen plants."<sup>52</sup>

### Shifts in Labor-Management Relations

The headline of a recent New York Times article expressed the theme of this section: "The Mobility of Capital Disperses Unions'

Power".<sup>53</sup> The geographical, sectoral, occupational and technological changes that have been discussed are having a significant affect on organized labor. Labor unions are experiencing membership losses, the erosion of earnings and benefits, and dilution of their political power, at least in the short run.

As stated by the New York Times, "American labor unions have hit difficult times--and the recession is not the only cause...the internationalization of work and the movement of jobs from America to foreign countries" is perhaps the most significant factor.<sup>54</sup> Within the United States, many plants have relocated or expanded in right-to-work states, or states with a low rate of unionization. All of the 20 right-to-work states in 1978 had unionization rates of 20 percent or less, with the exception of Nevada.

Labor union membership increased in Illinois from 1964 to 78, but it declined as a proportion of total employment, from 38.4 percent in 1964 to 31.5 percent in 1978. The rate of growth also slowed during this period, as did the national rate of labor union membership. The national rate of unionization was 29.5 percent in 1964, and 23.6 percent in 1978. Throughout the period, Illinois had the fourth highest number of unionized workers, behind New York, California and Pennsylvania. (See Table 15)

Union membership has also suffered because job losses have been concentrated in the highly unionized goods producing industries. The Independent Radionic Workers of America, which represented Zenith before its shutdown in Chicago, had 10,500 members in 1967. In 1980 the union had only 2,450 members.<sup>55</sup> The Chicago Building Trades Council now has about 80,000 members in Cook County, or two-thirds their

membership of twenty years ago. In Chicago, the United Food and Commercial Workers lost 10% of its members from 1976-81. These membership losses have hurt unions financially, precisely at a time when they need resources. The UAW, with 30,000 Chicago-area members, lost 15% of its regional membership from 1979-81 and laid off 10% of its union staff.<sup>56</sup>

Job gains, on the other hand, have been concentrated in the service sector, which is generally less unionized than manufacturing. One of the most highly unionized nonmanufacturing groups, public sector jobs, have been experiencing job losses due to budget cutbacks.

The second major impact of these structural shifts on organized labor is being experienced in terms of earnings. Many blue collar workers must look to the lower wage service sector for employment opportunities. A study of earnings losses of permanently displaced male workers, reported by Professors Bennett Harrison and Barry Bluestone in their forthcoming book, found that "even after six years, workers in some industries continued to suffer as much as an 18 percent loss. The greatest reduction in income was suffered by those displaced from the better paying unionized industries like meat-packing, flat glass, auto, aerospace, steel, and petroleum refining."<sup>57</sup> Frequently, health benefits and pensions are not totally recovered in the transfer from union to non-union employment, and hence the effective earnings are lower due to additional "costs" of non-union jobs.

A Forbes Magazine follow-up study of workers displaced when Zenith shutdown in Chicago during the late 1970's documented this shift of industrial workers into the service sector. Of the 150 ex-



Zenith workers contacted, "70 percent are working again, nearly twice as many in the service industries as in manufacturing... (They) found jobs... (as) cashiers at a Jewel Food store, bus drivers, bookkeepers, clerks, cooks, secretaries, travel agents and TV repair."<sup>58</sup>

Workers who actually lose their jobs are not alone in the reduction of their earnings. Employees in communities where a number of plant shutdowns have occurred are also subject to downward wage pressure. For example, employees of Little Giant Products, Inc., Peoria, manufacturer of attachments for lift trucks and road sweepers, were asked to vote on a wage reduction of 11.5 percent in their December 1981 contract or face a shutdown of the plant.<sup>59</sup> This occurred in the midst of two major closings in Peoria--Hiram Walker, 1,100 workers, January 1982, and Pabst, 700 workers, February 1982--and after a decade of major closings.

Finally technological innovations are having an impact on membership through direct job elimination, and through the facilitation of capital mobility to other parts of the country and the world. Harley Shaiken has written that a:

"Profound structural transformation is taking place as auto makers race to install the latest forms of computer technology, downsize cars, automate factories and re-structure operations on a global scale... The revitalized auto industry that emerges however, will be one that employs far fewer workers and produces more of its basic components outside the United States."<sup>60</sup>

Finally, there are implications for labor-management relations in the political sphere. In addition to a weakened position at the bargaining table, organized labor has experienced recent setbacks in the legislative front. The lack of progress on labor law reform during the Carter administration, state cutbacks on unemployment

compensation, the attack on the minimum wage and the current weakening of OSHA are indicators of this trend.

A recent article on the Midwest economy suggested a relationship between this weakened position of organized labor and the improving business climate of the region.

"The Middle West has had to do a lot to make its business climate competitive with those of the Northeast and the Sun belt. Last year Illinois and Michigan reformed their unemployment insurance and workers' compensation programs. Businesses will save \$497 million in Illinois and \$650 million in Michigan... Many skilled workers in the region are looking for jobs, and organized labor's attitude is described as cooperative. 'The whole issue of labor militancy has been brought under control,'" according to the director of the Michigan Department of Commerce.<sup>61</sup>

Professor Robert McKersie of MIT has expressed the view, however, that organized labor may be fighting back.

"The phenomenon of increasing resistance to economic dislocation warrants further attention... What appears to be emerging in this country is a belief that job loss is below the social minimum that workers are entitled to enjoy... A new trend is emerging on the economic scene, namely, workers taking matters into their own hands and refusing to accept changes."<sup>62</sup>

We can note indicators of both trends. On the one hand, as reported by the New York Times,

"The number of strikes fell last year to their lowest number since 1942,... the number of days lost to strikes and the number of workers involved fell to their lowest level in 20 years. Only four major strikes involving a total of fewer than 10,000 workers were in progress early this month."<sup>63</sup>

Yet in Illinois, organized labor has shown substantial strength in counteracting a recent upsurge in anti-labor legislation in the Illinois legislature.

"Springfield legislators began paying closer attention to labor lobbyists after 20,000 Illinois trade unionists descended on the Capitol lawn June 2. They were there to

defeat what Illinois AFL-CIO President Robert Gibson calls a 'deluge of anti-labor legislation', including the first right-to-work bill to escape a House Committee in Illinois history... Union leaders also blanched as other pieces of legislation showed up in the hopper in Springfield, including a semi-serious proposal to require unions to give one year's notice before striking, proposals to repeal prevailing wage laws and several dozen bills designed to substantially reduce benefits and qualifications for unemployment insurance and workers compensation."<sup>64</sup>

If Professor McKersie is correct, we may see a new era of labor organizing and militancy. Robert Gibson projected this scenario when he stated that "The unions will become more militant, even increase in size. People will turn to unions. When they find there's no place else to turn, they will turn to each other."<sup>65</sup>

The labor movement faces difficult and unprecedented challenges ahead. The organizing that is necessary to achieve Gibson's goal must be conducted in an anti-labor political climate. Changing economic realities will require organizing in new occupations and across national boundaries, neither of which have yet occurred on any major scale, even though there have been steps in these directions.

### Summary

This Chapter has established three essential points about the challenge presented to us by the problems associated with plant closings. First, the patterns of economic development embedded in our society have caused the phenomena of economic dislocation--plant shut-downs, technological displacement, boom and bust cycles--to recur throughout the past century. Second, the social disruption and discontent associated with this economic dislocation has led to a fundamental political debate in our society about the economic wisdom and

social equity of certain aspects of these patterns of development. The language of the debate is commonly framed in terms of the balance between the public good and private economic gain. Finally, even though we have been confronted with the same resource distribution question for over a century, the changing characteristics of technology and the world economy today require us to generate responses for dealing with social and economic problems that have not yet been developed. Thus, while economic dislocation in general is not a recent occurrence, its form today demands careful analysis and the development of strategies that are tailored to the unprecedented circumstances with which we are faced.

## CHAPTER ONE

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CHAPTER TWO  
PLANT CLOSINGS IN ILLINOIS

Introduction

The previous Chapter demonstrated that current patterns of economic development are eroding traditional industries, displacing jobs and occupations, and weakening the power of labor unions in the U.S. These structural changes are apparent in a variety of events, only one of which is plant closings. This Chapter's focus on plant closings in Illinois illustrates, in microcosm, the political and economic dimensions of these broader changes. This analysis also enriches our understanding of the problem faced by the plant closing project of the Manpower Assistance Program, Illinois State AFL-CIO, as well as other organizations attempting to address the causes and consequences of plant closings.

While a focus on shutdowns depicts the personal and community disruption that occurs when plants close, it can understate the overall impact of the disinvestment process. An analogy to death and illness is not inappropriate in this instance. For example, the number of actual deaths due to cancer or heart disease, while dramatic, understates the larger impact of the disease if we do not also know how many people live disabled by the illness. A look at plant closings, like deaths, overlooks the extensive number of near-deaths, such as division closings and indefinite layoffs. In 1979 and 1980, 69,970 layoffs were reported to the Illinois Bureau of Employment Security with only 6,239 reported recalls.<sup>1</sup> Furthermore, the number of jobs lost at the

exact time of a closing is often less than the plant capacity. In many cases, firms have experienced a slow but steady erosion of their workforce that is not reflected by the final closing data. Westclox Company, in Peru, Illinois, once employed 5,000 people, while the workforce prior to closing was 1,200.<sup>2</sup> The workforce of Admiral Corp., Harvard, Illinois, had been reduced from 4,000 to 1,000 workers at the time of the shutdown.<sup>3</sup>

In addition to layoffs in the plants that remain open, other changes affecting earnings and working conditions in these plants may occur. Overtime may be reduced to cutback production and reduce the earnings of employees. Conversely, the workforce remaining in a plant experiencing substantial layoffs may be subjected to additional work without compensation or required overtime. A company considering closing a plant may also be less likely to continue maintenance and repairs in a plant, which can make the work both more hazardous and less productive. A company may also be remiss about processing grievances in a plant it is planning to close, thus adversely affecting working conditions.

Threats of layoffs and/or plant closings also affect collective bargaining. This has been demonstrated by the recent contract negotiations of the UAW with Ford and GM, where negotiations occurred in light of earlier threats of plant closings by the companies.

To carry the disease analogy one step further, many people who have a particular illness are not counted because they never see a doctor. Likewise, there are many workers who have experienced layoffs and plant closings who have not been systematically counted. Non-unionized workers are less likely to be counted than union

workers. Employees of small sub-contracting shops and small businesses who lose their jobs due to the ripple effect of larger closings are rarely reported or counted. Finally, little systematic tracking of public employees displaced by budget cutbacks has occurred. These points emphasize the fact that any count of plant closing victims is bound to underestimate the total number of displaced workers.

A cautionary note should be added regarding the limited applicability of the death analogy to plant closings. A policy bias against assistance on behalf of troubled firms and industries is implicit in this analogy. The misleading connotation is that since human death is inevitable, business and industry deaths must also be inevitable. Worse yet, it is often assumed that these businesses probably deserve to die. Why should any resources be applied to prevent inevitable and deserved deaths?

The critical flaw in this logic, in addition to the fact that the life cycles of humans and institutions are actually quite different, is that death itself is simply an outcome that can result from a variety of circumstances or causes. When researchers examined the causes of "dying" neighborhoods and "dying" cities during the 1960's and 1970's, they often found evidence of systematic neglect and disinvestment that had undermined the life of these communities. In the case of businesses and industries, it would be more accurate to differentiate, based on qualitative data regarding the causes of failure, between firms that were intentionally neglected and allowed to die and those that suffered from documented circumstances beyond their control. The policy debate might be quite different if business murder rates were identified along with business death rates.

### Overview of the Data

It would seem that plant closings, given their visibility and finality, would be relatively easy to count. Unfortunately, this is not true. Very little information is readily available, and the quality of available data is poor.

In Illinois, the Research and Analysis Division of the Illinois Bureau of Employment Security (IBES) is the official collector of information on mass layoffs and plant closings. The timeliness and accuracy of their data depends on whether or not firms report their closings. It also depends on the follow-up conducted by the IBES Office. It seems that there is a substantial amount of underreporting. From 1978 to 1981, IBES counted 109 plant closings. From my own research, I found an additional 35 closings during the same years. (See Table 16)

The underreporting seems especially concentrated in the trade and service SIC (Standard Industrial Classification) codes. Even though these are growing sectors, firms in the trade category have a higher failure rate than manufacturing establishments according to David Birch's data on Illinois. These "deaths" should register as plant closings. Thus, the official data are limited by an undercount and the absence of nonmanufacturing closings. Another major weakness of the data is its absence of detail.

Neither the IBES listings nor newspaper articles distinguish consistently between production workers and management in their reports on the number of jobs lost. Little information is available regarding the circumstances of the closings. It is even more difficult to find

out what happened to a plant after it closed.

This lack of information is a serious hindrance because it is impossible to make informed decisions about the appropriate public policy regarding plant closings without adequate data. No one knows the full magnitude of the problem. We do not know the extent of the revenue loss suffered by the State and its communities from lowered corporate and personal income taxes, property taxes and sales taxes. We do not know the costs incurred by the State through the provision of services to individuals and communities. We do not know if the majority of the shutdowns occurred in firms whose headquarters are not based in Illinois. We do not know how many of the closings might have been prevented. In short, the State has almost none of the detailed information that is essential for planning and program development. This issue will be raised again in later sections of the report.

Given the limits of data availability, I have compiled the single-most comprehensive list of plant closings in Illinois during the 1970's. The sample includes approximately 310 plants that closed from 1970 to March 1982, representing over 60,000 employees. (See Tables 17-19)

The highest numbers of closings occurred in 1980 and 1981. This increase may represent improved reporting rates, and not necessarily an absolute increase in the rate of closings over previous years. It may also suggest the impact of the current recession.

The numbers on this list are preliminary, because they do not represent a complete count of plant closings in the State. The sample does provide enough information, however, to begin to understand

the causes and consequences of plant shutdowns in Illinois.

### Circumstances of the Plant Closings

The plant closings presented in this section were selected to illustrate the main circumstances of shutdowns that have been occurring in Illinois. One of the striking similarities among all of these examples, with the possible exception of the closings due to product changes, is their planned quality. In most cases, the company did not go out of business, but shifted operations to a different location. In the total sample I have of over 300 firms, less than five were actual bankruptcies. Some companies, like Pabst, Hiram Walker and Swift, reported that they were profitable up until the time of the closings, but not profitable enough.

This point is critically important because it runs counter to the popular wisdom that plant shutdowns are unpredictable and unavoidable events. Most closings are attributed to "economic forces" that carry the weight of inevitability. It is in the interests of the business community to perpetuate this idea because they can be less accountable to workers and communities if they can argue that a plant closing was beyond their control. They can displace blame to "economic forces". During a recession, it is even more difficult to combat this view, because the slow economy does cause some business failures. This view of the problem leads logically to the conclusion that efforts to prevent plant closings are relatively futile. An even more extreme view is that preventive efforts are counter-productive, because shutdowns represent a healthy "weeding out" of weak firms.

The evidence presented here, however, demonstrates that many

closings (including closings of profitable firms), are intentional and planned in advance. They are planned by conglomerates making changes in their subsidiary portfolios. They are planned by companies that have built or purchased similar plants in other locations. They are planned to coincide with union contract negotiations and planned to eliminate a union from a plant. The knowledge that many, albeit not all, plant closings are the result of corporate planning leads to very different possibilities for prevention than does the "economic forces" argument. Presumably, if we knew how and when shutdowns were planned, we could identify a number of points for strategic intervention to alter the course of events. If it is possible to plan a shutdown, it should be possible to plan for the continued viability of firms and industries, especially those that are vital to our economy.

Given present political conditions, it is not possible to identify these opportunities for strategic intervention and develop programs for the prevention of unnecessary closings on any broad scale. Labor unions, community groups, elected officials and state economic development agencies, although affected by plant closings, do not have the power to participate in the decisions of private business on this issue. These groups can, and do, attempt to influence these decisions. It requires a considerable amount of pressure to alter a company's decision to close a plant, and few successes have occurred. Such efforts are further hampered by these groups' lack of information and resulting inability to argue a convincing, alternative position to that of the company.

The point here is not that all plant closings should or could be prevented. The issue is that the public does not have adequate

information to assess each situation. Furthermore, even if the information were available, the public has essentially no vote in the matter, even though it bears many of the costs of plant closings. The Illinois data presented here should be considered in reference to this issue. Two sets of questions should be kept in mind. From a technical perspective, we need to ask a cost/benefit question about these closings: Are the social and economic costs of this shutdown greater or less than its benefits? Who bears the costs and who reaps the benefits? Are the costs of preventing this shutdown greater or less than the benefits of preventing it? Second, from a strategic perspective, we need to ask a political question about what would be required for the public, including workers and their communities, to participate meaningfully in making these decisions? What alternative outcomes might occur, if any, if this participation in economic decisions were to occur?

#### Plants Relocating Out of Illinois

Of the total sample of plant closings in Illinois, the majority of plants that relocated out of Illinois went to Southern states, most of which have right-to-work laws. At least two plants moved to Juarez, Mexico to take advantage of the twin plant, or "maquiladora" program. Several of the relocating plants reported that they relocated to lower their labor costs. The following examples do not represent all of the out-migrating firms in the total sample.

- In December 1981, the Galesburg, Ill., newspaper reported that OMC Corporation, manufacturer of Lawn-Boy mowers, would be moving 800 jobs out of Galesburg. Assembly production



was moved to a former suitcase factory in a small town in Mississippi. The sub-assembly of carburetors was transferred to a plant in Juarez, Mexico, and the electronic components production was relocated to Hong Kong.<sup>4</sup>

- About 210 jobs were exported to Juarez, Mexico, from Oglesby, Illinois, by Indiana General, a firm that produced electric motors. The unionized steelworkers employed in the plant were not happy to hear their plant manager stated on a local radio talk show that Juarez's major attraction was its low cost labor. He went on to say that "while Oglesby's 1976 wages were about \$4 an hour, Indiana General would pay about \$1 an hour in an hour in Mexico... He admitted that wages weren't very high in Oglesby, and the labor supply was adequate, but he said companies just don't have to deal with unions anymore."<sup>5</sup>

In these cases, Juarez, Mexico, was not selected at random. Rather, Juarez has systematically marketed its "Industrialization Program" to corporations and has attracted them primarily with lower labor costs. According to an 1980 El Paso Times series on the program,

"The Border Industrialization Program began in 1965. Laws were changed to accomodate the program and it was renamed the Mexican Industrialization Program in 1971... Wages are 20-25% of U.S. costs... Total border plants number more than 500, employing about 121,000 workers... more than \$200 million has been invested, including plant and equipment."<sup>6</sup>

The manager of one Juarez firm describes how his company uses the program.

"(The) firm started out moving all the simple, menial tasks to Mexico, keeping the more sophisticated operations in plants in the Midwest. Today, the simplest operations

are being performed in plants in Taiwan, and the Juarez workers are performing more sophisticated tasks once reserved for American workers."<sup>7</sup>

- Hiram Walker Distillery in Peoria closed its doors to 1100 workers in January 1982 and transferred production to a new, highly automated plant in Fort Smith, Arkansas, a right-to-work state. Employees at Hiram Walker, members of the Distillery Workers Union, attempted to bargain for transfer rights in the shutdown agreement, but were refused. They were told that the company had agreed to hire local residents exclusively and in return for some regulatory changes from the Arkansas government.<sup>8</sup> Owens Illinois Glass Co., Illinois, reported the elimination of 50 jobs associated with the Walker closing. Owens supplied glass bottles to Walkers.<sup>9</sup>
- Chicago Rawhide, manufacturer of miscellaneous industrial goods such as oil, rubber seals and gears, closed two Chicago plants in 1972 and 1977 and moved a total of approximately 710 jobs to North Carolina.<sup>10</sup>
- Two food equipment companies, Chemetron of Chicago and Rexham of Rockford together terminated 330 jobs and moved to Kentucky in '78 and Florida in '77, respectively. Both companies had been organized by the Machinists Union (IAM) and the closing reports stated that the companies moved South in search of lower labor costs. Rexham had offered to remain in Rockford in exchange for a \$3.00 per/hour cut in pay from the employees, which they refused.<sup>11</sup>
- Crane Co., a producer of plumbing and building products that employed 6,000 steelworkers in Chicago during the late

1960's, shutdown 800 jobs in 1977. During the 1970's, Crane's operation was transferred to Iowa and Arkansas, both right-to-work states.<sup>12</sup>

- Elgin and Waltham Watch, Co. relocated part of its operation from Chicago to Florida, thus transferring 700 jobs. According to the company president, "the effect of Illinois workmen's compensation laws that business often cite as harming the state's business climate," was not a major factor in their relocation decision.<sup>13</sup> Lower wages rates, lower property tax rates and no state income tax were cited as the reasons that the company relocated when faced with its declining share of the market for watches. This move was announced six months after the firm was acquired by Katy Industries.<sup>14</sup>
- W. F. Hall, a printing company that is now a subsidiary of Mobil, was partly relocated to a 1,000 acre industrial park in Corinth, Mississippi. Wurlitzer Co., formerly of DeKalb, Illinois, also relocated 200 jobs to Corinth. The Graphic Arts International Union that still represents the employees at Hall's Chicago plant has been defeated twice in union elections at the Corinth plant. According to the President of a United Rubber Workers local in Corinth, "You won't find lower wages unless you go to the Orient... This town will do anything to keep unions out... Being union is the kiss of death here. If my plant closed, I couldn't walk into a single plant and get a job. They know (my) name."<sup>15</sup> In addition to the Corinth plant, W. F. Hall relocated other Chicago operations to Dresden, Tennessee, during the 1970's. In 1981 the company

was building another plant in Augusta, Georgia.

### Acquisition Prior to Closing

Plant closings following acquisition by another corporation are no more an exclusively modern phenomenon than are plant closings due to business relocation, as the following example illustrates.

"Bicycle companies sprang up in a host of towns during the early nineties, but shortly after 1899, when the American Bicycle Company absorbed forty-eight of them, production was centered plants at Springfield, Massachusetts, and Hartford, Connecticut, each of which suffered a severe blow when the trust collapsed a few seasons later."<sup>16</sup>

A century later, the Antitrust Subcommittee of the U.S. House of Representatives Committee on Small Business investigated the same process. Their report, published in 1980, stated that,

"communities affected by mergers 'are caught in the middle of a huge corporate investment game' that sometimes triggers the closing of once-profitable business." The subcommittee heard testimony "from officials in Hopedale and Clinton, Massachusetts, Youngstown, Ohio, Lewiston, Maine, and Staunton, Virginia. In all five communities, local businesses were shut down or sold after being purchased by outside firms specializing in other products."<sup>17</sup>

The Illinois Public Action Council, a citizen action and public interest research organization, investigated the same phenomenon. In a survey of 50 plant closings that occurred during the 1970's, 85 percent of them were owned by multi-national corporations.<sup>18</sup> Examples of some of these firms follow.

- Westclox Co., manufacturer of clocks and watches, was taken over by Talley Industries and the company transferred operations gradually to Alabama and Georgia, thus eliminating 500 jobs of United Steelworkers in Peru, Illinois.<sup>19</sup>
- Woodbrooks, a piano parts manufacturer in Rockford, was taken

over by Aurora Corp. in 1965. The plant, which was 30 years old at the time of purchase, was closed in 1970. Aurora shifted its operations to Mexico, thus eliminating 400 jobs in Rockford.<sup>20</sup>

- General Molded Products, of Des Plaines, Illinois, was shut-down after being acquired by Sunbeam Corporation. Sunbeam shifted production to other facilities, thus eliminating 120 jobs in Des Plaines.<sup>21</sup>
- Walworth Steel, of Kewanee, was closed after being acquired by Anaconda Copper. Production was shifted elsewhere, and Kewanee lost 130 jobs.<sup>22</sup>
- Elgin Metal Casket Company, Elgin had its operation shutdown and production shifted to Indiana. This occurred within a few years after the Casket Company was acquired by Gulf and Western. About 200 jobs were eliminated in Elgin.<sup>23</sup>
- About 900 employees of Montgomery Wards in Chicago, lost their jobs when Mobil Corporation, the parent corporation, decided to shift operations to Cincinnati.<sup>24</sup>
- Rockwell International, a large conglomerate, closed at least two of its Illinois subsidiaries in Illinois during the 1970's.

"Colonel Rockwell (of Rockwell International) was once described by Fortune Magazine as someone who picks up and discards companies 'like a gin-rummy player'. The Colonel himself once prophesized: 'By 1980, 200 companies will control 60 to 75 percent of the world's gross product, and we intend to be one of them.' Rockwell International ranks today as one of the 100 largest manufacturing companies in the world, with a product roster that spans many industries."<sup>25</sup>

In 1979 Rockwell closed the Admiral Corporation in Harvard, Illinois, which manufactured TV's and radios, thus eliminating

1,000 jobs. The plant had about 4,000 jobs just 4 years prior to the closing.<sup>26</sup> Goss Manufacturers, Chicago, produced steel products and was purchased by Rockwell International in 1972. The company announced the closing during the 1976 strike over work rules and overtime, and shifted operations to Iowa. 850 jobs were lost.<sup>27</sup>

### Product Changes

Product changes are a seemingly inevitable cause of plant closings. One wonders, however, if some of them, especially the examples presented below, could have been prevented. There is very little data available to answer this question. Why was the change not anticipated? Was it ignored on purpose, to allow the company to go out of business? Were new markets sought? Were there other uses for the plants? At the present time, we have no way of answering these questions.

- General Electric closed a Rockford plant that had been producing wooden TV and radio cabinets in 1975, thus ending 300 jobs. They reportedly closed due to competition from plastic cabinets.<sup>28</sup>
- A switch to plastic bottles over glass bottles reportedly precipitated the January 1979 closing of Obear-Nester Glass in East St. Louis, Illinois. Approximately 1,330 jobs were lost.<sup>29</sup>
- Continental Can Co. closed its 17 year old Peoria Heights plant in February 1980 due to a shift in demand for a two-piece can instead of a three-piece can. by Pabst. Continental was unable to produce the two-piece aluminum cans that Pabst

wanted.<sup>30</sup>

### Labor Disputes

The fact that plants are shutdown or relocated to escape union wage rates has already been documented. Shutdowns can also occur at the specific time of a labor dispute or contract negotiations.

- Bun-o-Matic, a coffee machine manufacturer in Springfield, Illinois, announced their closing during a strike of the Teamsters and refused to negotiate further. They eliminated 350 jobs in 1977 and shifted operations to Iowa, a right-to-work state.<sup>31</sup>
- The story of Lee-Norse Co., a subsidiary of Ingersoll-Rand, of New Jersey, illustrates the ability of firms to use plant closing threats between parallel plants as leverage during labor disputes. Lee Norse, located in Taylorville, employed 200 people producing coal mining machinery. The company announced a possible closing due to declining demand in December 1979 and thus delayed opening contract talks with the USWA local at Taylorville, whose contract expired January 21, 1980. While the Lee-Norse workers in Illinois waited in limbo, the plant closing threat was used by corporate officials at the two sister plants--one in Pennsylvania and the other in West Virginia. According to the local newspaper, "the contract (at Lee Norse in Pennsylvania) expires in April but the company has asked for a union decision on a contract offer by January 15...(during negotiations at Lee Norse in West Virginia) equipment was shipped from West Virginia to Taylorville while the

plant was down in January, but when a new contract was signed, the equipment was shipped back."<sup>32</sup> By January 17, four days before the contract was to expire at Taylorville, the plant closing was announced. According to one of the Lee Norse employees at Taylorville, "We've probably had the best union-company relationship in the whole company structure. But Ingersoll-Rand owns 150 companies and it's probably their policy that we're seeing."<sup>33</sup>

### Management Practice

In recent years, the contributions of corporate management to current economic ills have made the front pages of such mainstream journals as the "Harvard Business Review". It is too soon to know what changes, if any, will result from this identification of problems associated with management practices. In the meantime, it remains very difficult for non-management groups, including government, workers and communities to identify mismanagement in detail when they suspect that it occurs. Even with this information, it may be impossible to reverse trends already set in motion.

We can identify three general ways that management practice can lead to plant closings. The first is intentional, or a "managed" shutdown, wherein the management carefully plans the shutdown in advance and has a relocation plan, or where management buys a profitable firm with the intention of selling or closing it after a certain number of years. The second kind is unintentional, or a mismanaged shutdown, wherein the business fails due to poor management. The third is simply a combination of the first two. The following account of the



Pabst closing appears to be an example of a combination of an intentional shutdown and mismanagement. Company officials themselves acknowledged their role in Pabst's loss of market share. At the same time, according to the Wall Street Journal, they have a strategy for retrenching their capacity that involves the purchase of other breweries.

The closing of the Pabst Brewing Co., and the elimination of 800 jobs in Peoria Heights, illustrates a shutdown having more to do with management practice than labor problems. William Smith Jr., Pabst's president of four months, decided to shutdown the plant despite concessions offered by nine unions at the Brewery, the plant's record of profits and efficiency, and a \$5 million three-year improvement plan that was already underway. Pabst's overall market share had been declining, and the Peoria Brewery was a source of over-capacity. In a December 1981 meeting with union leaders, a Pabst official stated that "our problems have not been caused by any (person) in this room or by any (workers) who are represented by people in this room. The problem has been in top management, particularly in marketing and sales."<sup>34</sup> During the first week of February 1982, when laid off Pabst workers were beginning to feel the impact of the closing, Pabst announced a decision to acquire Pittsburgh Brewing, Co., just five months after William Smith, the new President of Pabst, had resigned as the President of the Pittsburgh Brewing. The Wall Street Journal reported that "Pabst wants to buy the additional capacity even though it is retrenching its own capacity, because of Pittsburgh Brewing's "brand leadership".<sup>35</sup>

### Industry-Wide Closings: The Case of Meatpacking

This case is presented in substantial detail because it illustrates several of the causes of plant closings identified in the previous sections.

As noted previously, meatpacking was a leading industry in Illinois by the end of the 19th century.

"After 1880 the slaughtering and meatpacking industry in Chicago grew in importance and was dominated by the "Big Three" of packing: Philip Armour, Gustavus Swift, and Nelson Morris... Swift, for example, incorporated in 1885 with a capitalization of \$300,000, recapitalized in 1886 at \$3 million, and by 1893 the concern boasted capital of \$15 million... By 1900 the industry gave employment to 27,861 wage-earners, or 7.1 percent of the wage earners employed in the state, and the products were valued at 22.9 percent of the total value of products of Illinois."<sup>36</sup>

Swift did not begin to diversify until 1968, when it acquired Vickers Petroleum. By then, their meat business was slipping behind the competition of Iowa Beef Processors and Missouri Beef Packers, and so they decided to decrease their participation in this market. Since 1969, they have closed over fifty meatpacking plants and laid off or retired more than 18,000 workers.

Swift changed its name to Esmark in 1973, to update its image. The conglomerate now holds such diverse businesses as insect spray, gasoline, bras, car stereo speakers, peanut butter and toothbrushes. Swift and Co. is now simply the food division of Esmark. In 1980, Esmark was #55 on the Forbes 500 list, with sales of almost \$7 billion.<sup>37</sup>

Other businesses in the meatpacking industry have been involved in multiple shutdowns besides Swift. From 1951-65, Armour Co., closed 21 plants employing 14,000 workers and replaced them with eight plants

employing 900 workers during the early 1960's.<sup>38</sup>

In addition to reorganization through total shutdowns, the meat-packing industry has been systematically trying to replace master union contracts with local union contracts, or eliminate contracts altogether, in an effort to cut costs and discipline the work force. Swift closed down one of its beef processing plants in Des Moines, Iowa, in 1979 and idled about 480 employees. A company official cited "non-competitive labor costs" as the reason for the shutdown. Workers represented by the UFCW were making \$13 an hour in wages and fringe benefits under a national master contract. The wages and fringe benefits in local non-union plants and union plants with local contracts averaged about 30 percent less. Swift reopened the plant in January, 1981, 1 1/2 years after the shutdown, with no union representation. According to the Des Moines Register,

"While the beefpacking industry is still fairly highly unionized, master agreements have just about disappeared in the industry, with local contract agreements usually calling for lower wages and fewer benefits, replacing them. The old agreement at Swift (in Des Moines) was part of the master contract. In essence, Swift quietly has accomplished through a 1 1/2 year shutdown and a corporate restructuring what other Iowa companies have achieved only after long, bitter and sometime violent struggles - the elimination of a 'non-competitive' union contract."<sup>39</sup>

On June 30, 1980, Swift and Co. announced the closing of eight plants, one each in Illinois, Georgia, Ohio, New York, Colorado, Michigan, Texas and Oregon, all scheduled to occur in December 1980 or early 1981.<sup>40</sup> These closings represented a separation of fresh meat and processing operations, and an attempt to cut "noncompetitive" labor costs.

The Illinois closing, in Rochelle, affected 700 employees. I

asked the Director of the Greater Rochelle Economic Development Corporation his view of the reason for the shutdown.

"Well, everyone has their own view, but my personal opinion is that it was a change in philosophy as to their (Swift) potential for income, as well as the number of businesses that Esmark owns. Processed food is the biggest potential for income for the meat industry. Rochelle was a three-phase plant--pork, beef and process. Esmark, or Swift, will be probably entirely "process" during the next few years. So they merely made a corporate decision to get out of fresh meat. We suffered along with seven other closings that were announced the same day. I don't think it was the community, I don't even think it was the unions."

I will quote at length from an interview with a UFCW union official from Swift regarding the changes in the meatpacking industry.

"Question: When did it become clear that the plant would close? A: Probably in the early 1970's when the packing industry was going through a lot of changes, not only Swift, but also Armour, Hormel, Morrell. They were getting away from what we call a full-line plant where you kill the hogs, lamb, cattle and veal and process them all in the same plant. Rochelle was the last full-line plant built in the U.S. that killed a variety of meats. The new plants that were being built were strictly all pork or all beef. They tried to centrally locate plants around the country for processing such things as sausage, sliced bacon, lunch meat, and this was the beginning of the end for the Rochelle plant. In '78 we had what we call a partial Dept. closing. They opened the Omaha Ham Canning Plant, and they took the boneless ham operation from the Rochelle plant to Omaha, and we lost 40 jobs at that time. The rumors of a closing picked up and from meetings between Swift and the union we knew that it was just a matter of time. I really thought the whole thing was going down during the latter part of 1978. Swift was building a new plant down in Canton City--strictly all processing--and due to some cost overruns

and missed dates, we got a year longer than we expected. We had a meeting in April 1980, before the announcement, and it was clear that there was nothing we could do to save the Rochelle plant, whether it be pay cuts or whatever. I stated at the time that we could have worked for nothing and the plant still would have closed. It wasn't a matter of the plant not making money. The company maintained that the plant was profitable up until they closed. But they didn't feel that it was enough to keep operating, because they could make more at the specialized plants."

Esmark eventually sold the Rochelle plant to Dubuque Packing, an Iowa firm that shutdown its unionized plant in Dubuque to move its hog butchering operation to Rochelle. When Dubuque Packing Company reopened in Rochelle in late summer, 1981, it had negotiated a sweetheart union contract with a Teamsters local. This action was later disciplined by the National Labor Relations Board.

"The NLRB, acting on charges filed by the UFCW union, announced it will seek an injunction against Dubuque Packing Company. The NLRB move was made because of the packing firm's voluntary recognition of Local 710 of the Teamsters... the NLRB concluded probable cause had been established to believe Dubuque Packing Company violated the federal labor law in illegally assisting the Teamsters."<sup>41</sup>

A Chicago business paper reported that workers at the Rochelle plant under Dubuque's ownership would experience more than a 25% drop in salary compared to Swift's wages. "Dubuque will offer workers \$7 dollars an hour, and benefits will be restricted to comprehensive health insurance and a week's paid vacation."<sup>42</sup> The wage and fringe package paid by Swift was \$14 an hour.

The following editorial comment from the business press illustrates their view of the significance of the events in Rochelle.

"As it turns out, the workers aren't faring poorly at all.

All but 400 found employment elsewhere, and those still collecting unemployment benefits have endured little deterioration in their living standards.. Insulated as the workers have been from the effects of the Swift shutdown, the question arises, however, whether it has dawned on Rochelle workers that their recent bout with unemployment--painless as it may have been--was a direct result of unrealistic wage rates... Thanks to Dubuque Packing, Rochelle is getting another chance. As the Food Workers being positioning themselves for an organizing drive when the new plant opens, we hope that Rochelle workers have learned that 75% of something is better than 100% of nothing."<sup>43</sup>

This editorial comment raises an important issue that is a digression from the meatpacking case specifically, but is relevant to the Chapter's discussion of labor costs as a factor in plant closings. In the same issue of the business newspaper where this editorial appeared, another article described the lifestyle of one former Swift employee. In an effort to emphasize his comfortable situation, the article mentioned that he owned a home, a speed-boat and that he took vacations in the Smoky Mountains of North Carolina.

The tone of the article's commentary was consistent with many of the statements we hear today about the excessively high wages of unionized workers. There are several points that must be raised to put the implications of these remarks about blue collar wages in perspective. First, when we hear about the wages of blue collar workers, we rarely hear about the wages of management and executives as contributors to the "labor costs" of the company. Second, it is rarely acknowledged that these wages were earned from highly profitable companies, and won by consent through negotiation with corporate management. These wages were not, as is sometimes implied, extorted from unprofitable firms. Third, these wages played an important role in supporting strong consumer demand for the products that enabled

corporations to continue to profit from high sales volumes. Finally, blue collar workers were encouraged, even exhorted, by the "American dream" to buy homes, boats, trailers and summer vacations, and send their children to college. The fact that the degree of material comfort represented by home ownership is now being turned against working people is an extremely bitter pill indeed.

Besides being an insult, this analysis that presents the wage bill as the primary cause of plant closings and the malaise of our industrial base is inaccurate and leads to inadequate solutions. This point may not be widely realized until it becomes clear that current wage concessions, if they remain the only new corporate strategy, will not set these industries on the road to recovery.

On the other hand, it may be true that wages rates and cost-of-living-adjustments (COLA's) won during prosperous economic times cannot be maintained by certain troubled companies or industries. To acknowledge this point is not the same as stating that high wages caused major industries to decline. The whole problem, however, cannot be either adequately understood or resolved if the blame is laid solely on one group.

We can now return to the meatpacking case.

The older companies, like Swift, have been challenged by companies like Iowa Beef Processors, who have been able to cut costs through several strategies.

"When Iowa Beef Processors Inc. (IBP) of Dakota City, Nebraska, began shipping boxed beef directly to supermarkets, thereby eliminating butchers, the industry knew a revolution had started. This "new breed of packer" shaved costs further by locating plants closer to supply sources and keeping it workers non-unionized."<sup>44</sup>

Iowa Beef, recently acquired by Occidental Petroleum Corporation, is employing other methods to cut its costs. Iowa Beef, now the nation's most successful beef packer, is moving into hogs. It approached two small communities, one in Iowa and the other in Illinois, with plans to construct a large pork plant. These two communities were pitted against each other,

"As each tries to offer more in the way of environmental, political and tax advantages... To that end, the company supplied both Sheffield and Stanwood with a checklist of resources, services and concessions it wanted. The tiny and ailing communities can ill afford some of them. Illinois is trying to assist Sheffield by offering to help train the employees who would work at Iowa Beef, and by promising to push through any environmental applications the company must make for its waste water... Not to be outdone, Iowa lowered the distance Iowa Beef must keep between its waste water and a residence... And the County Board brags that Iowa is a right-to-work state, while nearly every business in Illinois is unionized."<sup>45</sup>

Iowa Beef Processors has also been engaged in other activities to earn their label as a "new breed of packer". The company manager, a former Swift slaughterhouse butcher, reportedly stated that:

"Business as we pursue it here at IBP is very much like waging war." (The Manager) and Iowa Beef were convicted in 1974 of conspiring with a Mafia figure to bribe their way into New York City, the world's largest meat market, by paying off butcher's union officials and supermarket executives. The Wall Street Journal reported that Iowa Beef's "history is faced with criminals, gangland figures, civil wrongdoers, brazen conflicts of interest and possible violations of antitrust and labor law. Floating in and out of the scene are people engaged in vicious beatings, shootings and fire-bombings."<sup>46</sup>

Illinois experienced several other meatpacking closings during the 1970's: High Life Packing, Chicago, 58 employees; DuQuoin Packing, DuQuoin, 341 employees; Oscar Mayer and Company, Quad Cities, 400 employees; Peoria Packing, Peoria; Blue Bell Packing,



Centralia; Hunter Packing, 900 employees and Circle Packing, both of East St. Louis.

The story of Hunter Packing illustrates failed community efforts to maintain the plant. According to an official in the Mayor's Office of East St. Louis, Hunter Packing, a Division of Morrell, subsidiary of United Fruit Co., gave a six months notice that it would either close or rebuild its operation in East St. Louis. Through a long series of negotiations, the Mayor gained approval on a \$10 million Urban Development Action Grant (UDAG) to subsidize their project. Just as the deal was being finalized, Hunter increased their request to \$20 million, and when they were refused, they announced plans to close. The official suggested that Hunter planned to close, regardless of incentives like the UDAG and union concessions. The employees wanted to purchase the plant, but Hunter wouldn't sell because they wanted to maintain it as a distribution center. One hundred employees from Hunter each put \$1,000 of their severance pay into a cooperative, and they are still seeking financing to reopen the closed Circle Packing Plant and produce smoked meats and sausage.

#### Industry-wide Closings: The Case of Steel

Steel production, like meatpacking, was a key industry in the development of Illinois. The mills, concentrated around Chicago, have been affected by the national crisis in steel, but they have not yet been decimated as severely as steel plants in Pennsylvania and Ohio. In the fall of 1979, U.S. Steel announced the total and partial closing of more than a dozen plants nation-wide, affecting 13,000 workers. This decision affected three plants in the Chicago area: a wire mill

in Waukegan, 560 employees; a wire mill at Joliet, 800 employees; and a steel container plant, Dolton, with 130 employees. At the time, U.S. Steel continued to employ 40,000 workers in the Chicago area. The company announced that these operations were being closed because they were noncompetitive. Reasons for this included "operating costs, unfairly priced imports, high energy costs, taxes and labor costs... Another spokesman noted that almost all the plants to be closed are turn-of-the-century mills that have become antiquated."<sup>47</sup>

The largest single closing in the steel industry in Illinois occurred at Wisconsin Steel in 1980. This plant, also located in Chicago, displaced 3,400 workers who belonged to an independent union, called the Progressive Steelworkers. Closings of several other smaller steel plants occurred during the 1970's: American Steel Foundry, Granite City, 196 employees; Penn-Dixie Steel, Blue Island, and Laclede Steel, Madison, 280 employees.

#### A Note on Impact

The stories of these closings would be much more complete if there were more information regarding the impact of the shutdowns on individual workers and their families, and on the economic and fiscal stability of specific communities and the State as a whole. As noted in the Chapter Introduction, however, very little data specific to Illinois has been collected on these post-shutdown economic and social consequences.

The absence of a detailed discussion on the impacts of these plant closings is more a function of this lack of information than a lack of consequences. Several types of information would be required

for an impact analysis. In terms of the impact on individuals, data on lost earnings, duration of unemployment, obsolete skills, characteristics of new jobs, financial losses, family stresses and health status would be necessary. A community impact analysis would need information about local tax losses from individuals and businesses, changing service levels related to these revenue losses, the decline in local demand for goods and services, and local businesses affected by the shutdown. Identifying the impacts on the State would require a fiscal analysis of revenue losses and increased expenditures. It would also involve an economic analysis of job losses, the occupations and industries being displaced, changing income levels and changes in the export capacity of the State.

In the absence of this information for Illinois, it is possible to examine other research about the impacts of plant shutdowns. Most of the research has concentrated on consequences for individuals rather than local and state economies. A number of references for this type of research are included in the Bibliography.

### Summary

This overview of plant closings in Illinois provides us with valuable information, even though preliminary and incomplete, about the patterns of plant closings in Illinois. To a certain extent, the findings of this Chapter echo the central points of Chapter One. Plant closings today result from some of the same circumstances as did plant closings of a century ago, including business relocation, corporate acquisition, technological change and labor-management conflict. The shutdowns presented here, however, are concentrated

in the industries and communities that were the original nodes of growth and development in Illinois. The decline exemplified by these plant closings signals the substantial structural changes occurring in the economy.

These changes raise difficult questions about the future viability and economic potential of this older industrial infrastructure. In other words, what is the appropriate reindustrialization strategy vis-a-vis older and newer industries? To what extent can/should these older industries be preserved and revitalized? The details of the plant closings presented here also illustrate the complexity of the decision-making process underlying plant shutdowns. Very little information is available or accessible during the process of these shutdown decisions. This fact raises questions about how "the public" could gain access to the information it would need to monitor and influence business decisions about investment and disinvestment, and thereby prevent unnecessary plant closings. Information, of course, is only one aspect of the conditions required to prevent closings. Also, is public participation in private decisions about plant closings the only, or even the best, way to approach this issue?

The detailed picture of plant closings presented here provides a rich perspective on the complexity of the problem, and also prepares us to analyze the responses to plant closings more critically in reference to the problem.

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CHAPTER THREE  
RESPONSES TO PLANT CLOSINGS

Introduction

This Chapter presents four categories of responses to plant closings: 1) Collective Bargaining; 2) Plant Closing Legislation; 3) Union Direct Action; and 4) Economic and Social Planning. These categories include a broad range of strategies that are generally intended to achieve at least one of three goals: 1) Prevent shutdowns that are scheduled to occur and those that might occur in the future; 2) Provide the best possible financial benefits, social services and reemployment opportunities to displaced workers; and 3) Enable the community to plan a response to the shutdown and provide resources to assist its economic recovery.

Collective bargaining has traditionally emphasized good financial benefits for displaced workers through severance pay, supplemental unemployment benefits, early retirement and extended insurance. Recently, however, more attention has been directed to the prevention of shutdowns in union contracts, as exemplified by the UAW and UFCW. Plant closing legislation has not aimed to prevent plant closings so much as to assist communities and workers adjust after the closing. Union direct action is usually a strategy intended to halt a shutdown already on progress, though it may be applied to increasing benefits paid to workers by the company. Economic and social planning, as applied to plant closings in the U.S., seeks to provide services to workers for adjustment and reemployment, and assistance to communities



for economic development. For the most part, planning efforts in the U.S. have not been directed toward the prevention of plant closings.

Ideally, each response category should be analyzed from as many angles as possible in order to determine the potential and limitations of each as a strategy for addressing the key problems associated with plant closings. The history of each strategy should be examined to assess its past performance as an approach to solving social and economic problems. The institutional base of the actors involved in each strategy should be investigated to determine the financial, technical and political resources available to support the success of the approach. A comparison should be made among these responses and their institutional foundations. The analysis would need to differentiate among the group roles and identities within each response category. For example, in terms of the labor movement, we would distinguish between the positions of leadership and rank and file, among the service, industrial and craft unions, and among locals in the same international union. Finally, we would need to examine the potential of each response in terms of short-term and long-term goals, and ameliorative vs. preventive strategies. There are more possibilities, most of which are beyond the scope of this analysis. These possibilities are raised to acknowledge that any analysis of responses to a fundamental problem such as plant closings would need to be more complex than the discussion presented here.

Each category of response is discussed here in terms of its main activities and stage of development. The strong and weak points of each are presented. One set of responses is not necessarily better or worse than the others. As the discussion will illustrate, each

approach contributes essential alternatives to a comprehensive package of responses to plant closings. In the U.S. today, each individual response category is weak and far less developed than it might be. Thus it is important that efforts be made to improve the quality and effectiveness of the strategies in each response category.

Each of these response categories is currently in flux. The "state of the art" in each is changing as this report is being written. This should be interpreted as a positive sign that the individuals and organizations concerned about the problems associated with plant closings are not accepting the limitations of our current set of responses.

The first three responses are described briefly in order to provide an overview of recent trends. The response of economic and social planning is discussed in more detail, because the MAP is a case example of this approach.

### Collective Bargaining

Collective bargaining has been the most successful approach to plant closings for unionized workers. Despite its limitations, bargaining has at least secured financial benefits for individual workers displaced by shutdowns.

The first advantage is that, where union recognition has been won, bargaining is required by law. Detailed rules, practices and expectations govern its operation. The law, however, limits the unions' ability to prevent closings because of restrictions on the type of decision that can be negotiated.

"The National Labor Relations Board (NLRB) and the courts

have extended unions the right to bargain over closings in certain limited situations. An employer only has to bargain over a relocation decision that does not change the basic scope or nature of the business. Such a decision usually will involve a proposal to subcontract part of a plant's operation, or relocate operations to other plants producing the same products with similar equipment... Under the National Labor Relations Act, federal law requires the employer to bargain over the effects of a planned move or shutdown, even if no specific clause in the contract has anticipated this situation... Failure by the employer to bargain in good faith over these issues constitutes an Unfair Labor Practice under Section 8(a)(5) of the Act... Should the union fail to make such a request, it gives up the right to bargain over these issues."<sup>1</sup>

Typical issues included in the contract relating to shutdowns include transfer rights, severance pay, supplemental unemployment benefits, advance notice of the closing and health insurance and pension benefits.

One limitation of collective bargaining presently is the lack of consistent protection for all unionized workers. A recent review of about two thousand collective bargaining agreements covering bargaining units of one hundred or more workers conducted by the Bureau of Labor Statistics illustrates this point.

"32.6 percent of the contracts contained transfer provisions for workers to other units of the company in the event of displacement; 9.9% provided for the transfer of part or all of seniority benefits to another company plant; 29.6% contained provisions for severance pay in the event of a shutdown; and 3.7% provided some form of advance notice."<sup>2</sup>

Recent contract negotiations, wherein job security is being sought even more aggressively than in the past, suggest that we can expect more contract provisions that anticipate plant shutdowns.

"The UFCW Union last month accepted a four-year wage freeze for 40,000 meatpacking members in exchange for promises on an 18-month moratorium on plant closings by four companies... The packing houses

also will provide the union with detailed annual reports on capital spending on each plant."<sup>3</sup>

In a similar trade-off, the United Auto Workers have tried to limit plant closings by bargaining over the "outsourcing" practices of the auto companies.

Doug Richardson, a Field Services Representative at the Midwest Regional Office of the national AFL-CIO emphasized the flexibility of the collective bargaining process when asked about responses to plant closings.

"A lot of people don't understand that things happen in the workplace because of advocacy of certain issues over others in the bargaining process. An example of this is what (Doug) Frazer (of the UAW) is trying to pull off... I think there is some room for optimism here, because unions take their business seriously... Right now they deal with the problem at the point when the plant is going to close. Eventually it will back up in the process and be anticipated."

A further advantage is that collective bargaining represents the best existing structure for insuring that the private sector pays (at least partially) for the consequences of its decisions. It thus promotes the privatization of social costs associated with plant closings. This point was illustrated by the Director of the Greater Rochelle Economic Development Corporation when I asked him about the impact of the Swift closing on the local economy.

"Fortunately for the community, the financial impact was not staggering. Many of the employees were given final settlements of up to a year's salary, and consequently their financial potential was not lost to a major degree. They cutback on major expenditures, but people were still able to provide for their necessities. Auto sales here were affected, but services and retail businesses held their own."

In a very different case, when Wisconsin Steel declared bankruptcy

and left over 3,000 workers with virtually nothing (several of the final paychecks bounced), several hundred workers and their families were immediately eligible for food stamps and in need of a variety of public services. In this case, the absence of financial protection guaranteed through the collective bargaining process resulted in the government, not the company, bearing the financial burden of the closing. Thus, strong financial protection for workers displaced by a shutdown indirectly serves the interests of both government and local small businesses.

The obvious limitation of collective bargaining is that only one-quarter of the U.S. workforce enjoys the benefits of such protection. The collective bargaining process is also not designed to compensate each community which bears the costs of a plant closing. Still, collective bargaining remains a guaranteed arena for negotiations over plant closings for unionized workers. In the absence of progress on the legislative front, collective bargaining will continue to be a laboratory for creating effective and innovative responses to the problem. According to a UAW Research Director quoted by the Wall Street Journal, "The political climate is so adverse from our standpoint that we have to rely on bargaining more than ever."<sup>4</sup>

#### Plant Closing Legislation

Theoretically, plant closing legislation addresses the central limitations of collective bargaining and union direction by extending minimal protection to non-unionized workers, and by requiring some payment to the community or state for an economic recovery fund. The legislative campaigns have been successful in educating the public

about the problem, but to date few concrete legislative achievements have occurred. The strongest fights have been waged at the state level, but many people acknowledge serious limitations with this approach. Given the current fierce competition among states to attract business, the likelihood that a few states will pass strong plant closing legislation is slim. Others argue that the national bills are too weak to merit a serious national campaign, and that organizing resources should be directed elsewhere.

The first statewide campaign for plant closing legislation was pioneered in Ohio under the leadership of the Ohio Public Interest Campaign. In Ohio, OPIC organized from 1975-77 to have their model legislation, the Community Reinvestment Act, introduced in the Ohio legislature. Public hearings were held throughout the State from 1978-80, which generated much support and exposure for the bill. While the legislation has been introduced in every new legislative session, it has never come to a vote on the floor of the House or the Senate.

Throughout this period, numerous conferences on plant closing legislation were held throughout the U.S. and several additional states developed their own legislation. In Illinois, The Employer Relocation Act, (HB2768), was introduced by Rep. Miriam Balanoff and Rep. Glen Dawson in April, 1979. At least four public hearings occurred in the following year: Springfield, May 1979; Chicago, November 1979; Peoria, January, 1980; and Edwardsville, February, 1980. The bill finally passed out of the House Committee in May, 1980, but was defeated.

A research report on plant closing legislation prepared by the United Rubber, Cork, Linoleum and Plastic Workers of America (URCLPWA)

reported that, as of May 1, 1981,

"Twenty-two states, at one time or another, have introduced a plant closing bill in their state assembly. In addition to state plant closing bills, there were five bills introduced in the 96th Session of Congress that would assist the displaced worker. Three of these bills were directly related to plant closing legislation while the other two bills provided federal loan guarantees for employee buy-outs of closing plants... Two plant closing bills on a national level have been introduced in the 97th Session. One bill (HR 565) has introduced by Rep. Robert Roe, D-New Jersey, and the other (HR 1037) by Rep. Joseph Gaydos, D-Pennsylvania."<sup>5</sup>

In addition to this review of the legislation, the URCLPWA surveyed State AFL-CIO Presidents regarding their attitudes about plant closing legislation. When asked, "How do you view the feasibility of a plant closing bill being enacted in your state or on a national level in 1981?", only 3.1 percent of 32 respondents thought that the chances were good. The other 96.9 percent rated the chances as being poor or nil, with slightly more optimism for the chances of a national bill than a state bill. 43.8 percent thought that labor should concentrate its lobbying efforts for plant closing legislation at the national level alone. 3.1 percent at the state level along, and 43.8 percent at both state and national levels. With regard to the level of support for legislation in their areas, 9.3% reported excellent support, 59.4% reported some support and 31.3% reported no support.<sup>6</sup>

Recently, a new plant closing bill (#2839) was voted out of Committee in the California Legislature. The bill, introduced by Assemblywoman Maxine Waters,

"would require employers of 50 or more employees at a single workplace... to give specified public notice when planning or undertaking a full or partial closure or relocation of the workplace. Upon receiving this notice, the Department of Industrial Relations would be required to prepare a statement of the economic and social impact of the reduction of operations, investigate alternatives to the reduction,

review the relevant financial records of the business operation, determine the feasibility of establishing a community-owned business to continue operations at the workplace, and provide specified public services and technical assistance to individuals and communities adversely affected by the reduction.

"The bill would require... the employer to provide affected employees with income maintenance, retention of employment benefits, relocation expenses and transfer rights under specified conditions.

"The bill would establish civil penalties on employers which may be assessed by the Department of Industrial Relations against any employer which fails to provide the notice required by the bill.

"This bill would impose specified tax penalties on employers who close a workplace or relocate a workplace outside a taxing district." (Assembly Bill #2839, California Legislature, 2/25/82)

The low rate of success in passing such legislation should not be interpreted as a sign of complete defeat. After all, the plant closing legislation campaigns are less than a decade old. This is relatively young for legislation that challenges traditional management prerogatives in a fundamental way. There is still much more education and organizing to be developed around this concept, especially at the national level.

Plant closing legislation, if and when it ever passes, cannot be a substitute for any of the other three responses. Collective bargaining is still necessary to resolve issues at a level of detail not conducive to legislation. Direct action is needed to enforce legislation even when it exists, as we have seen with civil rights law in the U.S. Finally legislation does not solve basic economic problems and decisions that will have to be addressed through planning.

### Union Direct Action

Union direct action is defined here to mean activities initiated and controlled by trade unions that are outside of the realm of the



collective bargaining process, the provision of social services to union members and traditional legislative and electoral lobbying. As a strategy for addressing the problems of plant closings, direct action is distinctly different from the other three approaches being discussed in this Chapter. All of the other three involve formal procedures and regulations specified by law and/or informal precedent. The direct action approach typically involves forms of organizing and protest that are informal, ad hoc and sometimes illegal. The other three approaches emphasize minimizing the negative consequences of plant closings while the direct action approach emphasizes stopping shutdowns. In general, unions opt for direct action only when the results of collective bargaining are unsatisfactory. In addition to protest, union-initiated economic planning is another form of direct action. Examples of both are presented here.

The protest form of direct action has descended from a rich history of worker and community protest in the U.S. and throughout the world. These tactics include activities such as sit-ins, mass marches, boycotts, vigils, rallies, work stoppages, and community-labor coalitions. The strategy is generally intended to pressure the company to consider alternatives to the shutdown or increased worker benefits through confrontation, publicity and broad-based public pressure.

During the past decade, labor unions in the U.S. have rarely used direct action as a strategy to combat specific plant closings. There are several possible explanations for this relative quiescence. One of the most powerful deterrents is the general assumption that plant closings are inevitable. Once the workers are notified, it appears that the decision is irreversible. Another restraint is that the

plant may not seem to be (and may not be) worth saving. Direct action tactics require financial resources and a high level of motivation and discipline from the workers and community groups involved. If illegal action is necessary, this strategy becomes even more risky. Finally, labor leadership has not advocated this approach to plant closings. Thus, when the perception of a low potential for success is combined with the reality of high personal and organizational risks, direct action may not seem worth the effort.

The disadvantages of this type of strategy is that workers may risk whatever benefits they had through the negotiated shutdown agreement. This approach is also difficult to sustain for any length of time. The advantage is the potential to keep the plant open. An indirect advantage is that it may induce other companies to behave differently in other closings to avoid publicity and confrontation. These types of victories may also serve to catalyze a broad-based popular movement with the potential capacity to combat plant closings more comprehensively than on a plant-by-plant basis. This strategy is more difficult for non-unionized workers, who generally lack a cohesive organization and leadership to coordinate the protest.

This reluctance to fight plant shutdowns directly outside of the formal collective bargaining process has given way in some instances in the U.S. in recent years. This trend was noted by the Wall Street Journal. "Throughout the U.S., union anger over plant closings is growing. Workers are trying new forms of resistance, such as community protests, and they are demanding that companies do something to help those who are suddenly jobless."<sup>7</sup> The Wall Street Journal article cited the case of Paragon Gears, Inc., in Taunton, Massachusetts, as

an example. The United Electrical Workers, working together with community groups attempted, "to save Paragon Gears, Inc., a marine engine transmission factory scheduled to close by summer. In its campaign to keep the 65 jobs, the union at Paragon has sponsored a school essay contest and placed posters in most downtown stores."<sup>8</sup> In April, 1982, the International Association of Machinists (IAM) occupied a plant in Philadelphia that was scheduled to shutdown. They were not able to prevent the closing, but they did improve their severance package.

#### Union Protest in Canada

Several plant takeovers have occurred during the past two years in Canada. A wave of plant shutdowns and mass layoffs, especially in the Canadian auto industry, led Canadian UAW Director to say, "If people don't sit up and pay attention to what's happening, then we should seize those plants until such time that they do pay attention."<sup>9</sup> Delegates to the UAW Council where these words were spoken took the message to heart. Representatives from a Windsor, Ontario plant that was scheduled to close entered the plant with a group of workers and occupied it for 24 hours until an adequate severance package was negotiated.

The next occupation, much more dramatic than the first, occurred at a bumper plant in Oshawa, Ontario, that was scheduled to close in October 1980. The firm had been acquired less than two years previously by a Florida-based conglomerate named KKR. The final severance package, which eliminated all health coverage, was not acceptable to the union.

"The company's final offer had left the workers little choice but to occupy the plant. The bargaining committee went down to the lunchroom where the men had gathered... and told them what they had in mind... As reporters began to assemble, they saw UAW members from other factories bundling food supplies, sleeping bags, darts, checkers, TV's and radios into the plant for the occupiers... The union tried to put on a "media event" each day... When it became clear that the workers were winning public opinion to their side despite the illegality of their occupation, the Ontario government was forced to act. It proposed to mediate new negotiations, but the company insisted the occupation had to end first. The UAW refused, and under enormous public and governmental pressure the company relented."<sup>10</sup>

After twelve days, negotiations began. The settlement proved to be an improvement over the company's final offer that had triggered the occupation.

Such militant action has not been limited to the Oshawa plant. UAW members at Beach Appliances in Ottawa, and United Electrical Workers at Tung-Sol in Mississauga, Ontario, both occupied their plants for better severance packages. Workers at Windsor Bumper, Ontario, actually saved their plant after an eight-day sit-in in 1981.<sup>11</sup>

#### The Corporate Plan of the Lucas Aerospace Workers

The efforts of the workers at Lucas Aerospace, part of a British-based multinational corporation, to promote job security and social goals through the development of an alternative business plan for the corporation represent a highly significant example for the labor movement in all countries. It exemplifies union direct action, in the sense that the activity has been initiated and controlled by unions. Also, it has developed outside of the formal collective bargaining process and traditional political approaches of organized labor. On the other hand, it is an atypical form of direct action. It is

atypical because the Lucas Aerospace workers have become involved in genuine industrial planning, as distinct from forms of protest. This case provides an excellent transition between the discussion of traditional direct action efforts and customary economic and social planning activities in the U.S. As we shall see, the planning approach of the Lucas Aerospace unions is substantially different than planning as we experience it in the U.S.

Lucas Aerospace is a part of Lucas Industries, a company that produces "a wide range of electrical and mechanical systems and components for the motor car, aerospace and the engineering industries generally."<sup>12</sup> It concentrates on small batch precision engineering, about half of which is related to defense. About 13,000 workers are employed by Lucas Aerospace at seventeen sites around Great Britain. Both blue and white collar workers are organized into thirteen different unions.

In 1972, all of the unions formed a multi-union committee, called The Lucas Aerospace Combine Shop Stewards Committee. Its function was "to coordinate the fight for better wages, conditions and job security."<sup>13</sup> The Combine Committee established a "Science and Technology Advisory Service" in 1974 to address a variety of problems related to the introduction of new technology in the workplace, such as "skill fragmentation, increased work tempo, job security, dangers of shift working, and possible hazards in the use of new processes and materials."<sup>14</sup>

During the early seventies, Lucas Aerospace was reducing its workforce through increasing automation and the transfer of manufacturing operations out of Great Britain to other countries such

as France and Brazil. In addition to job elimination by Lucas itself, the industry was vulnerable to anticipated cuts in defense spending. The Combine Committee supported these defense reductions as a matter of principle, even though their jobs were threatened.

The Combine Committee, faced with these job losses, realized that their "defensive strategy" was inadequate to facilitate the achievement of their goals.

They observed that: "Some workers in the U.K. had already tried to defend themselves against redundancy and factory closures by 'sitting in' and in some cases 'working in'. In a few instances this had led to the setting up, with government support, of workers cooperatives, run and owned by the workforce. There were grave problems with this tactic: ... The end result was often that the workers had to exploit themselves in order to remain in business. The Lucas workers sought another approach."<sup>15</sup>

This alternative approach became what is called "The Corporate Plan". The goals of the Plan included job protection, the manufacture of socially useful products and a safe, stimulating environment within the workplace. The plan was generated from 1974-76 through a democratic process whereby project teams at different sites developed

"ideas for alternative products based on their knowledge of the existing products, the factories' equipment, services, siting and layout, and the skills of the workforce... The complete Plan consists of five 200 page documents outlining some 150 new products and making a number of radical proposals for how production should be organized."<sup>16</sup>

The product list include kidney machines, transport systems including electric vehicles, solar collectors, devices for undersea oil rig maintenance and remote control mining. Job upgrading and skill retraining were also included in the Plan.

Four months after the Corporate Plan was made public, the Company

responded and essentially refused to discuss the Plan seriously. The Company reiterated its support for its own product choices and the regular channels of negotiating issues with the unions. This rejection, although initially disappointing, strengthened the workers' support for the plan. With renewed resolve, they focused their efforts to implement the Plan on the local level, even though the Plan had been designed to require the involvement of all the Lucas Aerospace plants.

The workers at the Burnley, Lancashire plant achieved the most success with this strategy. During 1976 they held several meetings with workers and management to educate them about the Plan and involve people in tailoring the plan to local circumstances so that parts of it, at least, could be started.

"In September 1976,... the local Burnely management agreed to set up a programme of heat pump development and to look into other non-aerospace alternatives." While this development represented a "major breakthrough for the Corporate Plan concept... It is unclear whether this will remain an isolated exception--or spread to other sites... This is more than an academic point since full protection of heat pump systems would...require the cooperation of other Lucas Aerospace sites..."<sup>17</sup>

Although the Plan has never been adopted by the Company, it constitutes an impressive advance in union strategy for several reasons. The conscientious commitment of the Plan to socially useful products and humane production techniques, in addition to job security, represents progress in the thinking of the labor movement. The democratic process through which the Plan was developed, with union representatives from different sites, illustrates the political capacity of the trade unionists at Lucas. Furthermore, a technically rigorous document -The Plan- was the outcome of this political process.

More impressive than even the Plan itself is the advancement in the thinking of the Lucas trade unions about their capacity to plan, and the legitimacy, indeed the necessity, of their participation in economic planning.

The Combine Committee of Lucas Aerospace, like the UAW workers in Oshawa, Ontario, has served as an example for other unions that are concerned with the same issues of job security, and conversion from the production of war-related products to peace-related products.

"For example, a resolution passed at United Auto Workers' Aerospace Conference included: 'A solar unit for every American home, noise reduction units for American factories... Skills of aerospace workers are readily adapted to perform the work necessary for the design and building of equipment and systems that could help in the resolution of some of the pressing problems of our society, such as mass transportation, energy, education, environment, housing and dozens of other aspects of modern life.'"<sup>18</sup>

We cannot escape the obvious point that innovative union direct action responses to plant closings, in terms of both protest and planning, have been initiated outside of the U.S. It appears that some unions in the U.S. are beginning to move more aggressively in this area, but the examples are still few. One advantage of following the lead of unions in other countries is that trade unions here can learn from the experience of other countries. For example, the Lucas Aerospace workers rejected "sit-ins" and worker-takeover of troubled firms as inadequate strategies for them. They also confronted problems with their own established institution for participation in planning through "planning agreements".

In Britain these "planning agreements" are established through a process whereby corporate managers present a corporate plan to the



government. Both parties discuss the plan, which enables the government to develop a more coherent national industrial development plan. Frequently the government will provide tax subsidies or development grants to companies that enter into these planning agreements. These plans are also subject to negotiations with trade unions, who thereby have some influence over corporate strategies. This concept is already a quite advanced form of planning compared to anything that exists in the U.S. today. However, according to an analyst of the Lucas Combine Committee,

"the Lucas approach is both different to and demonstrates the weakness of the current concept of planning agreements. For in the Lucas case, the initiative was firmly in the hands of the trade union side. If planning agreements are to be anything more than just a new sort of bureaucratic administration, coupled with token involvement of the trade union bureaucracy, then shop floor initiated campaigns like that at Lucas, must become the norm rather than an exception."<sup>19</sup>

The efforts of the Lucas Combine Committee represented a substantial departure from the conventional planning agreements because their Corporate Plan was initiated by the unions, as opposed to the management. The significance of this case cannot be overemphasized because it opens many doors to alternative scenarios about how economic decisions are made, as well as what kinds of decisions are made.

### Social and Economic Planning

This response category may be divided into three sub-categories: 1) Social Services and Income Maintenance; 2) Employment and Training Services; and 3) Economic Development. Planning responses to plant closings in the U.S. usually occur on two levels

in each of these subcategories. First is the planning that occurs on a regular basis in the federal, state and local agencies that provide the generalized services in each of these subcategories, such as the Departments of Public Aid, Mental Health, Labor, Commerce and Human Services. Very few of the formal "plans" of these agencies identify displaced workers or industries in trouble as a special target group. The MAP represents one rare example of these services being built into a state plan on a regular basis. California is the only state that has developed an ongoing plant closure unit directly within an office of State government. A couple of the job training bills that have been introduced recently in the U.S. Congress have identified displaced workers as a target group distinct from the economically disadvantaged. These include the Community Partnership for Employment and Training Act (H.R. 5320), introduced by Rep. Hawkins, and the Training for Jobs Act (S. 2036), introduced by Senator Quale, and co-sponsored by Senators Kennedy, Pell and Hawkins. If either of these bills, or a similar bill, were to pass, a greater degree of planning for displaced workers would be required by law. Thus, the situation shows a few signs of change. However, the vast majority of routine social and economic planning that occurs is not conscientious about the problems of individuals and communities that result from plant closings.

The second and most common level of planning in each of the subcategories is ad hoc, crisis intervention activities that occur when a plant closes. Typically, this planning involves bringing a variety of public agencies, community groups and unions together to determine and coordinate a local, usually short-term response.

These two levels of planning describe the approach that characterizes the majority of planning practice in the U.S. These activities do not begin to describe what a comprehensive approach to planning a response to plant shutdowns might include. The Lucas Aerospace case, for example, suggests a wholly different method of planning. The essential point is that what passes for planning in the U.S. -- ad hoc coordinating committees and executive agencies planning to implement legislative mandates within narrow regulatory and resource constraints -- does not begin to portray the potential of planning.

#### Social Services and Income Maintenance

Most policy-makers involved in this issue now agree that implementing a community support network is the minimum that displaced workers deserve. This has not always been the case. When the Armour Automation Committee was established in 1959 to bring together union, company and government officials to address the needs of several thousand workers being displaced by Armour plant shutdowns, they noted their break with the recent past. In past decades, worker displacement was left to resolve itself in the market. "This passive attitude toward economic dislocation has been supplanted in many quarters by a belief that active policies are required to ease the transition to the new set of circumstances of the worker and the community alike."<sup>20</sup>

In recent years, many communities have worked together to develop these ad hoc responses to the immediate needs of displaced workers. The efforts initiated to provide social services and income maintenance generally include the following: 1) Assist workers to sign up for unemployment insurance (UI) and the Job Service (JS) by placing staff from these agencies in the company for a certain number of days, or

by setting aside certain times at the UI and JS offices for displaced workers; 2) Provide workers with information on public aid eligibility requirements, and local social and mental health services; 3) Arrange credit and insurance counseling for workers; 4) Provide workshops to give the workers all of this information at one time; 5) Establish a drop-in or crisis center where workers can go for information and referrals and peer support; 6) Provide special training to local social service professionals to sensitize them to the needs of this population.

The implementation of this "best practice" during a plant shutdown has been uneven in the State. Even though the response rate may be improving as more communities become aware of what can be done, many workers still have not benefited from these types of programs in their communities. The lack of services provided and/or utilized is a function of a couple of problems. In terms of utilization, several individuals I interviewed emphasized that union members do not want to see themselves as "welfare recipients". This attitude makes them reluctant to take advantage of available services. If unions are involved in planning specialized services for displaced workers, this can break through the ice for their members and may facilitate their ability to find ways of coping with the stress of unemployment.

Local service agencies are sometimes reluctant to relocate a staff person to the union hall for counseling and/or CETA intake to overcome the barriers felt by displaced workers about going to the welfare office. This resistance to offering specialized services may be based on ambivalence about the types of services that displaced workers deserve. Their eligibility for certain financial benefits

through the entitlement programs such as food stamps, general assistance, medical aid and unemployment insurance is set legally. The dispute focuses on how much, if at all, to alter these requirements or set up special programs, like financial support for health insurance, for displaced workers. Two questions underlie this issue. Will additional financial benefits and/or services be a disincentive for displaced workers to seek employment? Will additional benefits for displaced workers be taken away from services for the poor? This issue is discussed in the following section on the use of CETA funds for displaced workers.

Even though few people would deny that social services and income maintenance support are the minimum that displaced workers deserve, this response is not as developed as it could be. Very few national or state resources are targeted to this end. Almost no states have developed a strategy and capability for systematically assisting workers when their plants close. Almost no research has assessed the few programs that do exist. One exception to this is that the U.S. Department of Labor is currently funding an evaluation of the Downriver Community Conference Program for displaced workers in communities surrounding Detroit. This approach should not be discounted simply because it does not address the more fundamental aspects of the problems associated with plant closings. The need for progress in this response category makes it all the more important to learn from programs, like the MAP, that are intended to coordinate and provide much-needed services.

### Employment Services and Retraining

The objective of this approach is to facilitate the reentry of displaced workers into the labor market. As with social services, various communities have approached this problem differently, depending on their resources, the condition of their local labor market, and their philosophy about what approach best enables displaced workers to find a job. The most common programs include short-term workshops on job seeking skills, career assessment and placement services, job clubs and skill retraining.

Near unanimity exists for the goal of reemploying displaced workers. Most people accept this goal for at least one of a number of reasons. Unemployed people collect public benefits and services and therefore place a burden on the public sector. Idle workers represent a drain on the productivity of the economy. Unemployment exacerbates social, psychological and health problems. Consumer demand declines when the unemployed have less disposable income. Finally, unemployment can have political consequences of either increased apathy and citizen withdrawal or increased activism and militancy.

Substantial disagreement exists, however, about the best way to facilitate reemployment, especially when public resources for such efforts are scarce. The least controversial employment services are the short-term workshops, career placement efforts, job clubs and self-directed job search programs. These efforts are much less costly than retraining and can usually be designed, staffed and implemented in a relatively brief time period. This latter feature makes them appropriate for plant shutdowns. The underlying rationale for these

programs, although rarely stated explicitly, is that something is better than nothing. It is difficult to prove a direct benefit from these types of programs, but most agree that something should be done for displaced workers. These programs offer the opportunity to learn how to write resumes, handle job interviews, talk with an experienced vocational counselors about interests and aptitudes, and learn about available jobs. This approach has the potential to boost an individual's morale and motivation at a difficult time. One subtle potential problem exists with this approach--the blame-the-victim syndrome. The success of these programs relies on a premise that jobs are available, if a person looks diligently enough. The implication is that the individual is at fault if they don't find a job, when in fact there may be no suitable jobs available.

Skill retraining, or the process of teaching workers different skills than they had previously, is more controversial. The research literature on retraining, that spans decades by now, gives retraining mixed reviews. On the whole, the balance tilts to the positive side, but not without numerous qualifiers. This ambivalence is partly a consequence of the case-study basis of much of the research and problems with the research methodology. While the researchers remain somewhat skeptical, most employment policy-makers maintain that retraining is an essential part of an overall economic development strategy. The manager of the Illinois Office of Statewide Employment and Training Services expressed his views on this issue to me in an interview.

"My views flip-flop about retraining, because both sides have a lot of merit. Retraining and upgrading are becoming more important because of technological change. In the

very long run, these are perhaps the most important issues to think about. But when you look in the short run, we have a lot of more immediate problems. If there is a machine operator laid off from John Deere in the Quad Cities, and Caterpillar wants to pick up a machine operator, but a little bit of retraining is necessary -- it is a tragedy whenever you can't do the simple kinds of immediate retraining that can have an immediate pay-off. At the same time, whenever you look down the road ten years, you're not talking about that kind of retraining, you are talking about massive overhaul of the current skill level of our current labor force. The private sector spends \$10-30 billion on its own training, how can we expect them to work with us when we spend a drop in the bucket?"

We can safely assume that the new version of CETA will have a retraining component. Whether or not displaced workers are included, and in what way, requires grappling with three issues.

The single most common response I received when I asked people their views on retraining was, "Sure, retraining is a great idea, but retrain for what?" Two themes were behind this guarded enthusiasm. People were responding to the recession and saying why spend money to train people for jobs that don't exist. Second, an awareness of structural changes in the economy was reflected in this remark. People were wondering what occupations to train life-time blue collar workers for--to work in McDonalds? To be an engineer? Or, were there still jobs for welders and machinests for which people could be retrained?

The second issue, common to the retraining debate, is about the best setting and circumstances in which to retrain people. Should people be retrained in the classroom or on the job? Should retraining



be tailor-made for specific local industries? Should a variety of programs be available for workers and employers with different needs and interests? Most research shows that OJT, or OJT combined with classroom retraining, is better than classroom training alone. It may, however, be difficult to meet the needs of the displaced through OJT contracts in a depressed local economy.

The most sensitive question involves where the money is going to come from and who is eligible. As with the social service question, the debate is framed as a trade-off between the "needy" and the "truly needy". This conflict was built into the CETA system by allowing the IIC monies theoretically available for displaced workers to go into the IIB pool for disadvantaged workers. An official from the Illinois Office of Employment and Training Services described the problem.

"In the current system, about the only thing that is out there at the local level is CETA. IIC monies are scarce--they weren't that much to begin with. A lot of prime sponsors don't even utilize IIC money. It is a local decision if IIB money is to revert to IIC. Again, though, that isn't what CETA was intended to do. Criticism could be levelled from some audiences that they are diverting the purpose of a national program. The key issue is will there be a set-aside, or a floating fund, for displaced workers in a new national employment and training system? If it is a separate component, you won't get into the moral issues you now have. Another key consideration is how much money will be there, or there may not be any money nationally and then it will be up to the state. If the new national system takes a broader approach, and expands its parameters to include both income maintenance and economic development, and an industrial intervention program, then the Governor will be obligated to divert some resources to

displaced workers. It will be a very tough transition to make, even if we have the money, to shift our priorities somewhat."

The following statement from Doug Richardson of the AFL-CIO expresses a different view of retraining for displaced workers.

"I agree that we should not train or retrain people for jobs that don't exist. But it is only logical to help people transfer from declining jobs to growing jobs. But we have this dogma that says that people have to destroy themselves and their families before they can get help to make this change. Those people have paid taxes, and when they need a little help, they ought to get it. Paying taxes ought to be like an employment insurance policy. When something that the worker has no control over, like declining manufacturing in the Midwest, or someone decides to build the world car, you shouldn't expect the individual auto worker to be responsible to overcome the shortcomings of the auto industry. So you have to give the guy a break. What is the goal? Is the goal to get people back on the tax rolls? That isn't a bad goal. Now, how do we do it? In terms of services, it is not an either/or situation. It is a matter of having a range of services in place so that whatever fits the situation or the individual is available."

How can this dilemma be addressed, wherein displaced workers and disadvantaged workers are in competition for scarce resources? The most essential point is that both groups suffer from the unemployment of the other. Indeed, all of society suffers from excessive unemployment. When blue collar workers are unemployed in large numbers, disadvantaged workers have more difficulty finding jobs. This occurs in two ways. In a local labor market, displaced blue collar workers frequently move into service sector jobs which are predominately the

jobs accessible to disadvantaged workers. The preferences of employers for workers with stable job experience may put the hard core unemployed at an additional disadvantage.

One study of the shutdown of the Campbell Works of Youngstown Sheet and Tube in 1977 found this effect. One of the study's conclusions was that "those previously unemployed bore the brunt of the plant shutdown as the jobs that they may have obtained were taken by the laid-off workers."<sup>21</sup> This result is certainly not applicable to all communities, because this effect depends on a variety of factors. However, it suggests the potential of an indirect job displacement effect on so-called hard-core unemployed from the direct displacement of blue collar workers.

One exception to this example is potential discrimination against previous union members. Second, when blue collar workers are unemployed due to full or partial plant shutdowns, there may be a ripple effect on other businesses in the area. Small retail trade and service businesses, which are some of the most likely businesses to be hiring disadvantaged workers, may be forced to lay people off.

Blue collar workers also suffer from the unemployment of the disadvantaged. Disadvantaged workers have been used in the past as strike-breakers, or as union-busting labor. The perpetuation of a large, low-income sector in society has the effect of depressing aggregate demand. Therefore, there is less demand for the products that blue collar workers produce. Both groups suffer because unemployment decreases the revenue and increases the expenditures of the public sector. Finally, the general economic slowdown that occurs in communities where unemployment is high hampers the ability of both

groups to find adequate employment.

Politically, it is absolutely essential that these two groups recognize their mutual self-interest and work together for an economy that can maximize employment, rather than maximize conflict and antagonism over the scarce resources of public programs. This cooperation will be very difficult to achieve. These times of budget cutbacks, recession and political sentiment against both the poor and organized labor can induce groups to be even more competitive for scarce resources, which is ultimately counterproductive. In addition to the present stresses on these groups, they must overcome a history of hostility. The myth that welfare and CETA recipients are the main source of the tax burden of working people represents just one impediment to cooperation that must be overcome. These alliances will be hard to build, but they remain a necessity for the advancement of the interests of both groups.

We turn now to brief summaries of three retraining programs that have served displaced workers in Illinois. The Oscar Mayer Pilot Program and Labor Economy Project are each the only program of their type that has been provided for displaced workers in Illinois. The Waukegan case is important because it gained national recognition for dislodging confusion about the CETA IIC regulations regarding the use of this money for retraining displaced workers. The examples are important for Illinois because they represent sources of expertise should the State decide to replicate any of the programs. Unfortunately, however, none of the programs have conducted a long-term follow-up of their participants. Thus we know very little about the impacts of these programs, except for some of the participants

in the Labor Economy Project.

#### Oscar Mayer Pilot Program

Oscar Mayer closed the hog slaughtering operation of its Davenport, Iowa, plant in the spring of 1981, thus laying off 700 workers. When asked about the reasons for the closing, the local union president stated that,

"the company said that they had an obsolete building-- the slaughtering house was about eighty years old, and they said environmental regulations were a problem. I think that they wanted to have someone else custom-kill for them at a lower wage rate through subcontracting."

Since many of the Oscar Mayer employees lived on the Illinois side of the Mississippi River, the local union president called the Illinois Federation of Labor for assistance in setting up a plant closings program.

"I knew about Melva Meacham because she had been involved in the Rochelle closing, and I had heard a lot of good comments from my brothers in the trade union movement up there. Melva was happy to come out here, and she knew that our local had about 2,500 members on the Illinois side. She went through the program that she had done in Rochelle, and that is where the idea came from of getting together with the community college, and different agencies in the community to see what kind of program and services could be worked out. She was very instrumental. It is hard to read from a book about how you should perform during a closing because they are all so different. She had the expertise we needed."

Not long after the closing was announced a meeting was held to

discuss the program alternatives. This meeting was attended by Davenport-Scott County Consortium CETA, (Iowa), Oscar Mayer management, employees, union leaders, Job Services of Iowa and Illinois, other local social service agencies and representatives of the Eastern Iowa Community College District. After a series of meetings the Career Assistance Center of the local community college wrote and received funding for a program to assist Oscar Mayer employees in reentering the labor market. Funding was received from CETA Title IIC and VII through the Davenport-Scott County Consortium, as well as \$10,000 from the company and \$500.00 from the union.

This contribution by the company was very rare for the Illinois closings where the MAP has been involved. The union president described their approach to Oscar Mayer.

"We felt that we should not go to the company with the problem, but go to them with a program and a solution. The company was enthused after they looked at the program. Also, with a closure of this size, they received some good public relations from it within the community. It was a good investment for them."

A second unusual aspect of this program is that it was conducted before the actual shutdown. 111 employees participated in the program. The Final Report on the pilot program described the method of training and the results.

"The method used was a modified Career Assessment Planning Program (CAPP) that included vocational, aptitude, and academic assessment, resume writing, instruction in job seeking/keeping skills, and the development of a career plant for each participant. The 90-day follow-up revealed that of those individuals who completed the program and were available for work and/or training, 54% were employed

19% had elected for vocational training, and 27% remained unemployed."<sup>22</sup>

In addition to these labor market orientation activities, a full-day Employer-Employee Exchange was held for trainees to meet with more than 30 different Iowa and Illinois employers.

#### Waukegan Retraining Program

In January 1980, U.S. Steel closed its wire mill in Waukegan, Illinois, and laid off about 550 workers. Since the closing was judged to be related to cutbacks in automobile manufacturing due to imports, the workers were eligible for trade readjustment assistance (TRA). Sixty workers enrolled in retraining courses at the local community college and vocational center. About half-way through their retraining, the TRA funds ran out and the local CETA office sought to apply CETA IIC funds to the completion of the retraining program. The efforts of the local CETA Director proved crucial for the use of IIC funds in other communities, because he was able to get clarification on certain aspects of the regulations.

To enroll in the program, the applicants met with vocational counselors at the Illinois Job Service, completed their TRA forms, took aptitude tests and visited the training institutions. Nine former steelworkers entered the local community college and fifty-one entered the vocational center program. They ranged in age from 25-55 and there were fourteen minority participants. All but three completed their courses, which were in fields approved by the Job Service. The local CETA Director informed me that approximately two-thirds of the retrainees were employed, but he did not have information about their new jobs.

The local CETA director stated that he supports retraining partly for the problem-solving and work discipline it can impart to the retrainees. He thought that skill training would not generally be able to meet the specific needs of employers because most employers train workers when they hire them. He advocates an eclectic approach to retraining--one that recognizes the needs of individuals and is able to respond to their needs with a wide variety of services. He thought that local offices should be given more flexibility to respond to crises like plant closings. The state could have a displaced worker fund to assist communities without adequate funds in their CETA budgets. While he acknowledged that displaced workers are not disadvantaged in the conventional CETA sense, he felt that CETA should be able to serve them.

#### Labor Economy Project Retraining<sup>\*</sup>

The Labor Economy Project (LEP) in Peoria has taken a very different approach to retraining for displaced workers than occurred in Waukegan or Davenport. LEP has concentrated its efforts on developing OJT contracts and industry specific training programs for a small number of displaced workers. The programs have been funded out of Title CETA IIC and Title VII from the two Prime Sponsors that serve the Peoria area, the Peoria Consortium Prime Sponsor and the Tazewell County Prime Sponsor.

Glory Behm, retraining services coordinator, described the development of the industry specific training programs to me in an interview.

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<sup>\*</sup> See Chapter Four for Project history.



"In general, I am constantly calling employers and visiting them to explain our program and look for possible OJT contracts. The diesel mechanic program evolved through discussions with one employer where I had placed some people. I knew that he needed a diesel mechanic, and he was responsive to our program. He couldn't fill the job with an OJT contract because he couldn't bring someone on who had no prior knowledge, but the regulations prevented him from an OJT slot for someone with experience. I asked if he knew other employers who needed diesel mechanics, and he said yes, that they were always in demand. Over the course of several meetings a group of five employers worked together to develop a curriculum for diesel mechanic training that would provide job guarantees. They worked very well together and got involved in the project, and that is one of the reasons I think this approach is successful. They selected the instructor; they decided what should be taught and how it should be taught. They interviewed the candidates that I referred and then selected the trainees. They were able to monitor the retraining on a regular basis, and so they had a lot of control over the program. The employers provided the machines and tools for the training in one of their shops. The trainees were in the classroom four hours a day and in the shop four hours a day. This training lasted one month and then was combined with a year of OJT. Five individuals went through the program at a cost of about \$30,000. The small engine repair program trained eight displaced workers for eight months at a cost of \$29,000. These were expensive programs, but we were training people for good jobs-- not minimum wage jobs that they would quit when they got fed up with never having enough money."

During FY '80, from April to September, the Project interviewed 177 displaced workers and completed intake of 138, but had a placement rate of a much smaller number. They placed 6 workers in OJT situations, 3

workers in unsubsidized employment, and contacted 45 employers.

The Project served 49 participants in either OJT or classroom retraining during FY '81. This total included five trainees in the diesel mechanic retraining, twelve others in OJT slots, seven in the Greater Peoria Contractor's and Suppliers training program, and several others in classroom training.

Several different reasons were suggested for the low number of retrainees served, relative to the total need in the Peoria area. As stated previously, almost none of the Prime Sponsors in the state had experience with IIC programs and the regulations were ambiguous about job guarantees. Some local officials had a bias against utilizing CETA funds for displaced workers who were not the "truly needy". The bureaucratic complications were compounded in Peoria because the Labor Economy Project had two Prime Sponsors with which to negotiate. The September '80 Final Report of the Project delineated some of the early difficulties.

"In April 1980, we contacted both Peoria and Tazewell in an effort to obtain a non-financial agreement in which the Labor Economy project staff would develop retraining contracts for Title II-C eligible participants. After much negotiation, separate agreements were developed with the two Prime Sponsors... Two major problems were encountered immediately. The first is that labor people typically resist acceptance of social service programs and this one was no exception. We attempted to address that problem by emphasizing labor involvement and trying to operate the program out of the Peoria Labor Temple. These efforts were resisted by the Peoria Prime Sponsor staff with gusto. Participants must now go to the CETA office to take a battery of tests and be determined eligible for retraining... Since eligibility for retraining is confined to six months after layoff, many are disqualified."<sup>23</sup>

The second Prime Sponsor, however, agreed that the Labor Economy Project staff should do their intake in their own offices.

A second problem was encountered with the regulations during this first year. The Peoria Prime Sponsor, which was providing two-thirds of the first year funding, refused to allow classroom training, thus limiting the number of clients that could be served initially. Classroom retraining was refused because of an indication in the regulations that IIC retraining money could not be used without job guarantees. This issue was eventually clarified, and the requirement waived, through the efforts of the Waukegan CETA Prime Sponsor. In Peoria, however, many workers had long since passed six months their layoff and were no longer eligible for IIC programs.

By now, Ms. Behm expresses a reserved attitude about her dealings with CETA.

"I do see a changing attitude from them toward me and this Project. People resist change and the bureaucracy is no exception. You can't just walk in with a good idea and expect them to change their structure when it means upheaval for them. Things are changing now because we are getting alot of praise for our success."

These retraining programs, plus a retraining program in Rochelle that is discussed in Chapter Four, represent the sum total of retraining that has occurred in Illinois in recent years that has been explicitly designed for groups of displaced workers. This is in addition to any retraining that occurred through the Trade Adjustment Assistance Program, or retraining that individual workers received through local CETA programs. It appears that the employment and training response category suffers from the same problems as the social services category. The ambivalence of public decision-makers about what employment and training services, if any, should be

targeted to displaced workers is reflected in the small amount of resources allocated to these programs and the lack of research attention given to them. There is also the noticeable absence of private sector initiatives in retraining. Employment services and retraining, like social services, are certainly inadequate as a single approach to the needs of displaced workers, but the potential of retraining to enable workers, especially those with obsolete skills, to secure adequate employment has not yet been tapped.

### Economic Development

Economic development planning as it is currently practiced in Illinois is characterized by patterns that are similar to those observed in social services and employment and training. First, broad agreement exists among union officials, academics, the business community and policy-makers that economic development strategies must be the core of any approach to plant closings. None of the other responses that provide assistance and/or short-term benefits, however necessary, can substitute in the long run for an economy that provides jobs. Second, as with social services and training, disagreement exists regarding how to reach this goal. The debate is perhaps most heated in this category, because it potentially involves the most intervention in the private sector. One of the central issues of the debate, similarly to social services and training, is whether special efforts should be targeted to the plant closing problem, or whether a state's regular economic development activities should simply be made available on a case-by-case basis. Another issue of the debate is the amount of resources that should be allocated, regardless of how

the response is organized.

Illinois' economic development agency, the Department of Commerce and Community Affairs (DCCA), has steered a moderate course on these issues. Even though DCCA does not have a clearly articulated and institutionalized economic development approach to plant closings, it has diverted its general economic development resources to this issue on a case-by-case basis. DCCA has provided specialized assistance to some firms that were planning to close, and assistance to some firms that were planning to close, and assistance to communities after they had experienced a closing. The Agency is currently developing research methods that could provide early warning of plant closings. Rather than focus on plant closings or industries in trouble, DCCA has chosen to target growth industries with supportive services and thereby replenish the businesses and jobs that have been lost.

The absence of a more targeted approach reflects both an ambivalence about what the State can or should do about plant closings, and a lack of resources. An Official of the Illinois Office of State-wide Employment and Training Services expressed these sentiments in an interview.

"I struggle about what should anybody do, especially the state in a plant closing situation. Number one, I don't think they can be stopped just because the state has a program. Every plant that has ever operated is going to close at some point. It is just like dying, should we do anything? Of course you want to do something for the people, especially in an economy like this one. But I'm convinced that we cannot stop plants from closing. It would take a tremendous amount of money that just doesn't exist. So any kind of approach we can take cannot be so much of a preventive strategy, or even an

interventionist strategy, but a response capability. But the problem is with our limited resources. Before it wasn't needed, because the economy was able to absorb people when their plants closed. But now it is starting to be a significant problem and there are still no systematic approaches. Will there be a commitment to support a response capability for dislocation at the national level? If it is left to the states, there is going to be less money available. We can coordinate the linkages, but we can't pay for it."

The following comment from the Director of the Division of Commercial and Industrial Development of DCCA illustrates the State's general approach to working with companies.

"We started looking at David Birch's work and Roger Schmenner showing that only 6% of businesses cross state lines and move farther away than the neighboring state. We realized that the retention program needed to be more organized, and that we needed to try to make strategic interventions in the decision-making process. This means developing a relationship with a company over an extended period of time. Illinois has 247,000 businesses, and 39,000 manufacturing firms--obviously not something you can do with a staff of 20 people. We brought together, on a county-by-county basis, development professionals, Chambers of Commerce, industrial organizations, mayors, bankers and utility people. We brought them together into teams and then we would hit the manufacturing businesses which has been our primary concentration. We started this in 1978. The idea was that if we could bring these professionals together, and get them united on the local front under the banner of a state agency, then we could rely on them. They could hold their own ball game together, and then they would have their own capacity to carry out a program, and would begin to make those interventions into

the decision-making process. By and large what we were trying to develop was an early warning system, as well as look for expansions."

This Agency's direct experience with assisting community recovery from plant closings has been mixed. They assisted with feasibility studies for plants in Peoria and Joliet, neither of which succeeded in recycling the facility. In Rochelle, they assisted with the sale of the Swift plant from Esmark to Dubuque Packing. Following is an account of another successful intervention conducted by the Office of Commercial and Industrial Development.

Q: Have you had any successes in preventing a closing?

A: Yes, with Federal Signal, the largest manufacturer of sirens, police equipment and lights in the country. The plant is located in Oakbrook and they were ready to move to Tennessee. They did a white paper on why they weren't going to stay in Illinois--it was a competitive deal. They sent the paper to the Governor's office and got back a standard answer. But the President of the company said that he wanted a better response. So we went out to Oakbrook to meet with him. We went back after we heard their concerns and showed them that yes, Illinois is competitive. We also offered job training to them, and offered to find them a building. They wanted to buy the Johnson and Johnson facility in Park Forest South. Well, Johnson was stalling so the Governor called them up and got that moving. Federal Signal was going to move in April, which was the same time that the negotiations with their union were coming up. So we brought in the Representative from the union, the Operating Engineers, who also sits on the Governor's Task Force on Jobs and the Economy, and someone from the Governor's office and we all sat down with the corporation President. He explained that he had to move and so the union Rep. went back to the union and they opened

up the contract. Federal Signal bought the Johnson and Johnson facility, and expanded from 300,000--450,000 square feet."

In terms of research, the State is focussing primarily on the development of an early warning system by refining the applications of the Altman Z indicator of a firm's likelihood of bankruptcy. A labor market analyst from the Illinois Office of Statewide Employment and Training Services described their approach to me in an interview.

"We are pursuing the Altman Z and how it can be applied as a valid predictor of when plants might close. Altman did his work in looking at English firms, and developed a predictive model which is a multiple regression model that uses eight factors--three external factors which are GNP, Dow Jones and M 1 of the money supply; and five internal factors which are standard financial ratios... It is credit analysis, but its real application is for acquisitions--for other companies that are thinking about acquiring firms. We were thinking of using it primarily as a supplement to our targeting for industrial recruitment activities."

"In Illinois, the Altman Z could also be used to keep an update on plants that are in trouble, to help with the choice about whether we want to intervene or not. The issues on the down side of this are data availability again, and accuracy... A plant based early warning system would probably work better. Just because there is a plant somewhere doesn't mean that we have data available for it, unless it is a profit center for the corporation. But we can look at layoffs, and we can monitor the sales activity of a particular plant. There is some information that is available to us just by observation, and through working with organized labor that could tell us alot about what you might expect. Another thing that needs to be looked at for plant closings is what is happening to the ownership



structure--who owns it? And has it been acquired by someone who is going to use it as a tax write-off? I don't know whether the MAP folks get into that or not. If you were really going to use something like this, you would have to do more basic research on it. Basically Clark has said the same thing--that we aren't interested in guys who are going to die because in a lot of senses good riddance, because you will get something more healthy to replace them. You can always have some kind of response, but it is an issue of whether or not you should try to prevent the closing."

At least two problems with relying on the Altman Z as an early warning system for the prevention of plant closings are identified in this statement. The first is technical in the sense that much of the necessary data is either unavailable or difficult to acquire. The second is more political, or strategic. As this and other statements have acknowledged, the State is not necessarily prepared to intervene to prevent a closing even if they have warning of it. A third problem that was alluded to but not stated explicitly, is that many plant closings do not occur in firms that are on the verge of bankruptcy. This official's point about looking at ownership structure to determine the potential that a firm might be closed as a tax write-off illustrates one possible closing that would not emerge from an "Altman Z" analysis. Given these limitations it is still important to develop this type of analysis. Very few states have early warning systems and it represents an important tool if the state is to develop its capacity for a greater role in economic planning.

This review of social and economic planning demonstrates that, while some progress has been made, this response category remains substantially underdeveloped. The State has not designed a

comprehensive approach with goals, strategies, programs and resources, to meet the needs of displaced workers, communities experiencing plant closings or businesses and industries in trouble. Rather, in a small number of the actual shutdowns that have occurred, the State has diverted its regular activities in the areas of social services, employment and training, and economic development to address the situation on a short-term, ad hoc basis. The MAP is the one exception to this, since it constitutes an ongoing program mandated to provide services and technical assistance to plant closing victims.

These activities represent progress in the sense that plant closings and displaced workers now have a place on the agenda of public responsibility that they have not had until recently. Their place on this agenda, however, is still tenuous. As reflected in the comments of the state officials, a substantial amount of ambivalence remains as to whether or not these problems should be higher on the public agenda. This ambivalence is not unique to Illinois nor the 1980's, was illustrated by the history described in Chapter One. It is a question of the extent to which the government should intervene in the market to mitigate the social costs of private economic decisions. Professor Louis Ferman, University of Michigan, observed in his recent book that this conflict underlies a myriad of inadequacies in most plant closing policy.

"The design and implementation of policies and programs to deal with problems associated with plant closings inevitably promote suggestions about the development of a national policy--in fundamental opposition to the basic assumption that a capital market operates perfectly and that to intervene in this process risks serious disturbance of the market. This conflict, which is seldom, makes explicit in the plant-closing literature, is at the root of most of the observed inadequacies

of research, policy development and program design, implementation and evaluation."<sup>24</sup>

### Summary

This Chapter has primarily examined the responses to plant closings in terms of their accomplishments to date. Given their current stage of development, particularly in Illinois, the responses have been best able to reach the second goal identified in the Chapter Introduction, i.e., to provide financial benefits and a variety of services to displaced workers. Collective bargaining and social and economic planning have had the most success toward this goal. Assistance to communities experiencing plant closings, the third goal, has been achieved only on an extremely limited basis through the State's economic development strategies. The legislative response is intended to achieve this goal, but no progress has been made with this approach. The prevention of shutdowns has not occurred except in a few instances of union direct action and economic development activities. Thus, in terms of recent practice, this range of responses has made some limited progress, but in general they are quite far from achieving the goals.

While this Chapter has not analyzed the potential of each of the responses to achieve the goals in any detail, the questions relevant to such an assessment may be stated. Particularly in terms of the goal of preventing, or minimizing, plant closings, we need to inquire about the potential of each response to address the more fundamental aspects of economic dislocation. To what extent does the strategy promote greater public participation in key economic decisions and control over the distribution and application of resources? To

what extent does the strategy promote the development of rigorous alternative economic development plans that have the potential to revitalize our economy with socially useful production and provide jobs? Progress on these issues will not occur easily. If the goals cited at the outset of this Chapter are to be achieved in the long run, each response category--collective bargaining, legislation, union direct action and social and economic planning--should be developed in terms of these questions.

CHAPTER THREEFOOTNOTES

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CHAPTER FOUR  
MANPOWER ASSISTANCE PROGRAM, ILLINOIS STATE AFL-CIO

Introduction

The Plant Closing Project of the Manpower Assistance Program (MAP), Illinois State AFL-CIO, is one example of economic and social planning discussed in Chapter Three. Since the Project's beginning in 1980, its efforts have been concentrated mainly on the coordination of social services and employment and training for workers displaced by plant closings. It has also done some work in the economic development category, primarily research. The limitations of the social and economic planning approach, at least in its present stage of development in the U.S., have already been noted. The MAP, as one example of this approach, suffers from the same limitations. The Program intervenes only after a plant shutdown has been announced; it is required to coordinate a community response that depends on the cooperation of a variety of agencies in an ad hoc fashion; and it lacks the resources and authority to insure that the response initiated by the Program will be implemented. Still, services for displaced workers are a necessity, and the MAP has been an innovator on this front. Prof. Louis Ferman, an expert and frequent author on the plant closing issue, cited this achievement in his latest book entitled, Plant Closings and Economic Dislocation.

Within the literature reviewed there is also a lack of evidence [indicating lack of activity] in respect to union support services . . . Only a little evidence of this . . . activity on the part of organized labor has surfaced in print. One example of where labor took the leading role in the coordination of available resources can be found in the Illinois AFL-CIO MAP associated with the closing of the Rochelle, Illinois Swift Meatpacking Plant. (1)

The Program is significant for three reasons. First, it represents progress in the thinking of both the labor movement and state government about the locus of their self-interest and responsibility. The President of the Illinois AFL-CIO indicated his perception of their changed position to me in an interview.

The unions especially were as guilty of it as anybody. When the plant finally shutdown and the worker stopped paying dues, we figured he was no longer a member. Don't worry about him anymore, he'll join another union or something. To our own amazement and dismay, many of the people that were losing their jobs were blaming the union as much as they did the company. So that's how we got involved in plant closing work:

The state government has also found its interests served by supporting organized labor to provide services to both individuals and local governments. The Program represents an adaptation of both groups to changing economic circumstances.



The second important aspect of the Program is the institutional and individual relationships that are being built among organized labor, the public sector, business and communities through the work of the MAP. Representatives of organized labor have, and continue to serve, on numerous advisory boards concerned with economic issues, but the MAP is more actively involved and has more direct influence over the design and implementation of services for displaced workers. The Program is still young, and the linkages being established are still delicate. However, the MAP is gaining valuable experience and establishing a foundation from which organized labor can learn and develop additional approaches to economic dislocation and perhaps, greater involvement in planning.

Finally, the Program represents a value beyond these direct services to displaced workers and the relationships it is building with various groups in Illinois. This value is in the questions it raises, or stimulates us to ask, about how we can best address the problems associated with plant closings. It raises questions about the appropriate role for organized labor, and the roles for the various structures within organized labor--union locals, State AFL-CIO's, international unions and the national AFL-CIO. It raises questions about the role of organized labor in relation to government agencies, companies and community groups on this issue. Finally, it raises questions about what could be done to improve programs like the MAP, and what should be done in addition to the MAP.

This Chapter begins with the history of organized labor's involvement with public programs, specifically employment and training, during the 1960's. It then traces the evolution of the MAP in Illinois from 1976 to the present.

### Organized Labor and Manpower Policy

Dating back to the early 1960's organized labor has displayed an interest in national employment and training policy. The AFL-CIO supported all the major manpower legislation of the past two decades, including the Manpower Development and Training Act of 1962 (MDTA), the Economic Opportunity Act of 1964 (EOA), the Emergency Employment Act of 1971 and the Comprehensive Employment and Training Act of 1973 (CETA).

Organized labor's formal involvement in national employment and training programs can be traced to 1963.

Under the MDTA and EOA, unions participated in numerous categorical programs as well as the Job Corps . . . Contracts with labor organizations [were] national in scope, usually not tied to state or local prime sponsors. Typically, a national training program administered the grant at the national level of a given union . . . these programs provided a combination of classroom instruction and on-the-job training which was designed to lead to unsubsidized private sector employment. (2)

In 1967, the Chicago United Auto Workers secured two grants, one from HEW and the other from DOL, to provide OJT and basic

education to disadvantaged individuals. Eventually the basic education component was replaced with pre-apprenticeship training, in which UAW manpower staff prepared participants for the tests required for entrance into various skilled trades.

The initial staff for the manpower department of the UAW began with roughly eleven people, and served Detroit, Chicago and Philadelphia. [By 1977] the staff had grown to 90 employees, located throughout the United States . . . The key to the UAW program [was] its use of contacts inside union-controlled plants. (3)

The national AFL-CIO entered the employment and training program arena in 1968 when it started the Human Resources Development Institute (HRDI). Doug Richardson, currently a Field Representative with the Organizing and Field Services Department of the Midwestern Region of the AFL-CIO, explained the role of HRDI in an interview with me.

HRDI was created in 1968 as an MDTA grant program and was a contemporary of programs with the Urban League and OIC. Originally it was a direct job development and placement services program, and was structured with offices around the country in major cities--at its peak it was up to about 80 offices. In theory the reps were supposed to develop jobs through contacts with unions, and they had an intake and assessment process for CETA eligible applicants. Gradually HRDI began to have more of a national priority on programs for veterans, the handicapped, minorities. When CETA started, HRDI was a Title III national grant program with a budget in the neighborhood of \$7-8 million.

According to another source,

. . .the purpose of HRDI has been to link organized labor and CETA programs, to make labor a resource for information and ideas, and to establish unions as a base for training and education--in short, to bring labor into the mainstream of manpower development." (4)

In addition to HRDI, grants from CETA Title III were provided during the mid-seventies to unions such as the International Association of Machinists and Aerospace Workers, International Union of Operating Engineers, Carpenters and Joiners Union, Bricklayers, Ironworkers, and others for OJT slots, skill upgrading, classroom training, pre-apprenticeship training, and the establishment of apprenticeship standards.

#### History of the CETA/Labor Relationship in Illinois

The historical roots of the connection between the Illinois State AFL-CIO and Illinois state employment and training policy can be traced; not unlike many innovative program responses, to a crisis.

The passage of the Emergency Employment Act in 1971 established the role of public service jobs in national employment and training policy. This concept was included in the Comprehensive Employment and Training Act of 1973 (CETA). From that point, CETA public service employment (PSE) expanded steadily from \$620 million in FY 1974 to \$3.2 billion in 1976. By 1978, 58 percent

(4.7 billion) of all CETA funds went to public service employment, not including an additional \$650 million for youth programs.<sup>5</sup> The 1978 increases resulted from President Carter's 1977 economic stimulus package. From 1973-78, the majority of PSE funds went to Title VI, which was intended to provide employment for the cyclically unemployed.

This large influx of relatively flexible dollars into states and localities led to uses of CETA funds which later brought the program under public attack.

There were, in effect, two distinct PSE programs: one, for long term municipal employees, was a revenue sharing program for fiscally-strapped cities; the other, for the hard-core unemployed was a short-term, dead-end jobs program that was viewed by the participants as the cream of government income-maintenance programs, but as neither a jobs nor a training program that could lead to unsubsidized employment. (6)

Many of these applications of CETA funds took local governments into the domain of organized labor, especially the building trades and public service employee unions. Summer youth workers were employed painting public buildings, repairing bleachers and park benches, cleaning streets and parks, etc., thus displacing union laborers, painters, carpenters and others. The transpor-

tation workers' unions and the American Federation of State, County and Municipal Employees (AFSCME) experienced problems as localities substituted CETA-funded public service employees in street departments and government offices.

Emotions ran high on both sides. Unions were resentful that a publicly funded program was displacing their jobs. They felt that they were being excluded from local program decisions in the realm of legislation that had been supported by the national AFL-CIO. CETA officials did not understand the position of unions and there were few mechanisms to facilitate a problem-solving dialogue. They were nervous about the attention and heat that unions began to focus on their operations. Finally, resentment resulted from their perception that unions were interfering with employment programs for economically disadvantaged individuals. By 1976, the Illinois Governor's Office of Manpower and Human Development had a file cabinet filled with grievances, and no solutions.

A catalyzing event occurred during the summer of 1976 when union members set up pickets at a site in a state park where the CETA summer youth program was preparing to present a play on Abraham Lincoln. The stage was being built, the lights strung, and the equipment operated with non-union labor. At that point,

the state CETA office recommended that a study of CETA-Labor relations be undertaken by the University of Illinois.

The School of Social Work of the University of Illinois at Urbana-Champaign, together with the Institute for Labor and Industrial Relations, submitted a proposal to study the CETA-Labor relationship to the Governor's Office of Manpower in late July, 1976. The grant proposal stated that:

Organized labor in Illinois represents an essential component in the development of comprehensive manpower training under CETA. Unions in some major metropolitan areas have already engaged with CETA in planning and programming activities for CETA clients. However, in many areas of the state, collaboration between organized labor and CETA is still uneven or absent . . . The need for structured communication and cooperation is increasing, however, as CETA programs gain increasing visibility. Across Illinois, unions in the building trades and other occupations are beginning to express interest and concern over the CETA/Labor relationship. At this crucial stage, links must be created between CETA and organized labor for exchange of information, and eventually, exchange of resources.

(7)

The objectives of the project were: "1) To clarify the conditions under which effective CETA/Labor relations might be developed at the local level; 2) To institutionalize effective CETA/Labor cooperation by creation of new structures and roles at the Prime Sponsor level; and 3) To lay the groundwork for improved university and agency-based training in manpower policy and organized labor."<sup>8</sup> These objectives were to be achieved by 1) developing a curriculum for a CETA/Labor specialist; 2) placing a trained specialist into the Balance of State Prime Sponsor (BOS) Office (See Appendix) to develop linkages between unions and CETA; and 3) writing training guides to educate each group about the other.<sup>9</sup>

The second step, the decision to place a person into the BOS office to work on solutions during the course of the investigation, proved to be critically important to subsequent events. Doug Richardson, at the time a graduate student at the Institute of Labor and Industrial Relations and a former International representative with the Hotel and Restaurant Workers Union, had joined the project from its inception and became the first CETA/Labor specialist. Following is an excerpt from an interview with Richardson that explains his role.



I became the demonstration position with the responsibility to develop the labor liaison position. During the first six months, I worked in the Balance of State Office, which covered 70 of 102 counties in Illinois. After that, I worked for six months in the Statewide Office of Employment and Training Services to develop the position for the entire state. We boiled out all the things that CETA did that interacted with labor groups, which was an easy task because President Carter's Economic Stimulus Package meant huge numbers of dollars going to units of government all across the state. This impacted on construction unions, and money went into bargaining units represented by public employees unions. My goal was to educate Central Labor Councils' and the State Federation about CETA. I also wanted to identify the proper place in the labor movement for a liaison type project.

The first year's activity culminated in a conference on CETA and organized labor during May 1977. The conference focussed on potential benefits and obstacles to a closer CETA/Labor relationship, as well as recommendations for future actions.

On the benefit side, it was noted that organized labor was the "single group most involved with training and employment of America's workforce . . . Labor can help to set realistic goals for apprenticeship programs, and assist prime sponsors in developing and filling

OJT positions."<sup>10</sup> Another advantage of using unions as program operators was their success rate with training, and the universal acceptance of credentials gained through union-sponsored training. CETA could gain better access to the private sector through cooperation with unions. Contacts with unions could provide prime sponsors with valuable local labor market information about changes in local businesses.

Unions' negative perception of CETA as "inefficiently operated, difficult to understand structurally, and inaccessible for bargaining" was cited as one obstacle to closer working relationships. The commitment of organized labor to its primary responsibilities of "collective bargaining, services to members, and political action to protect workers' rights" can leave little time for involvement in manpower program planning and service delivery. One other obstacle is the "tendency of CETA programs to skirt or ignore existing labor contracts and labor standards." CETA planners in rural areas were often unaware of the local unions, and thus did not develop necessary relationships to avoid conflict before program implementation.<sup>11</sup>

The conference recommended that a channel for ongoing communications about problem-solving methods and model CETA/Labor programs be established. Second,

they suggested that "prime sponsors and central labor bodies should add a specialized CETA/Labor liaison role to promote constructive communication and innovative program development." The final recommendation hinted at the Manpower Assistance Program when it suggested that "a statewide structure to facilitate cooperation between unions and manpower programs" should be developed.<sup>12</sup>

Doug Richardson played a key role in molding what was then a rather vague conference recommendation into a concrete program. During the summer and fall of 1977, he initiated meetings with the leadership of the Illinois State Federation of Labor, AFL-CIO, to discuss these ideas. In September, he wrote a paper entitled "Labor Union Participation in Job Development and Placement" as part of his continuing activities as a CETA/Labor specialist for the Governor's Office of Manpower. The idea had been developed substantially since May.

Illinois could create the first formal 'State HRDI'--a statewide version of the AFL-CIO's official manpower organization. Similar to the national organization, there would be a central staff of administrators and development specialists, which supports an out-stationed field staff serving as many areas of the state as is feasible. The organization could be an independently incorporated not-for-profit . . . and its funding from state and

local CETA funds. Its scope of programs could be very broad, incorporating the models above and designing projects both statewide in impact and others unique to specific areas. Nothing of this magnitude and diversity now exists, and cannot be created overnight. However, it may be the optimal model for a comprehensive system that ties CETA and organized labor together in a joint assault on unemployment. (13)

Richardson provided the following account of the next step that carried these ideas to fruition:

While at the CETA office, I approached the State Fed and got excellent cooperation. I also had success in working with the local HRDI people in Chicago and East St. Louis who were very helpful to me. Between HRDI, Bob Gibson (then Sec. Treas. of the State Fed and current President), and myself a proposal was written to create a statewide liaison program modelled after what HRDI was doing, but only in Cook County. It was convenient--I helped write the proposal that I was to receive in the State CETA Office. Then I went up and sold it to the people in the State Agency. In January 1978, they set up the first grant for the Manpower Assistance Program.

The Manpower Assistance Program was allocated \$83,000 from January 1 to September 30, 1978 out of the Governor's Special Grants Programs, administered

by the Office of Statewide Employment and Training Services. The proposal stated that

Technical change, retraining needs, industrial expansion, and occupational displacement of workers by foreign relocation of plants are all issues which directly affect organized labor, as well as the Illinois economy as a whole. These issues require the Federation to participate actively in attempts to study the employment and training policy in the State, and to address identifiable problems in a positive fashion. (14)

The initial objectives primarily involved educating organized labor about CETA and vice-versa, and developing situations where the two organizations could work together.

Dennis Whetstone, current manager of the Office of Statewide Employment and Training Services, was involved with the program when it began and described its first years of operation to me in an interview:

The grant originally was for the AFL-CIO to provide technical assistance to Prime Sponsors to help facilitate their involvement in working with organized labor. Our complaint file here in the office was really growing, and now that file is almost non-existent. Originally they were supposed to intervene whenever

a problem came up, settle it, and they have been very successful at doing that. That was the focus for the first year or so. After that died down, we wanted to get the swinging door going between organized labor and economically disadvantaged people--so that organized labor would have access to programs being delivered at the local level, but that they would also help facilitate placement of CETA trained individuals into organized labor positions.

The CETA/Labor Liaison Project of the West Central Illinois Building and Construction Trades Council (WCIBACTC), located in Peoria, Illinois, illustrates the implementation of the CETA/Labor concept in one area of the State. The WCIBACTC received a six month administrative grant from the Peoria Consortium Prime Sponsor in FY 1979 for its CETA/Labor Liaison Project. The initial grant supported one staff person whose job was to provide technical assistance to labor organizations and CETA agencies in the areas of dispute resolution, program development, grant applications and general information. One report stated that

Peoria, typical of many other strong labor communities, has historically had many CETA/Labor problems. Most of them have occurred when CETA agencies, oblivious to collective bargaining agreements, put workers on public service projects which include construction

work. Often these agencies do not even know the definition of construction, and exclude painting, land clearing and other traditionally construction occupations. (15)

During the first six months of its operation, the project stopped the construction work of certain CETA projects, and modified other projects to eliminate the areas of conflict. Several grants were written which resulted in about \$110,000 for programs run by labor unions in the Peoria area during FY 80. Plans were made for a workshop to bring together labor unions and prime sponsors throughout the state to discuss common problems. Furthermore, a non-financial agreement was established between the Peoria Consortium prime sponsor and WCIBACTC regarding various procedures of interest to both organizations. The agreement included coverage of OJT contracts, Public Service Employment and Public Service Project Subgrants, and Youth Employment and Training Projects. OJT contracts and other subgrant applications were to be submitted to the WCIBACTC, which had the option of responding with objections to any of the projects. A subcommittee of the Peoria Consortium's Advisory Council was designated as the group to mediate the resolution of any disputes arising from this review process.

Development of the Concentrated Industrial Outreach Division

Doug Richardson recalls his early thoughts about the shift that the Manpower Assistance Program adopted in 1980.

At the time I really felt that the future of manpower activities ultimately rested in the private sector. I felt that there were long term shifts occurring in the private sector that were producing a number of changes in the economy and work force of Illinois, and that these changes would be important to the labor movement. So, while we were dealing with the PSE problems, in the back of my mind was the thought that we should be dealing with structural employment . . . By that I mean increasing concentrations of Hispanics in low-wage occupations, increasing numbers of industrial workers displaced by plant shutdowns, and areas in Illinois that were like job-loss ghettos. During the first couple of years, however, the MAP didn't really deal with these problems. It was a function of two things. First, even though in theory CETA could do things with plant closings, nobody was--there were literally no projects. Second, there was also a large group of unions, mainly in manufacturing, that knew nothing about CETA, or manpower policy, or retraining. So, we decided to ask the Agency to double the size of the MAP and target special activities. We set up the Concentrated Industrial Outreach



Division, which had three parts to it--to develop contacts with industrial unions, to investigate Hispanic employment problems in the State, and to address the problem of plant closings.

Dennis Whetstone, who participated in the discussions to expand the scope of the MAP, related the following about the decision.

About 1½ to 2 years ago, a big expansion took place. By this time, everybody who had anything to say about how we commit our resources had pretty much agreed that the AFL-CIO project should be an ongoing kind of service. In the early years, we had always concentrated our efforts on the AFL side of the AFL-CIO. In order for it to be truly the only project that we would operate from the state level we wanted it to be all-encompassing. So we decided to place an emphasis on the industrial side of the AFL-CIO, because at that time, it's where the jobs were.

The preliminary work plan of the CIO Division, written in March 1980, explained the shift identified by Richardson and Whetstone.

Where now construction and public employee unions are the main point of contact by CETA with organized labor, unions in other sectors of the economy are uninformed and

uninvolved . . . A special program to identify these private sector industrial unions, research their structure and interests, and educate them to programmatic options they could exercise with CETA support, is unquestionably needed to carry through MAP's goals . . . As CETA slowly turns its attention to structural unemployment problems, new issues will tend to come to the fore . . . Two such issues have already surfaced within the activities of MAP in the past year. The first concerns the alarming incidence of plant closings in Illinois . . . Another group of 'structural problems' are increasingly gaining recognition in Illinois, namely the barriers which Hispanic residents are facing as they aspire to get into the mainstream of economic life. . (16)

The CIO Division lasted formally from October 1980 to the end of September 1981. The CIO Division was technically eliminated due to budget cutbacks, but the plant closing project and industrial union outreach remain in the Program.

We turn next to a discussion of the Industrial Union Outreach component of the Program. Its activities are important for several reasons. First, it has a unique capacity to gather current, qualitative economic information through its regular contacts with local unions in Illinois. This information might consist of potential plant closings, potential plant expansions, technological

changes and training opportunities. Second it is able to link local unions more closely than the State AFL-CIO and provide an information clearinghouse function for locals throughout the state. Third, it develops working relationships with local public agencies in communities around the state.

#### Industrial Union Outreach

Industrial Union Outreach was initiated in 1980 as one component of the Concentrated Industrial Outreach Division of the MAP. Its initial goals included targeting fifty international unions in the manufacturing and transportation industries, that were affiliated with AFL-CIO and had a substantial number of local unions in Illinois. The project was intended to research these organizations and develop relationships with these unions and develop "A flexible training program that accomodates various approaches of introducing the target unions to available public employment and training programs." The exploratory nature of this first phase is reflected in the following statement: "Following extended intensive outreach activities with a significant number of the target unions, assess and recommend how best to continue and institutionalize the services and program developments of the CIO Division."<sup>17</sup>

The MAP program was essentially breaking new ground with this project. The UAW and other industrial unions

had been conducting programs with similar goals and assumptions. MAP, however, was reaching out to unions that had not been involved before. They were working with a variety of unions and jobs which gave them an advantage over the single union/single industry programs. It was also extending the relationship between the State Federation and Illinois locals.

The industrial union project was based on certain assumptions spelled out in a working paper on the project.

Unions, as co-equal partners along with management, have direct access to jobs, and are likely to know a great deal about jobs, and their potential availability. They are aware when the internal jobs markets are likely to expand or contract . . . CETA's private sector programs can be expanded and made more effective at the local level by enlisting the aid of certain unions. These unions gave direct access to job opportunities that are qualitatively better than those that CETA normally generates through most of its other channels. If these jobs can be rationally made available to CETA participants, it should follow that the likelihood of that participant becoming a self-reliant worker is substantially increased. And the credit for this success can in large part be attributed to the AFL-CIO. In this way, the union, the CETA Prime Sponsor, and the CETA participant all end up as 'winners'.(18)

It was also emphasized that this program might interest local union leaders if the connection could be made, through education and training, between general union support for "full employment" and their involvement with successful CETA private sector programs.

The Northern Illinois MAP Office developed an industrial union survey as one of their first projects. The survey mailed to 340 locals in Illinois requested basic information about the number of members in the local, the skill level of members, the industrial classification and names of the companies represented.

In addition, it asked about the provision of training for employees represented by the locals. Following is a sample of some of the questions that were asked:

In most of your worksites, is the employer responsible for training new employees?

Is your union usually directly involved in the training of new employees?

Are the details about the on-the-job training ordinarily included in the contract?

Could any of your members benefit from a special training program to upgrade their skills, or acquaint them with new tools, techniques, or processes?

Are there skilled job slots at your worksites that go unfilled because it is hard to find and hire workers who are trained to do those jobs?

Do you expect employers with whom you bargain to be hiring significant numbers of new entry-level employees in the next six months?

Could a special project to hire and train long-term unemployed and disadvantaged workers for entry-level jobs be set up with any of your employers?

Has your union ever sponsored such special programs?

Do you expect any significant major permanent lay-offs or plant closings to affect your Local Union in the next six months?

Have you had any permanent full or partial plant closings in the past year?

Larry Stout, who was directing this project in the Northern Illinois office, described how he used the results of the survey.

Through the industrial union survey we were trying to locate what I call 'employment generating situations'. In a given worksite, for example, it might be the addition of a new product line, a revision in technology, a new contract received at that firm, or just a general lack of skills in some area or another. We were trying to get industrial union locals to tell us about those employment generating situations by answering a series of questions on our questionnaire. We used the positive leads in the returns as the basis of a field plan. We had our field representatives follow-up on those leads with a personal visit to get more information about the workplace. We tried to find situations where we could try to link a need with CETA funding in a program that could place CETA participants, and where possible, laidoff union members. We had, on a statewide

basis, about twenty really solid leads, but the economy, at least in Northern Illinois, has closed us out.

I asked Mr. Stout if people were reluctant to cooperate with him because of the stigma of CETA.

We have been getting a good response. Union reps think it is a good idea, they would like to cooperate with us, but they are limited by the economy. This is in contrast to the attitude that you find with the building trades or the public service employees unions who have had a history of problems with the CETA system. What we are seeing is that industrial union people don't know much about CETA. They key think we are trying to do is capitalize on the collective bargaining relationship. We think we have an 'in' to employers through that relationship--one that CETA staff generally don't have when they are trying to solicit an employer about job information. It has always been my contention that the collective bargaining relationship, while it is an adversarial one, is a relationship that is at least understood, even if it is not trusted. If a union representative comes forward with a message that we should try out the CETA system, that employer is probably going to take a long look at that suggestion. Whereas a CETA staff person coming through the door may not get the same hearing.

By now the information from the survey is outdated, but the industrial outreach staff continue to travel around Illinois, meeting with local union staff, speaking to various union meetings, and developing relationships with local CETA job developers. In some cases they have found information on potential plant closings that is transferred to Melva Meacham of the Plant Closings Project. Mr. Stout and I discussed the potential for the field effort to generate a wealth of current, high-quality labor market information.

It was part of the original concept that we would become a clearinghouse for the kind of labor market information you are talking about and that we would channel it to the appropriate CETA office, and thereby be able to develop quick reactions to employment situations. We have not really had a chance to test this assumption. I'd like to think that we are evolving labor contacts that will provide us that kind of information but we are just so swamped with the bad economy. Of course, this information system depends on the aggressive field effort of two people who are covering a large area. Their ability to have up-to-date information and monitor changes depends on frequent contact with union reps.

I asked if he had considered instituting some kind of reporting system whereby local unions would regularly inform his office of new developments. Mr. Stout



responded that it was too early in the development of the concept to institutionalize the communication. He feels that his office does not yet have a high enough profile, and that local union reps already have enough to think about. One indicator of success of the field operation is that some local unions have initiated contact with the outreach staff to inform them of plants that are hiring.

Before proceeding to a close look at the plant closing activities of the MAP, two additional programs are relevant. The common theme of these stories rests in their linkage to the concept of the CETA/Labor relationship that developed in Illinois. They are presented to illustrate the different structures that evolved from the basic idea.

#### The Labor Economy Project

Peoria is a river city located on the Illinois River, the waterway connecting St. Louis and Chicago. By 1900, Peoria ranked second only to Chicago as a trading center in Illinois, and was known as a distillery center.

Peoria, by 1867, boasted fourteen distilleries and eight breweries . . . The city was ideally located for this industry in the center of the corn belt, over a rich bed of coal, and near an abundant supply of excellent water of a uniform temperature for cooling mash . . . As a result

of Peoria's capacity, Illinois led the nation in the manufacture of distilled liquors by 1890, producing one-quarter of the world's supply...Cooperage or barrel making was a related industry,...and thousands of cattle fed from the cooled mash after distillation. In addition Peoria ranked fourth in the nation as a center of production of malt liquor."<sup>19</sup>

During the 1970's, however, Peoria's economy was left reeling by one of the highest rates of plant closings in Illinois. Recently it lost the few remaining breweries and distilleries--American Distillery, Standard Brands Distillery, Hiram Walker Distillery, Pabst Malt House and Pabst Brewery.

In 1979, when Hiram Walker announced its closing two years in advance, three of the younger workers in the plant formed a Plant Closing Committee. Melva Meacham, one of the Committee members, described their early efforts to me in an interview.

At the time there were no plant closing projects in the State and as a consequence we didn't really know where to look for anything, and we weren't sure what to look for. At first we explored avenues to try to stop the closing, and when we looked at all the issues and previous court decisions we knew that we probably didn't have much of a chance. When we realized it would actually close, we began to take a look at the kinds of options our people had. We discussed employee ownership, although we thought at the time that it would be difficult to generate the capital, and we didn't have the expertise to market the product. After exploring a number of options, including a lot of assistance, because we thought we were adversely affected by imports. At the time a regulation had changed that allowed

Walker's to import scotch more cheaply in bottles, instead of in barrels, and imports didn't have to be the primary reason why a plant closed, only a contributing factor. We were denied assistance, so we were left with winding down and killing the wounded. So we found ourselves looking at the kinds of social services that were out there that could help our people. At about this time I met a woman named Sue Kolker at a union meeting, and she was the CETA/labor liaison for Peoria. These people had never met anyone who had been through a closing, since they were all from the building trades, and I didn't know very much about CETA. One day the idea was born between Sue and I, that why couldn't CETA do something to help us. And that was how the Labor Economy Project got started--it was evolved out of our plant closing.

The lack of contact between the early CETA/Labor projects and plant closings illustrates the previous statement by Doug Richardson about the emphasis on issues of concern to the building trades and public employees. This was the problem that led to the development of the Industrial Union Outreach Project of the MAP. The eventual outcome of these conversations between Sue Kolker and Melva Meacham about CETA and the Hiram Walker closing was a proposal to the Peoria Consortium CETA Prime Sponsor, submitted August, 1979. The application, developed by Sue Kolker on behalf of the West Central Illinois Building and Construction Trades Council, requested funds from a CETA Title VI Public Service Project subgrant for an eighteen month Labor Economy Project. The Project was funded initially to research the effects experienced by a community during a major shutdown like Hiram Walker. Second, the Project planned to work with displaced employees and

develop services to meet their needs.

The Project began in October 1979, and was housed with WCIBACTC in the Peoria Labor Temple. One of the initial activities of the Labor Economy Project was a survey of workers being displaced from Hiram Walker and American Distillery. Information was collected about the age, sex, job titles, seniority and pay scales of workers in these plants. They collected information on local businesses about their losses due to the closings. During the first six months of the Project's operation, four plant closings were announced, affecting 1,700 employees in the Peoria area. In January 1980 and May 1980, the Project sponsored workshops for the recently unemployed that included job seeking skills and presentations from representatives of the Job Service, Unemployment Insurance, Public Aid and Credit Counseling. In the workshops, a high number of individuals indicated a strong interest in retraining programs. Subsequent efforts of the Project have been aimed toward retraining (see Chapter Three).

Just as the Labor Economy Project began its operation in Peoria, Doug Richardson was assisting the Manpower Assistance Program to implement its statewide plant closing project out of the Chicago office. He had met Melva Meacham through her work with the Hiram Walker Plant Closing Committee, and told her about the work of the MAP. Shortly thereafter Melva applied for a position with the Concentrated Industrial Outreach Division, and was hired to direct the plant closing project.

#### The Great Lakes Regional Council

The CETA/Labor concept was definitely taking hold. During the same years that the Labor Economy Project was emerging as a local area

version of the statewide MAP, a regional structure embodying some of the same concepts was evolving. "The AFL-CIO Great Lakes Regional Council (GLRC) emerged in 1978 from a mutually-perceived need on the part of the six AFL-CIO Region I state federations for an organization to serve as the focal point for organized labor's cooperative efforts with government and other actors to promote human advancement in the region."<sup>20</sup> The GLRC received a contract from the Department of Labor for just under \$400,000 to "help improve private sector employment opportunities and provide unions with information on CETA."<sup>21</sup> The program was designed to provide education and technical assistance to unions and prime sponsors in the region, and develop service programs in the areas of employment and training.

Larry Stout had been a graduate student at the University of Illinois Social Work School in 1976 when he joined the CETA/Labor Relationship Project. From 1976-77, he worked with Doug Richardson and others to develop the concept of the CETA/Labor Liaisons, and the Manpower Assistance Program. He later carried this experience to his job as Executive Director of the Great Lakes Regional Council. Mr Stout described the early activities of the Council to me in an interview.

The GLRC, AFL-CIO, was composed of the state AFL-CIO's of Iowa, Illinois, Michigan, Indiana, Minnesota and Wisconsin. One of the things that the state Presidents were concerned about was the plant closing situation, which was becoming dramatic in this region. The Board of Directors, made up of the state presidents, was trying to determine what the Council should be doing about plant closings. During the first months we put on four conferences in all the states except Iowa and Illinois. We did a lot of research on plant

closings, and developed a six-state contact list that would be able to link people together. All of our research led to the development of a services proposal that we submitted to the Labor Department in the fall of 1980. We were told that the proposal was a good one, that the need was there. We were actually promised cash if they were elected, so you know the end of that story. What that proposal represents is my idea of what unions should be doing, collectively, to assist victims of plant closings.

The proposal was designed to involve labor groups and communities in developing an "economic defense" capability to respond to economic crisis. According to the Program summary:

Job loss as a result of plant shutdowns, plant relocations, and related workforce reductions has created a crisis situation for hundreds of thousands of workers, their families, and their communities in the Midwest. The pervasive incidence of economic dislocation will apparently continue even if a cyclical economic upturn occurs as a fundamental 'restructuring' of many American industries takes place. To assist workers through a difficult transition period and to minimize the social costs of plant closings and relocations, new programs must be established which provide meaningful recommendations and strategies for combating the job loss crisis. These programs must be structured for easy access and acceptability; they must be programs workers will understand and use; they must be labor programs.<sup>22</sup>

The Program contained three components. It would create a "mobile crisis assistance program" capable of responding to job loss situations

throughout the region. It would provide technical assistance to labor groups and communities seeking solutions to their local situation. Second, the Program planned to research the incidence of closings in the regions, the affected industries, communities and workers, and the programs developed by different communities to address the problem. It also proposed to research the role of organized labor in job creation and economic development activities, the role of collective bargaining and labor management relations as they affect the plant closing process, the development of early warning systems, workers' need for retraining and preventive strategies. Third, the Program proposed to establish four crisis centers in different parts of the region that were experiencing especially severe job losses. The crisis centers were intended to provide "one stop, labor-based assistance for counseling, referral, support, and further strategy development."<sup>23</sup>

This proposal was never funded, and the GLRC no longer exists because no funding was renewed. Larry Stout shut down his own operation, and is now working in the Chicago office of the MAP.

#### The Plant Closing Project of the MAP

Following is Melva Meacham's account of her first experiences as Coordinator of the plant closing project of the MAP.

Q: What was the first thing you did when you got the job? A: I helped with a closing that was with the UAW in Havana, Illinois. At that time the UAW was not in the State Fed, and so I was a little apprehensive about being able to work on the closing. Myself, the Community Services Representative, AFL-CIO, from the Peoria area, and the Peoria CETA/Labor Liaison designed the very

first Adjustment Assistance Workshop. We didn't have outsiders, it was just the three of us to talk about social services, job seeking skills. We wanted to let those people know that we cared about them, and we talked about the psychological end of things. The Company let us do it on company premises and company time. We did the Workshop twice--once for each shift. Q: How did you get the Company to agree to that? A: Very easily. The plant manager was extremely upset--he was losing his job as well since he was not being transferred to another site. He was upset over what he considered to be a good, useful new plant that was just being literally let go down the tubes. The Dana Corporation owned it and he didn't think that people were getting a fair shake. He sat through the Workshops, and he assisted us by saying what he thought an employer would look for in a worker. So he was a valuable piece of that whole operation. After that I did not do any outreach for about three to four months. I jumped into the research for the report. The next closing I worked on was the one in Rochelle."

Ms. Meacham wrote a report entitled, "Preliminary Report on Plant Closings in Illinois" that was published in October, 1980. The report assesses pre- and post-closing approaches to the problems of plant closings. It examines union, public sector and private efforts, and makes recommendations for additional research.

#### The Closing of Swift & Co., Rochelle, Illinois

This story illustrates several key elements of the plant closing work of the Manpower Assistance Program.

During Ms. Meacham's first months as Coordinator of the CIO Division, the plant closing services were publicized throughout the State.



A letter was sent by Bob Gibson to the presidents of the fifty industrial unions that the CIO was targeting in its Industrial Union Outreach work. A second letter was sent by Mr. Gibson to local leaders of these international unions to inform them of the services. The MAP sent a letter to all of the local unions in Illinois. Finally, Melva Meacham spoke about her program at several union meetings around the state.

By the time Swift announced its closing in June, 1980, the UFCW union officers at Swift had already met Ms. Meacham at meetings in the State. According to the former Vice-President of the UFCW local:

I called Melva when we got notice of our closing. She came out a couple of times and we talked in general. In the first part of October she came to Rochelle for a couple of days and we discussed how we wanted to coordinate things. We pretty much turned the whole thing over to her as far as coordinating and getting things lined up.

During the fall, 1980, Ms. Meacham contacted other key community leaders, including the local CETA Program Agent and the Rochelle Chamber of Commerce. In addition to planning for the Adjustment Assistance Workshop that was held in December, Ms. Meacham was eager to set up a retraining program in Rochelle.

I had just found out that the CETA Director in Waukegan had used CETA Title IIC funds in a retraining program for plant closing victims. I was very excited about it and so I gathered that information and took it to the CETA Program Agent. Luckily he had worked at the Swift plant several years ago and knew several of the people over there. He was really happy to work with me,

although he was skeptical at first that I knew what I was talking about.

The former Program Agent related the events of that fall to me in an interview.

I first met Melva at the Chamber of Commerce in mid-November. We met to discuss the kind of program we wanted, how much it would cost, and what kind of help we would need from Springfield. I agreed to develop a questionnaire that would be passed out at the workshop for Swift employees. We asked them about their skill level, what kind of training they would be interested in, their pay scale, and how far they would be willing to travel for re-training.

Ms. Meacham took the information about retraining and the Sudden and Severe Economic Dislocation Program of the Economic Development Administration to the Chamber of Commerce in Rochelle. They had not heard of the program and subsequently applied for and received about \$60,000 to assist their efforts in marketing the Swift plant. The Chamber also agreed to survey local employers to determine what types of skills would be marketable during the coming few years. Their list was distributed, without names of employers, at the Workshop. The list included engineers, welding, mechanics, tool and die operators, punch press and screw machine operators, printers, electricians, plumbers, data processors, supervisors and machinists, all relatively skilled occupations requiring some type of training.

In addition to these meetings, other preparations were underway for the Workshop.

I (Ms. Meacham) contacted the area AFL-CIO Community Services Representative...to discuss available social services...I also met periodically with union officers to inform them of developments. I toured the plant early in December to meet and talk with local union members...Members of my staff contacted all educational institutions within a 30 mile radius of Rochelle to collect information and identify any possibilities for interaction with CETA or other retraining programs. Staff members also compiled a list of available social services in the area.

The MAP also identified all of the local unions within a fifty mile radius of Rochelle and sent them a letter to inform them of the closing and ask for assistance with employment contacts. The letter asked for information on any employers bargaining with AFL-CIO local affiliates that might be hiring in the coming months. It also offered the services of the MAP in the case of any upcoming closings.

An Adjustment Assistance Workshop was conducted for the employees of Swift and Co. on December 20, 1980, about one week before the final closing date. Approximately 200 employees attended the half-day workshop held in the Rochell VFW Hall to hear speakers from the Department of Public Aid, the Unemployment Insurance Office, the Job Service Office, Rochelle Career guidance Center, CETA and AFL-CIO Community Services discuss eligibility requirements, available social services job seeking skills and the emotional difficulties that the workers could expect. The CETA Program Agent distributed his questionnaire about retraining at this meeting. Attendance was not restricted to union members. When Ms. Meacham had toured the Swift plant in early

December, the Plant Manager asked her if management employees being displaced by the closing could attend the Workshop, which they did.

Since the Rochelle workshop, Ms. Meacham has conducted over a dozen similar Adjustment Assistant Workshops. We discussed her view of the key ingredients of a successful Workshop. She feels that the most important thing is to provide people with the practical information that they need and want, such as how to apply for food stamps, and what they will receive in unemployment insurance.

It is very easy to do all kinds of touchy-feely psychological stuff, which is important and has its place, but has to be dealt with appropriately. At that point in time the people are still not accepting the fact of the closing. They also don't want to hear about job-seeking skills and social services, but they need to hear it and they'll need it down the road. I try to get social services done first, and I want them to feel comfortable about taking those services--they paid for them through tax dollars and contributions to United Way, and I let them know that union people all over the state have used those services.

She emphasized the importance of logistics to get people to the workshops and keep their attention. Before the Workshop, her office sends a letter of invitation to every member of the union. She advises the union officers to call the employees before the Workshop and her office provides posters to put up in the plant if the local cannot do that. The Workshops should be held as close to the closing date as possible, preferably 1-2 weeks before. The location should be comfortable and familiar to the employees, such as the union hall, VFW or civic center. Ms. Meacham advised against holding the workshops in a

local community college. From past experience, she has learned that people will generally not stay for an entire day, and that four hours is about the maximum. She also schedules the speaker from the unemployment office to speak last, to encourage people to stay. A question and answer period is critical, and Ms. Meacham asks her presenters to remain at the meeting after it adjourns so that people can speak with them individually. Informational materials and handouts are another important aspect of the workshop. People will not retain all of the information to provide reference material.

After the Workshop in Rochelle, planning for the retraining program began in earnest. The interest level was unprecedentedly high-- about 150 individuals returned surveys to the Rochelle CETA office. This is important because it represented a sizeable proportion of the approximately 350 employees who did not retire, or leave the area. One reason often cited against retraining for displaced workers is the lack of interest, which is indicated by the low participation rates in retraining available through the Trade Adjustment Assistance Program. Ms. Meacham argues, however, that people would be interested if they knew what was available and their suspicion of CETA could be put aside. She says that at least 75% of participants in her workshops consistently indicate an interest in retraining.

I asked why the interest in retraining was so high in Rochelle. The CETA Program Agent stated the following.

I'd like to claim at least some of the credit for it. I had worked my way through college at the Swift plant, and I knew most of the people that worked there. I gave out my home phone number and got a lot of calls from people who had questions.

I wasn't just another bureaucrat, they knew me. We conducted two days of intake and counseling at the Union Hall. I brought several of my staff and we certified the people as CETA eligible, and talked to them about what area of training they should take.

The local union officer stated that:

At the time, the job market in the area was nil. People knew they had to do something to support their families. A lot of guys did it to keep themselves out of the bars. You can go to school and apply yourself or you can go downtown and drown your sorrows. Other people waited around because they thought the plant was a good one and that it would eventually reopen. At the time, people didn't realize the impact that the closing would have on their lives. I think that if they had a chance to do it over a lot more of them would have taken advantage of the retraining. I know some people who are going to school now and paying for it themselves because they have no other choice. What I hear mostly is that people wish they would have taken advantage of the program. People thought that things would get better when spring came. Well, spring came and now we're looking at another spring and things haven't gotten any better, in fact they have gotten worse.

When Melva Meacham talks to displaced workers, she tells them to forget everything they ever heard about CETA.

Why are people so interested? Perhaps it is the job market today, perhaps the way we present it to them. If all those meatcutters in Rochelle went through retraining paid for by CETA, maybe that cuts through the stigma. Also, they don't know what is available. They don't know that they can get paid for child care and travel expenses, and that they can get retrained

while they are collecting unemployment insurance. I think people today realize that they need a skill to get a job.

The Balance of State CETA Director had been contacted late in the fall and had sent a task force to Rochelle to investigate the situation. A meeting was held in mid-January that included the CETA Program Agent, the Balance of State Task Force assigned to Rochelle, the Mayor of Rochelle, the President of the Chamber of Commerce and Melva Meacham. At this point it seemed that the program would be able to begin early in the spring. Unfortunately the program did not begin until mid-May, after a seemingly endless series of bureaucratic delays.

There were times when we (CETA Program Agent) almost said to hell with it. That is where Melva came in extremely well--she wouldn't let me get down on that stuff. She just kept harping at me. If we were having problems, she'd go from her end and pull a few strings, and that helped out. We originally asked for \$360,000 to put 150 people into classes from the start time of the program to the end of the Fiscal Year, 9/30/81. The community college had agreed to start whenever we were ready, so we got around their semester system. I sent the proposal to Springfield in early February. Several weeks went by and I didn't hear anything. I think that they just didn't want to redo their annual plan. In the federal regulations, you have the option of taking IIC money and putting it into IIB, which is for your under-privileged clients. Prime Sponsors don't have to use IIC if they don't want to or if they don't have a need. Basically, no one in the state was using IIC. So technically there wasn't any IIC money without Balance of State redoing their plan. Finally, the

Department of Labor said that we could have \$250,000 without having to redo the plan. And so we cut the budget by substituting unemployment insurance benefits for the wage we were going to pay the retrainees. We got the budget straight by the end of March, and I thought we would be able to start in April. But there continued to be delays that were unexplainable. When we finally got started we had to compress some of the programs. We ended up paying some of the teachers overtime so that they could complete the courses by September.

Approximately 110 individuals entered retraining in May, and took courses in Diesel Truck Driving, Welding, Machine Tool, Data Processing, Maintenance, Electrician, Supervisor. The CETA Program Agent reported that the teachers at the local junior college were impressed with the high interest level and class participation of the trainees. About eighty of these individuals attended a job placement workshop that was held at the college when their training ended. Unfortunately no follow-up has been conducted in the U.S. The Program Agent's impression was that all of the retrainees in Diesel Truck Driving found jobs, and that several other retrainees found jobs using their retraining. The union official described the individuals having the most difficulty. "It is the guys in their fifties who are having the hardest time. Some of them are working part-time, and some of these guys were the best workers in the plant. Some are working in something totally unrelated to what they were doing, it has been hard for them to adjust. Some of them are doing maintenance, and some of them are doing jobs that women have normally done in the past."

Melva Meacham reflected on her experience in Rochelle in a memo



in which she wrote about her work there

Perhaps the most interesting development here has been Labor's involvement in the whole process. The Illinois State AFL-CIO, through our manpower program, has actually provided technical assistance to the Chamber of Commerce, the local CETA office, and the Department of Commerce and Community Affairs, as well as our own members.....This particular situation warrants special attention for two primary reasons: 1) it has the potential to become one of the largest retraining programs for the victims of plant closings in the country, and 2) all actors in this drama (the union, government agencies, and local citizens) have, with our coordination, interacted in a positive manner.<sup>24</sup>

This comment illustrates the point stated at the outset of this Chapter about the linkages among diverse groups that the MAP has fostered. This cooperation has occurred within the structure of organized labor, between organized labor and public agencies, and between organized labor and management groups. If the case suggests that such working relationships are both possible and productive, it also confirms how difficult such relationships are to build and maintain. This issue is addressed in the following chapter.

### Summary

This Chapter has narrowed the focus of the discussion substantially and has examined the minute details of the plant closing project of the MAP and other programs related to the MAP. Unlike the analysis of Chapter Three, which emphasized a 'glass half-empty' view of the responses to plant closings, including social and economic planning, this history of the Program has stressed a 'glass half-full' view of

its progress and accomplishments. Both perspectives contribute to the analysis. In a sense, this Chapter has viewed the MAP according to more finely calibrated measurements than was possible in the broader analysis of Chapter Three.

Compared to what existed in Illinois in 1976, and compared to what exists in most states today, the MAP represents an important contribution to the development of services for displaced workers and linkages between organized labor and social and economic planning agencies. Even though it is still a small program, its efforts and experience to date constitute a valuable base from which to build additional capacity to address the problems associated with plant closings. Its future development depends both on the recognition and support from its own base of organized labor, and continued support from the State. These issues are addressed in more detail in the next Chapter.

CHAPTER FOUR  
FOOTNOTES

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CHAPTER FIVE  
ORGANIZED LABOR AND PLANNING: ANALYSIS OF THE MAP PLANT  
CLOSING PROJECT

Introduction

"In today's complex society, most government responses deal with trying to ameliorate the adverse effects of shutdowns rather than emphasizing policies which would intervene in the decision-making process. It has long been a part of the American 'business ideology' that free and unregulated capital mobility is essential for economic prosperity; and that on the whole, the capital market operates efficiently. These notions are now, more than ever before, being challenged... It is fair to say that if the severity of problems created by corporate decisions to shut down plants persists, pressure to intervene in the decision-making will be likely to grow.... It has been argued that economic planning and government intervention are necessary in a modern economy. Certain questions immediately emerge. Will this be centralized or decentralized planning? How will we plan, and in whose interest? Can we develop strategies to deal with the nation's economy that involve joint action by business, government, and labor? Perhaps what is suggested here is a new frontier for unions." Melva Meacham, Preliminary Report on Plant Closings in Illinois.

This 'new frontier for unions' exists along all of the borders of the labor movement's sphere of action -- collective bargaining, legislation, organizing, and economic and social planning. Each of these activities represents a different approach to the same general goal of the labor movement -- to protect the rights and advocate the economic and social interests of working people. Traditionally, especially in the U.S., organized labor has concentrated its efforts on the first three areas. Planning has received some support, but organized labor's active involvement has been minimal. Today, the

labor movement is being required to adapt and redesign its traditional strategies in order to address the challenges posed by the economic and political changes delineated in Chapter One. Adaptations are already evident in the collective bargaining arena. The Manpower Assistance Program (MAP) of the Illinois State AFL-CIO represents one small yet important step into the planning frontier. This Chapter analyzes the planning activities of the plant closing project of the MAP. We turn first to a brief discussion of attitudes toward planning in the U.S.

Planning in the U.S.

"The idea that planning can be a cure for economic fluctuations and the social inequalities caused by industrialization and economic growth goes back to the nineteenth century."<sup>1</sup> In the U.S., planning has endured several cycles of acceptance and rejection. Both World Wars and the Great Depression triggered national planning mechanisms into motion. In each case, the call for public planning subsided as the immediate crisis passed, and was replaced with policies derived from 'free market' economics. David Moberg, a journalist specializing in labor and economic affairs, has noted that this conflict between planning and laissez faire ideology is reemerging in the current reindustrialization debate.

"Although the language is different, the debate on re-industrialization implicitly raises the issue of planning -- an issue that recurs regularly in time of crisis in American economic life... Publicly controlled enterprise and government planning -- even planning on behalf of private business -- are far less developed in the US today than in other capitalist countries. The Depression and the early New Deal brought a new interest in planning, but Roosevelt soon backed away from anything more direct than fiscal and monetary manipulation of the private economy... But more explicit planning has

remained in disrepute, a victim of the postwar discontent with wartime restrictions and of the anticommunist, conservative temperament of the late forties and the fifties.<sup>2</sup>

The labor movement has generally offered more support for planning than the norm of U.S. opinion. Its enthusiasm and advocacy of planning, however, has fluctuated with national sentiment. By the end of WWII, when the federal government owned a substantial stock of U.S. industry, labor leaders like Walter Reuther of the UAW argued for the continuation of government control of certain industries, such as transportation. This position did not represent widespread opinion during the 1940's, nor does it today, even though some labor leaders continue to advocate a similar viewpoint. A 1971 report of the International Labor Office (hereafter referred to as ILO Report) of the United Nations, entitled Participation by Employers' and Workers' Organizations in Economic and Social Planning, cited a bias against planning in the U.S. labor movement, but added that this suspicion of planning showed signs of abating again by the early 1960's.

"In the United States, one of the major countries not engaging in economic planning at the national or industry-wide level, the absence of support for economic planning on the part of the country's trade unions seems due to the fact, as stated by a trade unionist, that, 'American trade unions were steeped in free enterprise traditions -- of voluntarism, of hostility to government, of a capitalistic laissez-faire ideology... It is not only that old, strong traditions die slowly, but also the fact that labor has in the past had a large measure of success without formal planning'... New trends have appeared in recent years and have been expressed in a statement made at the 1963 Conference of the AFL-CIO. 'We urge the creation, in the United States, of a national planning agency which, through similar democratic mechanisms, will evaluate our resources and our needs and establish priorities in the application of resources to the meeting of needs.'"<sup>3</sup>

It appears that plant closings and the decline of major U.S. industries are precipitating even more commitment to planning as one necessary part of the solution. According to David Moberg,

"The American labor movement for its part has supported modest government planning especially to maintain full employment... In recent years, the decline in skilled industrial jobs has compelled many union leaders to look more favorably toward public ownership, especially in energy, and toward tighter restrictions on plant closings... All these point toward greater planning and regulation of the market by government."<sup>4</sup>

This increasing support for planning by labor and community groups is occurring simultaneously with an attack on planning by the Reagan administration and conservative organizations. Thus, the coming years promise to keep the planning controversy at the forefront of the national policy debate. As this debate unfolds, it is critical to remember that the fundamental question is not about planning and government intervention per se. Indeed, corporations rely extensively on planning to achieve their business goals. The conservatives, despite their rhetoric, are not opposed to government intervention in economic and social matters. They simply have a different agenda than liberals or radicals. For example, the Human Life Amendment represents definite government regulation of behavior; and the Reagan tax code intervenes in the economy, albeit with different goals, as much as any other tax code.

The planning controversy, then, is essentially a debate about the goals of planning, who should be involved in planning, and how national resources should be garnered and distributed to achieve these goals.



The current debate is one version of the basic dilemma to which this paper has referred repeatedly -- the conflict between the public good and private economic gain. David Moberg has written that the reindustrialization debate

"needs to be broadened beyond the narrowly economic and technological questions, and recognized as a series of political choices. The debate is really over the kind of society we want and what values, cultural as well as economic, we seek to encourage."<sup>5</sup>

It is too soon to predict the intensity of this next round in the planning controversy. The different sides are still vying for position, and reassessing their strategies in light of the changes being made by the Reagan administration. As the debate proceeds, the concrete experience of the MAP may provide some valuable lessons for planning advocates. Even though it remains a small, limited project, it provides an opportunity to examine some of the potential advantages and disadvantages of organized labor's involvement in social and economic planning.

#### Planning Defined

The ILO Report surveyed the planning systems of countries in all parts of the world with a focus on the role played by employers' associations and trade unions. The analysis of the MAP presented here refers to the findings of this report, and so we use its definition of planning.

"Planning may be defined as a fairly well developed combination of procedures and systems which enable a coherent body of economic and social goals to be formulated which is aimed at making the best possible use of material and human resources and generally specifies the means and stages by which the goals are to be duly attained."<sup>6</sup>

This definition, although overly-simplified, at least states the key elements of planning activity -- procedures, systems, goals, resource allocation, means and stages. Two central aspects of planning are not stated explicitly in this definition. First is the aspect of participation, i.e., who participates in determining the means and goals, and how is participation structured and assured? Second regards the content of the plan, or, more specifically, what is the content of the goals?

First we address the issue of how the MAP participates in planning, narrowly defined, in Illinois. According to the ILO Report,

"The possible forms of participation in planning can be considered from three different angles: the way occupational organizations are represented, either directly or indirectly, in the planning process; the place such organizations occupy during the various phases through which planning passes; and, finally, the levels at which participation takes place." By 'phases' the Report means "when plans are being drawn up, when plans are being put into effect, and when plans are being supervised." The 'level' refers to local, state, regional or national planning.<sup>7</sup>

#### MAP's Involvement in Planning

In terms of direct or indirect participation, the MAP represents one step toward more direct participation in planning compared to the indirect participation that characterizes organized labor's role on ad hoc advisory committees and/or ongoing policy councils, such as the Private Industry Councils or CETA Advisory Boards. In its advisory role organized labor can influence policy and indirectly monitor programs. The MAP, however, is involved directly with State and local planners. It participates annually in setting goals for a particular target population and has a large measure of control over the implementation of

these goals. MAP is thus a part of the program development and service delivery system of the State economic development planning agency.

The notion of direct can be thought of in other ways than direct participation in certain decisions of government planners. When we say organized labor, we need to remember that we mean the Illinois AFL-CIO, and that local unions would not necessarily see themselves as participating in planning. The MAP is participating directly within the constraints set by the government agency, and is not acting directly as an independent agent.

MAP participates in all the 'phases' of planning cited by the ILO Report. In its annual proposal for funding, it specifies the goals and means for serving displaced workers. It does not participate actively in the resource allocation decisions, but it does have substantial influence as to how the Program is implemented. This type of participation also represents a greater degree of participation in planning than single unions that have received special employment and training grants. These special projects do not influence goal-setting for a target population in the way that MAP does. As one agency official described it, "The MAP is our way of providing technical assistance to communities that are experiencing plant closings... Their efforts are our efforts." Finally, MAP is obviously involved in planning at the state level, in the sense that it helps to set statewide goals. It is also involved in localities in planning community responses to plant closings.

### The Consequences of Participation in Planning

The ILO Report assists us in considering MAP's ability to contribute to substantive goals by identifying three aims that can be facilitated by the participation of trade unions in planning.

"Looked at from a strictly economic viewpoint, participation is conducive to economic development in that it has an influence on two key factors, namely the availability of economic data, and the improved productivity of labor... The principle political aim seems to be to discover new ways of decision making in matters of economic and social policy, so that occupational organizations can assume a greater share in the government's responsibilities for reaching decisions that affect the national interest... (Finally) it is a fair contention that the objective of participation by occupational organizations in planning is to pinpoint social opportunities, minimize the social cost of development, or, more simply, reduce conflict by making clear the area in which imbalances are tolerable."<sup>8</sup>

The Report notes other potential consequences of this involvement. A substantially increased level of participation in planning may strain the resources of unions. It may be difficult to redirect staff and research from collective bargaining and organizing to develop expertise for effective planning. Participation in planning may also require more coordination among existing trade organizations.

The ILO Report stated that "the inter-relationships between the various trade union bodies will also be affected by planning... because this will require the strengthening of trade union discipline at all levels."<sup>9</sup> The Report also argues that planning activity can affect the collective bargaining process. This potential consequence is not discussed here because MAP does not represent the type of national-level economic planning to which the Report refers on this

issue. The MAP's activities do not influence collective bargaining, except in the few cases where informal information is exchanged between the MAP staff and local unions involved in bargaining a shut-down agreement.

A final issue is the extent to which labor unions sacrifice political independence when they adopt a more collaborative relationship with the State government. For example, does the existence of the MAP and its dependence on the State for funding have any impact on the political positions taken by the Illinois State AFL-CIO? The ILO Report summarizes this issue as follows:

"The difficulty, for a body that agrees to enter into such an institutional commitment without wishing to forfeit its identity, is to avoid being swallowed up -- i.e. it must do its utmost to preserve the right and effective power to express its opposition. This is a delicate aspect of the current trend."<sup>10</sup>

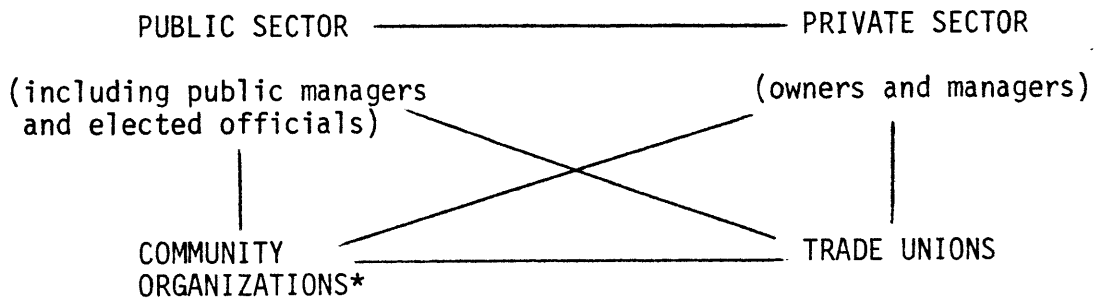
We can now analyze the specific experience of the MAP with regard to the potential consequences of planning cited by the ILO Report. The discussion focuses on the following questions: 1) What political benefits or conflicts have resulted from the planning activities of the MAP? 2) Has the MAP been able to contribute to economic development through the provision of labor market information and support for productivity? 3) Has the MAP been able to minimize the social costs of development? 4) Has the MAP had any impact on relationships among trade unions?

#### Political Issues

As stated by the ILO Report, the political aim of trade union involvement in planning is "to discover new ways of decision making in matters of economic and social policy, so that (trade unions) can

assume a greater share in the government's responsibilities for reaching decisions..." We address this issue first by examining the extent to which "new ways of decision-making" have evolved among the primary interest groups that participate in the determination of economic and social policy.

The following diagram, although far too simple, illustrates the multiple relationships that exist among these key groups.<sup>11</sup>



Each group has an agenda and constituency that it represents. Each strives to maximize its gain vis-a-vis the power and resource distribution decisions in which these groups participate. In this elaborate, formal and informal negotiation process, the various groups are simultaneously adversaries and collaborators. The dual nature of each of these relationships is critically important to understand. This model of the institutional relationships provides a useful framework for understanding the experience of the MAP. One of the limitations of this analysis is its inability to account for the political dynamics within each group that influence all of the other relationships.

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\*Community groups and organizations are frequently not included in tripartite planning institutions. They are included in this diagram because they constitute an important constituency that both competes and cooperates with trade unions. The decisions about the allocation of CETA dollars illustrate some of the dynamics among the State, community groups and trade unions.

The relationship between the public sector managers and private sector managers has been scrutinized extensively. For our purposes, in the arena of social and economic policy, it can best be described as a 'love-hate' relationship. On the love side, the relationship is based on a long history of sweetheart deals negotiated between business and government ranging from the land and zoning breaks given by town officials to the Illinois Central Railroad investors in the 19th century, to regulatory and tax breaks offered as location incentives in the interests of improving the business climate today. On the other side, an ongoing rhetorical war has raged between business complaining of undue government burdens and inept public programs; and public managers bemoaning the unwillingness of business to conform to policies such as health and safety regulations and affirmative action plans. In recent years, the Private Industry Councils (PIC's) were created to provide a mechanism for promoting the public-private partnership that has been heralded as a 'new way' to make government programs more effective. While the PIC's may provide an additional forum for consensus-building dialogue and concerted action, the new organization is not likely to resolve the basic issues. A comment from an official of the Office of Commercial and Industrial Development of DCCA illustrates the conflictual, yet interdependent, character of this relationship.

"Usually it is difficult to develop relations with a company when you are from the State, when the company's only experience with the State is either through taxation or regulation. You aren't going to have a company look you straight in the eye and say: 'We're quitting.' We

got alot of complaints about Illinois as a place to do business. Basically we learned about plant closings by reading the newspaper, or by having a mayor or a banker who was going to be out of a lot of money call up and ask us what we could do."

An awareness of difficulties in the relationship between private and public sector managers was one factor that led CETA officials and trade unions into cooperative agreements through employment and training contracts. Unions sometimes provided a better entry into jobs for CETA eligible trainees than did companies. One of the premises of the Industrial Union Outreach activities of the MAP was that unions would provide a liaison between CETA job developers and company officials. These difficulties between public and private managers were confirmed to me by a former CETA Program Agent from Rochelle. He explained that he had invited people from the business community to train his staff about how to talk with business, because of the absence of adequate communication.

Public managers find themselves in a difficult situation partly because they are accountable to the public in a way that private managers are not. This is true because their fortunes are linked, at least indirectly, to the electoral political process. Politically, the Illinois government must be responsive to the labor movement because it is a highly organized and powerful constituency in the State. The public managers, as agents of the government, are required to address the needs of two contenders who are acknowledged competitors -- organized labor and private management. One trade union official in



Peoria stated his views on the position of public managers with respect to the participation of organized labor.

"You know they say they want private industry involved -- well, we are private industry. People don't want to accept the fact that organized labor is a part of the Private sector, but we are."

Public managers are caught between trade unions and business organizations in a highly pressured situation in Illinois because the Department of Commerce and Community Affairs operates both economic development and employment and training programs. The latter are not handled through the Labor Department, as is the case in many states. Thus, one agency is serving these different groups, although through different divisions. In addition, the efforts of the economic development division to attract business into the State may involve conflicts of interest between assisting firms that explicitly want to avoid a unionized workforce, and the need to provide opportunities to transfer displaced unionized workers into these expanding jobs.

Some of these difficulties are evident in the relationship between the MAP and the State agency. Even where a formalized working relationship exists, the fundamentally different orientation can impede cooperation. This point is illustrated by the following comment from an official of the Ill. Office of Commercial and Industrial Development of DCCA, also the office that operates the Plant Closing Task Force.<sup>12</sup>

We were developing a list of warning signals from our experience with plant closings. We had talked with the MAP folks and asked them to put the list in their labor newspapers. We understood that rank and file

people wouldn't be too eager to call the Business Dept. (of DCCA) and so we wanted them to list MAP's number or Bob Gibson's number. We wanted to say that if you see these things going on in your plant, the chances are that you may be looking at a closing, and maybe there should be some kind of intervention. That never happened because they developed their own list, which was significantly different. They approached it very much from a labor standpoint and we approached it very much from a management standpoint, and the tone was very different.... and so we just dropped it.

There is also a lack of clarity regarding the relationship between plant closing activities of the MAP, and the Plant Closing Task Force of DCCA. One official of the Office of Statewide Employment and Training Services stated that

"In some plant closing situations we have had in the State, it just isn't appropriate for organized labor to have an up-front, ongoing role. It may have been a plant that was non-union, or it may be that the employees are organizing to buy the plant. The MAP isn't appropriate in every case. Sometimes the Governor gets a direct call and he wants to garner his Cabinet resources to figure out the appropriate response."

The State official in charge of the Plant Closing Task Force was even less clear about the relationship between MAP and the task Force.

Q: When does the Plant Closing Task Force go in on a plant closing instead of the MAP?

A: It is not worked out, there is no relationship. There is not a lot of relationship between what they are doing and what we are doing.

It is difficult to interpret these comments because they represent somewhat guarded statements to a university researcher. The tone of these statements in each case was more matter-of-fact than hostile. The individual who made the latter statement also commented, during the course of another story in which he perceived that commitments between his office and the MAP had fallen through, that

"we have agreed to it (information sharing), and we all think it is a great idea, but by and large it has not happened... I don't know what they are up to, they might just not have enough resources."

The official who stated that MAP was not appropriate in every case also endorsed the Program highly several times during our interview.

Another instance of positive and cooperative interaction between the MAP and State agency officials was identified by the Rochelle CETA Program Agent.

"Melva and I and the other people involved developed a good working relationship and it was through a lot of Melva's work that the program actually got pushed through in Springfield... I think Melva worked her tail off trying to help out some of these people, and it was good for me to see that because I was really in doubt about the union at Swift. They were taking a lot of money from these guys in dues and they really didn't have anything back. This was a return on their investment and I think it really helped out.

Melva Meacham, speaking from MAP's point of view, stated that

"We need a much more systematic planning process than we have had in the past, and this is where I think our agency can work much more closely with DCCA than we do."

Thus, the MAP's activities have provided an opportunity for cooperation as well as the chance for underlying conflict to surface. These difficulties should not be seen as a sign of failure, but rather as problems to be understood and addressed. These experiences should not be interpreted solely as a function of personalities, but also as the inevitable consequence of different organizations trying to learn to work together in ways that heretofore have remained underdeveloped. The level of cooperation observed today is certainly advanced beyond the days of antagonism in the mid-1970's that led to the initiation of institutional linkages between the public sector and trade unions in the form of the CETA/Labor Liaison Project in Illinois.

The most highly developed relationship in the model, in terms of formal law and regulation, and informal codes of practice, exists between private managers and trade unions through the institution of collective bargaining. When these two groups have been involved in a planning relationship outside of the boundaries of collective bargaining, the experience has demonstrated some potential to overcome the adversarial relationship.

Q: Have you worked with local Chambers of Commerce?

A: "I (Melva Meacham) think it is important to bring them into the planning. I was involved with them in Rochelle and Clinton. I have seen all of the actors come together so many times. I think I have them stereotyped, and they do me, being from the labor movement. But when we work together we can push all of that into the background during the process of working on a crisis and figuring out what is best to do for the people."

On the other side, a union official from the Oscar Mayer closing told me, when I asked him about involvement of the local Chamber, "I personally didn't think that the Chamber of Commerce should be involved. In know what they stand for, and what their feelings are toward the labor movement."

To summarize the key issues involved in these relationships, we quote at length from an interview with Doug Richardson. His comments highlight several of the issues between labor and management, the State and organized labor, and the State and private management.

"We recognize that some kind of systematic, empirical approach is required for rational planning from the state level. Part of the problem is that this is an international level issue. Chicago and the State can't do economic planning in a vacuum. In this office (Regional Office, AFL-CIO) we have just made a decision to work with the Dept. of Commerce and Community Affairs on economic development and industrial retention. The problem is that these programs get developed in bureaucracies that don't have organized labor as a constituency. There has been a clear distinction between the Depts. of Labor and Commerce at both the federal and state levels. So now we are talking about dealing with the Department of Commerce and they're not too sure that they want to work with us. And they're also not too sure that we're not the problem. At least that is what business is saying. The State has an unenviable role when it talks to business, who tells them about taxes and unemployment insurance and workman's compensation. Then they (Dept. of Commerce) look around to see who is interested in economic planning to help people stay employed in Illinois, and they find the labor movement. So government has a

hard course to steer. There is still little cooperation between corporations and government. It is sort of a macro form of the problem I stated before -- there is no mechanism.

Q: What have you observed about private sector involvement in plant closings?

A: The local employer who closes the plant usually doesn't care. The services and retail businesses that rise and fall on the presence of the manufacturing business may get more involved. Melva Meacham has discovered that some Chambers of Commerce, once they get over their paranoia of working with the labor movement, discover that they are all trying to do the same thing. The State Chamber of Commerce and the business groups have not been really involved because there is no State policy focussing on retraining. There is a State policy on jobs development and industrial retention, but shifting people from one job to another as a policy objective I have never heard articulated in this state. And thus there is probably little discussion with employers. I haven't had any indication that corporate board rooms are opening to state officials more often than they are opening to union officials.

Q: What is your vision about what the mechanisms for this planning should be?

A: You have to get the two opposing forces together -- the voice of working people and those people who make decisions about the jobs. When a dialogue opens, then you may have some progress. If the government can facilitate that dialogue, it may not be a bad objective.

But my guess is that they don't know much about doing that. We will sit down with DCCA and tell them what the road map looks like for the labor movement, but we can't help the State talk to the private sector. We can help them talk to organized labor. If we take collective bargaining seriously, then it may be the battle ground on which alot of these issues will be fought, because bargaining is basically a process of resolving adversarial issues. Bargaining is also a process of integrated planning and it may well be that some of the initiatives that we need can come through that process. The role for government in that process is an open one. But I think there is some room for optimism here, because unions take their business seriously. They may not be always timely or correct, but eventually they are going to deal with this problem. Right now they deal with it at the point when the plant is going to close. Eventually it will back up in the process and be anticipated. And then you are talking about committees, and planning and policies. You've got two legs of the stool set up, and government can be the third. But government has got to understand that the reason corporations don't do what they want is that they have offered a lousy product."

Mr. Richardson's comments summarize the complexity of the inter-relationships among these groups, and the substantial obstacles in the way of "new ways of decision-making". A key problem that he identifies is the absence of a formal mechanism whereby these groups are obligated, in a sense, to share in decision-making on economic and social questions. Collective bargaining is one such mechanism, but it only encompasses a certain range of interests and, at least in the U.S., is restricted to one-quarter of the workforce.

While the collective bargaining relationship may not be the appropriate analogue to the planning mechanism that could insure wider, more substantive participation in economic and social planning by community groups and organized labor, it illustrates the value, as well as the limitations, of such a mechanism. In the absence of such institutions that bind the public sector, business, trade unions and community groups together, the MAP is left to move on the margins of planning decisions. Again, even though the analysis emphasizes the Program's limitations, it is still argued that the MAP is making important steps in terms of raising necessary issues, being a catalyst for dialogue among various groups, and developing networks that would be less likely to occur in the absence of the Program. It also provides the opportunity for certain stereotypes to be challenged. The full potential of these steps, however, remains to be realized.

Looking at intergroup relationships is only one perspective from which to view the political implications of the MAP's planning activity. This issue may also be addressed in terms of the consequences for the labor movement itself. The answer to this question will have a bearing on the ability of trade unions to "assume a greater share in the government's responsibilities for reaching decisions" as the ILO Report suggests. We can ask, do the planning activities support organized labor's purpose of representing and protecting the interests of working people?

The answer to this question is fairly straightforward if we consider the plant closing services of the MAP as one planning activity of the Illinois State AFL-CIO. According to Doug Richardson, the MAP



protects workers by providing services, and supports the labor movement's goal to organize.

"The unions that are interested in organizing are the ones that have to be interested in this question because if you even expect to organize in a town like Peoria, Ill., you better have done something for those people when the plant shutdown. If their perception is that the union was of no great utility to them when they needed it the most, then, as an organizer, I'm going to have a tough time talking to those people about joining a union in the next shop they go to work for. I have been, along with a lot of other people, frustrated with the Internationals' reluctance to deal with this head-on. We sow the seeds of at least ten years of activity and perhaps the destruction of our membership in regions like the Midwest without some kind of informed attitude about the problem."

The issue becomes more complicated with planning activities that are one or more steps removed from providing direct services to union members, ex-members or would-be members. Participation in activities that are less direct-service and more economic development, such as assisting in the development of an early warning system for plant closings, is likely to be more controversial. The essence of the debate is about what activities the labor movement should emphasize to achieve its goals. According to the Illinois AFL-CIO President, planning still has a lower priority than organizing.

Q: Does organized labor need to take a more aggressive role in economic development?

A: Organized labor has got to organize. That is where we have fallen down. Even in the good years, we didn't organize and we didn't maintain our proper percentage of the labor force. Even though we have not lost any members per se, we never maintained our percentage of the workforce. As the workforce grew, the influence of the labor movement has declined. That has got to change. Somehow, we have either got to concentrate on the public employee, the white collar worker, and/or the highly skilled technical types who are building computers and servicing computers. But we have not done it and until we do it, we're not going to have any great impact on the economic situation."

Planning and organizing are not necessarily mutually exclusive choices, even though they do consist of different activities. The Lucas Aerospace workers thought of planning and organizing as complementary activities. The difference, of course, is that the Lucas planning effort was totally union controlled, whereas the MAP, due to its funding, is controlled by State government. This raises a question about how the MAP might be different, in terms of goals, activities and implications, if it were financially supported partly or wholly from within organized labor. Another way to think about it is that each strategy, planning and organizing, is suited to different goals and problems faced by the labor movement. The challenge is not to choose between one or the other, but to determine when and how to apply each.

### Support for Economic Development

The MAP is in an excellent position to generate a substantial amount of useful economic data. This potential is underdeveloped and underutilized for several reasons.

First, the MAP is not funded to do extensive economic and/or labor market research. If funding for this purpose were provided, the MAP would be able to collect information in three key areas. First, the MAP could complement the State's efforts in developing an early warning system for plant closings. As noted in Chapter 3, the labor market economists at DCCA who are designing applications of the Altman "Z-Score" early warning system stated that organized labor could play a useful role in identifying plants that might be preparing to close. The MAP has demonstrated this capacity internally. For example, the Industrial Union Outreach (IUO) Field Representatives sometimes learn about potential closings from their visits with local unions. They are then able to inform Melva Meacham. This information is not comprehensive and so would not be reliable as the sole approach to identifying potential and/or actual plant closing situations.

One way to buttress the contacts of the IUO Field Reps would be to provide technical assistance and training to union locals in targeted industries so they could identify and monitor changes in the plant that might signify disinvestment or preparation for a shutdown. This type of information network could provide early warning about a variety of job loss circumstances, not just shutdowns. Through such an approach, the research effort might be decentralized and local

unions could provide information to the MAP, and, through them, to the State. MAP does not have the resources to develop this kind of program.

The second area of information that MAP already collects, although not comprehensively due to lack of resources, is the reverse of early warning about job loss. It is, essentially, early warning about job gains. Larry Stout's industrial union survey to over 1,300 local unions represented this type of research to locate what he calls 'employment generating situations'. This research effort could support DCCA's efforts to identify and assist expanding firms. At present, this information-gathering occurs on a small scale. The ability of unions to supply business information to a government agency in cases where, perhaps, the company is less willing to cooperate, is one example of the connections of the tripartite relationship cited earlier.

The third area of research would be a comprehensive study of the impacts that plant closings are having on the Illinois economy. There is a striking lack of knowledge about this issue. According to Prof. Louis Ferman University of Michigan.

"we are still without information that is critical, not just to formulation of national policy, but to effective development, implementation and administration of ad hoc programs designed to confront economic emergencies. We do not have data on the prevalence of plant closings, on how many facilities shut down during any given year or for what reasons. We do not know the number of workers affected or the scope of the effects on communities. We do not know to what extent companies that move benefit from this investment strategy, and have no clear idea of the available interventions or of their cost-effectiveness.<sup>13</sup>

Ferman's point is true for Illinois. For example, no effort has been made to assess the costs of plant closings to the State, in terms of lost revenue, loss of consumer demand, and transfer payments. No follow-up studies have been conducted of the workers who were retrained in the various programs. No study has been conducted on the erosion of Illinois' export capacity due to plant closing. MAP, if it had the research capacity, would be able to develop case material on a number of closings, and would be able to coordinate follow-up studies of displaced workers.

One explanation for the underfunding of these research projects, besides scarce resources, is that the State is not sure what it would do with all this information if it were collected. In order for the type of research being described to be valuable to the State, it would need to be connected to an economic development strategy. In short, if there is no plant closing prevention or intervention strategy, then there is no impetus for extensive research -- at least from the State's point of view.

If more research were to be conducted, MAP and DCCA would need to have a clear understanding and agreement of procedures for generating and sharing the information. It appears that there have been some problems with information flow, even though a substantial degree of information exchange has also occurred. I was not able to learn many details about this issue because it is sensitive. However, the DCCA official reported to me that MAP has not supplied all of the information to his agency that he expected. MAP also may not have access to the information it needs in a timely fashion. Melva Meacham noted the following problems.

It would be nice if our people could sit down with the State and know exactly how much money they had in certain areas for retraining. Now they are telling us none. We're not meeting with DCCA on these closings as soon as we need to. The program agents and prime sponsors need to be better informed about the possibilities of retraining through IIC for example, because I am the one who tells them about it."

Her final statement illustrates the problem with information exchange about plant closings in general. In another example, the Illinois Bureau of Employment Security, which collects mass layoff reports, routinely sends this information, which may indicate potential or actual plant shutdowns, to DCCA. Neither agency sends this information to Melva Meacham, although she can get it by request from DCCA.

These difficulties with information flow are linked to several issues. The first is rooted in the complex nature of the relationship between the State and organized labor. Problems with information flow are partly a function of a lack of trust, not so much between individuals, but between the perspectives of the two groups. The second issue is related to the reason for the underfunding of plant closing research. Why should additional information be shuffled around if there is no explicit purpose for it? The lack of leadership for the State's plant closing strategy is another explanation for problems with information flow. According to an official of the Office of Employment and Training Services,

"No Department has ever been given the direct charge that whatever state response could be generated, you are responsible for doing it. So the linkages and cooperation that has come about in past situations have been haphazard. It is not the situation where someone picks up the phone and says, "I am in charge and this is what we are going to do."

The ILO Report suggested that increased productivity was a second potential economic benefit from the involvement of unions in planning. The current structure and purpose of the MAP does not lend itself to addressing this issue. MAP could only contribute indirectly to increasing overall productivity by facilitating the reentry of displaced workers. Since MAP has had limited impact in this regard, its impact on productivity has been nil.

The structure of the program, however, has the potential to contribute to productivity. Through its relationships with union locals, international unions and public agencies and private managers, MAP could, if funded to do so, provide extensive technical assistance and training to local efforts at improving productivity. The Program could assist local labor/management committees, unions, managers and PIC's in developing various programs. There are numerous possibilities in this area, and the MAP is in an excellent position to coordinate such an effort. It should be noted that there are definite limits to the improvements that can be made in productivity by the efforts of workers or cooperative committees. Productivity depends on several other additional factors.

Contributions to labor market information and productivity are only two ways that organized labor could contribute to economic development through participation in planning. The planning efforts of the Lucas Aerospace workers illustrate a substantially different approach that involves innovative research and development of new products and methods of production.

#### Minimizing Social Costs

The ILO Report states that the social aim of involving trade unions in planning is to "pinpoint social opportunities, (and) minimize the social cost of development..."

This benefit is difficult to assess because it is less concrete and harder to measure than, for example, the provision of labor market information by unions. MAP has achieved this purpose, but to a very limited extent. The Adjustment Assistance Workshops offered by Ms. Meacham help displaced workers identify "social opportunities". The Workshops may minimize problems the workers might have had if they had been left to seek information individually, without assistance. This access to resources, by facilitation the worker's adjustment to sudden job loss, may minimize social costs by motivating the worker to seek positive coping strategies, such as enrolling in school, rather than negative ones, such as drinking. This initial assistance may prevent the individual from becoming completely discouraged and support their motivation to look for work again. Little systematic research has been conducted on these questions, and so it is difficult to provide a definite answer about the social benefits of these



adjustment services. Most of the case study literature, however, supports these types of programs.

Professors Aronson and McKersie, in a recent study of three shutdowns in New York State, recommended an approach similar to that of the MAP and emphasized the importance of taking services to the workers.

"The provision of labor-market services is the single most important factor during the readjustment period ...the program needs to reach out to the displacees and not wait for them to seek out the labor-market services that are available.... Thus, an objective would be to establish a one-stop-center for the displacees, possibly in the local union hall, where all of the services...would be presented in a coordinated and tailored way for the displacees. ...Perhaps a special mobile unit prepared to operate on a State-wide basis, on short notice, to supplement the efforts of local office staff would be worth consideration."<sup>14</sup>

It is also important to have organized labor actively involved in developing these programs because their support is likely to increase participation of and benefits for displaced workers.

According to Aronson and McKersie,

"the unions also played a very important function, not in the role of a formal social service agency, but in insuring that benefits were available... Very few, if any, of the traditional social service agencies aimed special programs at the laidoff workers. The mode of operation was to allow the workers to come in for food stamps or for special counseling... One reason found for such a high demand for training among the Westinghouse dischargees was the role of the IBEW Local 1833 in the month preceding the shutdown. This pre-notification period allowed the local to explain full all the options involved in the TAA program, as well as set up meetings between the local educational institutions and the displacees."<sup>15</sup>

Ms. Meacham has reached a similar conclusion and argues that the labor movement is an essential participant because of their affinity with displaced workers.

"We are actually helping the State of Illinois. Yes, they are paying for it through the labor movement, but a state agency couldn't provide the workshops we do. We have access to the people and they really don't have that."

Still, the MAP has not been able to reach all of the people who need assistance. Even fewer have benefited from retraining.

Ms. Meacham recognizes these limitations.

Q: What more would you like to be able to do if you had more resources?

A: I don't have time to do justice to any of the closings I have. One person cannot do this for an entire state. Anymore, I go into a community, design a structure, and hope the thing works. I'd like to have more time to spend in a community. I'd like to have more staff people. I could see five people doing this really well across the State. We could be doing so much more. We could be putting together community programs and staying there to see that it stays in place and that it is running. We don't have to receive the funds and run the programs, but we could sure help them get off the ground."

#### Linkages Within Organized Labor

The preliminary evidence suggests that the activities of the MAP have built networks, reinforced existing ones and enhanced cooperation among a variety of trade unions, and organizational levels within the AFL-CIO hierarchy.

When Ms. Meacham works on a plant closing in a particular community, she does not only work with the local union experiencing the shutdown. She contacts the AFL-CIO Community Services Representative, if one is assigned to the area, and involves that person in the local planning process. Her office also contacts all of the local unions in the vicinity of the closing to ask for their assistance with job leads, and inform them of the MAP's services.

While most of her work is concentrated on unions affiliated with the AFL-CIO, there have been exceptions. For example, the first closing where Melva Meacham assisted was a UAW plant before the UAW had reaffiliated with the AFL-CIO. Ms. Meacham also consulted with the organizers of a workshop for the Pabst Teamsters local, also an unaffiliated union.

In addition, Melva Meacham has also provided technical assistance to several international unions that are experiencing plant closings. Recently, Ms. Meacham consulted with the Human Resources Development Institute (HRDI) of the national AFL-CIO to assist their efforts to develop a plant closings project.

Thus, the MAP's expertise in planning labor/community responses to plant closings has been extended to several different divisions within organized labor. They have been able to initiate and promote information-sharing and cooperation across union lines in less traditional areas of trade union activity.

The sentiments of one local UFCW official expressed the good will that is promoted by the MAP's plant closing work.

"To this day, our whole local union #787, could never thank her enough because Melva did an excellent job."

The organizational structure of the AFL-CIO at the state level is conducive to the wide-ranging networking that the MAP has accomplished. This is true for MAP's relationship with State officials, as well as within the labor movement. This point was illustrated when I asked about how the State Federation compares to international unions as the appropriate organization to provide plant closing services.

There was general agreement that the state federation of labor has certain advantages over international unions as the provider of plant closing services. One advantage is that the state federation is in a position to be connected with state and local agency representatives. I asked this question of Melva Meacham.

Q: Why should the State Federation of Labor provide these services? A: Because we are already working within the State. Most international representatives have multi-state jurisdictions. We have our hands on so many resources-- we know the resource people in the Governor's office, we know the CETA people, we know the job service and the unemployment insurance people. The State Federation sits in the perfect place to bring all of the information to bear in a plant closing situation. Plus, we hold the Central Labor Council meetings, and most unions belong to the State Federation. They know what services we provide.

A local UFCW official from Rochelle concurred with this opinion.

Q: Who should provide plant closing assistance if the MAP did not exist? A: Perhaps the State Federation could set up an office and fund it through a per capita tax. I think it is something that the State Federation would have to take a long hard look at. It would be devastating if

the funding would be withdrawn from the MAP. There are a lot of shops that don't have the kind of protection in their contract that UFCW has, and there are a lot of places that the MAP can get to because of their involvement around the State. The State Federation is in a good position because most of the international unions are located in Washington, D.C., and they have regional offices. Since the State Federation is located in the state and has the local information, they can handle the issues better than the internationals.

A second UFCW official from Davenport, Iowa responded to my question about the role of the State Federation with a recommendation for an increased role for the national AFL-CIO.

Q: Can the State Federation do anything that an international union can't? A: You are putting me in a box since my International has its own plant closure program. I really think that the national AFL-CIO should have the program, not an international union. The national program should originate from the national AFL and then spin-off into the State Feds.

Another advantage is the ability of the State Federation to share information and resources across communities and unions. A union official from Peoria stated that,

"The State Federation could and should run every one of these programs, and could and should work with state and local officials to get additional money. They should put together combinations of state money and local consortium (CETA) money, to get more dollars involved. There is no reason in the world for Peoria, Illinois to have a successful program, and for lack of knowledge, for East St. Louis to have a need for a good strong program and not know what we are doing in Peoria that is working. If it was all handled through a central

organization like the State Federation, then all of that information would be available to everyone."

This discussion does not intend to suggest that international unions do not need plant closings projects if the State Federations are involved. The key issue is to recognize what each organization is best able to provide, and then coordinate their efforts. The point of the ILO Report about variations in the level of participation in planning provides a way of distinguishing one difference between the role that can be played by internationals as compared to state federations. Internationals can plan their services at a national level, have the ability to tap national resources, and can deal with the problems of an entire industry. Also, the plant closing project of the MAP is not in a position to provide the technical assistance on plant shutdown collective bargaining that the internationals can and should provide. Given the meager resources of the MAP, they are not able to cover all of the closings that might need their assistance. Internationals should thus be in a position to provide assistance in cases where the MAP is unable to serve. Internationals also have the potential to provide longer term follow-up than the MAP is generally capable of. For example, the Distillery Workers union maintained the local union office for a number of months after the closing of Hiram Walker in Peoria. One other problem with the state federation model is that the Illinois situation may not be easily replicated. Many other state federations might not have the interest in providing such services, or their state political climate may limit their funding possibilities.

Finally, state level planning and programs cannot adequately

address national economic problems. This point was noted in a study of poverty in the southern Illinois coal belt, published in 1941 by the Work Projects Administration,

"The experience of the southern Illinois coal field suggests that attempts to solve the problems of all the depressed areas on a purely local basis are foredoomed. The interplay of nation-wide forces created the depressed areas, and neither subsistence farming, handicraft industry, locally initiated "land-a-factory" drives, nor ingenious "make your own job" schemes can basically alter their situation. One can scarcely avoid the conclusion that a national approach offers the only hope for a solution."<sup>15</sup>

### Summary

This Chapter has explored one aspect of the "new frontier for unions" suggested in Melya Meacham's report--the planning frontier. The preliminary evidence demonstrates that the MAP is involved in planning and has contributed to general social goals and union goals through these activities. These findings are preliminary because the MAP's plant closing efforts are still relatively new. The Program is also small and it has not yet been replicated in another state. In addition, the commitment of organized labor and the government to the MAP, or programs like it, remains uncertain. Even though the President of the Illinois State AFL-CIO and key individuals in State government have voiced strong support for the Program the resources allocated to it are minimal.

Conclusions about the implications of organized labor's participation in planning based on observations about the MAP are limited in two ways. First, the MAP is involved in a narrow range of the State's planning activities and it does not make decisions about

the allocation of resources to the Program. Second, the State's planning activities represent a limited subset of the full range of possibilities of planning. Thus, the MAP's experience with ad hoc, crisis intervention planning can only illustrate a small number of the potential consequences of involvement in planning. Other models of participation in planning by labor unions, like the Lucas Aerospace Combine Committee, would yield a different set of conclusions on this question.

Given these limits, the MAP has provided valuable services; it has been able to develop the beginnings of an early warning system; and it has promoted cooperation among diverse groups within organized labor and among labor, government, business and community groups. Its experience thus far also raises several important questions about the relationship between planning and organizing, and the nature of relationships among the key groups involved in the economic and social policy debate. It also leads to questions about alternatives to how planning is viewed and conducted in the U.S.

Finally, this analysis underscores the argument of Chapter Three that planning cannot be a substitute for collective bargaining, union direct action or legislation. Rather it is an essential complement to these efforts to address the problems associated with plant closings and economic dislocation.



CHAPTER FIVEFOOTNOTES

1. International Labor Office, Employers' and Workers' Participation in Planning, Geneva, 1971, p. 16.
2. David Moberg, "Retooling the Industrial Debate," Working Papers, November 1980, p. 32.
3. International Labor Office, op. cit., p. 162.
4. David Moberg, op. cit., p. 34.
5. Ibid, p. 34.
6. International Labor Office, op. cit., p. 3.
7. Ibid, p. 53.
8. Ibid, pp. 39-46.
9. Ibid, p. 167.
10. Ibid, p. 221.
11. A more comprehensive program analysis would add a human dimension that could be more specific about the key individuals at the helms of the involved interest groups. This is important because the nature of intergroup relations in Illinois, or anywhere, is not completely understandable in terms of the general positions taken by organizations. What works in Illinois may not work in another state because of the particular mix of individuals in Illinois. For example, it is public knowledge that the Governor of Illinois and the State AFL-CIO have a relatively positive working relationship. Melva Meacham's personal dynamism and commitment to assisting the victims of plant closings have been crucial in gaining national recognition for the plant closing project in less than two years of operation. These personal factors are important and informative, but are beyond the scope of this discussion. The absence of detail at the level of personalities does not detract from the strength of the argument that much of the experience of the Program is inherent in the institutional relationships.
12. The Plant Closing Task Force is a committee coordinated by the Division of Commercial and Industrial Development of DCCA. It is comprised of representatives from the Governor's Office, the Illinois Department of Labor, the Bureau of Employment Security, the Commission on Economic Development, the Department of Public Aid and the Illinois Community College Board. The Task Force was instituted after the Wisconsin Steel closing demonstrated the need for more interagency coordination in planning responses to

plant closings. Currently, the Task Force does not have on-going activities, but it constitutes a resource that can assist communities to provide services for displaced workers.

13. L. Ferman, P. Jarley and J. Gordus, Plant Closings and Economic Dislocation (Kalamazoo: W. E. Upjohn Institute for Employment Research, 1981).
14. R. McKersie and R. Aronson, Economic Consequences of Plant Shut-downs in New York State, (Ithaca: New York State School of Industrial and Labor Relations, Cornell University, May 1980), p. 152.
15. L. Ferman, P. Jarley and J. Gordus, op. cit., pp. 112 and 128.
16. M. Brown and J. Webb, Seven Stranded Coal Towns: A Study of an American Depressed Area, (Washington, D.C.: Work Projects Administration, 1941), p. 143.

CONCLUSION

David Moberg, writing about the reindustrialization debate and growing support for planning, has argued that:

Nothing can substitute for a political movement, growing to control of a major party, that makes corporate power the key question and offers democratic control of investment as the heart of an alternative approach to planning the work of society (Working Papers, December 1980, p. 39).

This statement returns us to the central theme of this report. Decisions about the control, use and distribution of resources in our society constitute the fundamental question underlying the plant closing issue. This question has been the crux of economic debates and political struggles throughout U.S. history. The choices our society has made on this resource distribution question have resulted in certain patterns of economic development that have persisted since the nineteenth century. Plant closings and other forms of economic dislocation have recurred as a consequence of these development patterns. Plant closings today thus pose a familiar set of political questions and challenges for groups who are attempting to devise solutions to the negative consequences of economic dislocation.

On the other hand, the specific economic problems we face today represent unprecedented challenges that cannot be addressed adequately by traditional solutions. All of the key groups involved in and affected by plant closings - unions, community groups, business and government - will have to devise innovative approaches to these new issues raised by technological change, the dynamics of the international economy, the declining manufacturing base of the U.S. and the erosion of the power of trade unions. The responses discussed in this report, including collective bargaining, plant closing legislation, union direct action and

social and economic planning, contain the potential to generate solutions to the problems associated with plant closings. Each response however, remains grossly inadequate to cope with the magnitude and seriousness of these problems. The situation is not completely discouraging because some new approaches are evolving, as illustrated by the examples in this report. The plant closing project of the Manpower Assistance Program represents an important if small step in this process of designing strategies and programs to cope with basic social problems.

In the final analysis, the MAP is an encouraging development both for its accomplishments and for the insights and questions it generates about the political and economic tasks that confront our society.

APPENDICES

TABLE 1

Total Population Change: 1960-1979, By State & Region  
(000's)

<u>State/Region</u>	<u>Year</u>			<u>% Change</u>	
	<u>1960</u>	<u>1970</u>	<u>1979</u>	<u>1960-70</u>	<u>1970-79</u>
Illinois	10,086	11,110	11,229	10.2	1.1
Midwest	42,471	46,893	48,249	10.4	2.9
Northeast	48,364	53,333	53,731	10.7	0.4
South	51,610	58,340	66,821	13.0	14.5
West	37,527	44,533	51,297	18.7	15.2

Source: The State of the Region 1981, Northeast - Midwest Institute

TABLE 2

Investment by Region and State, 1970's  
 (\$\$ millions)

	<u>New Capital Equipment</u>			<u>Nonresidential Structures</u>		
	<u>1970</u>	<u>1977</u>	<u>%Change 70-77</u>	<u>1970</u>	<u>1979</u>	<u>%Change 70-79</u>
Illinois	1,515.4	2,685.0	77.2	657.1	1,521.7	131.6
Midwest	6,604.0	13,760.8	108.4	2,411.6	6,511.5	170.0
Northeast	5,660.5	9,166.7	61.9	3,148.7	4,541.5	44.2
South	6,535.8	17,217.1	163.4	3,598.3	10,893.5	202.7
West	3,315.0	8,283.2	149.9	3,512.6	12,413.6	253.4

Source: The State of the Region, 1981, Northeast-Midwest Institute

TABLE 3

Nonagricultural Employment Change 1970-80, By State & Region  
(000's)

	<u>Total</u>			<u>Manufacturing</u>			<u>Services</u>		
	<u>1970</u>	<u>1980</u>	<u>%Change 70-80</u>	<u>1970</u>	<u>1980</u>	<u>%Change 70-80</u>	<u>1970</u>	<u>1980</u>	<u>%Change 70-80</u>
Illinois	4,328.6	4,799.1	10.9	1,342.1	1,190.4	-11.3	681.1	933.7	37.1
Midwest	16,793.6	19,809.6	17.7	5,567.0	5,286.1	-5.0	2,493.6	3,767.8	51.1
Northeast	20,157.3	22,335.8	10.8	5,944.9	5,348.5	-10.0	3,530.0	4,927.2	39.6
South	18,863.5	27,085.7	43.6	4,796.9	5,687.9	18.6	2,767.8	4,695.2	69.6
West	14,935.7	21,571.8	44.4	3,060.0	3,878.6	26.8	2,623.0	4,598.6	75.3

Source: The State of the Region, 1981, Northeast - Midwest Institute



TABLE 4

The Federal Balance of Payments: Fiscal 1979  
(millions of dollars)

<u>Region and State</u>	<u>Spending Per Person</u>	<u>Taxes Per Person</u>	<u>Dollar Flow</u>
Illinois	\$1,849	\$2,530	\$ -7,650
Midwest	1,627	2,252	-30,156
Northeast	2,111	2,213	-5,480
South	2,064	1,844	14,394
West	2,355	2,205	7,607

Source: The State of the Region 1981, Northeast-Midwest Institute

TABLE 5

Cost of Fuels and Electric Energy for Manufacturing: 1977  
(thousands of dollars per trillion BTU)

<u>Region and State</u>	<u>Average Fuel Costs</u>	<u>Average Electric Costs</u>
Illinois	1,894	24
Midwest	1,782	24
Northeast	2,214	28
South	1,684	21
West	1,579	19
U.S.	1,815	23

Source: The State of the Region 1981, Northeast-Midwest Institute

TABLE 6

## Natural Gas Retail Prices: 1970-78

<u>Region and State</u>	Average Price	
	<u>1970</u>	<u>1978</u>
Illinois	\$ .74	\$2.23
Midwest	.74	2.05
Northeast	1.29	3.14
South	.72	2.06
West	.64	1.82
U.S.	.82	2.21

Source: The State of the Region 1981, Northeast-Midwest Institute

TABLE 7

Average Unemployment Payroll Tax Rates as a Percent  
of Taxable and Total Wages: 1976-78

<u>Region and State</u>	<u>Taxable Rates</u>		<u>Total Rates</u>	
	<u>1976</u>	<u>1978</u>	<u>1976</u>	<u>1978</u>
Illinois	2.0	3.3	0.8	1.4
Midwest	2.4	3.0	1.1	1.4
Northeast	3.1	3.1	1.4	1.6
South	1.9	2.1	0.9	1.2
West	2.4	2.6	1.3	1.4
U.S.	2.5	2.8	1.2	1.4

Source: The State of the Region 1981, Northeast-Midwest Institute

TABLE 8

## State and Local Effective Business Tax Rates by State, 1975

<u>State and Region</u>	<u>Effective Tax Rate</u>
Illinois	1.50%
East North Central	1.54
New England	2.46
Middle Atlantic	1.99
South Atlantic	1.21
West North Central	1.74
East South Central	.96
West South Central	1.24
Mountain	1.91
Pacific	2.22
U.S.	1.69

Source: Tax rate estimates based on data in Roger Vaughn, State Taxation and Economic Development (Washington, DC: The Council of State Planning Agencies, 1979).

TABLE 9  
Employees on Nonagricultural Payrolls by Industry 1950-81  
Illinois  
(000's)

	1950	1955	1960	1965	1970	1975	1980	1981	%Change 50-60	%Change 60-70	%Change 70-81
Mining	44.6	32.1	28.5	25.3	22.8	25.9	28.3	32.2	-36.1	-20.	41.2
Contract Construction	137.4	163.1	169.3	166.1	188.1	172.3	190.4	201.8	23.2	11.1	7.3
Manufacturing	1,212.6	1,290.2	1,225.4	1,318.4	1,353.6	1,199.8	1,182.6	1,171.4	1.1	10.9	-13.8
Trans. & Pub. Utilities	298.5	309.5	285.8	276.9	285.2	272.6	288.0	282.6	- 4.3	- .2	- .9
Wholesale & Retail	653.8	680.4	746.3	826.6	941.2	999.0	1,117.6	1,132.9	14.1	26.1	20.4
Finance Ins. & Real Estate	148.2	169.2	183.7	199.6	231.4	254.7	298.2	310.6	23.9	25.9	34.2
Services	366.0	417.4	482.2	565.1	679.4	780.0	936.7	968.5	31.7	40.9	42.5
Government	314.3	365.1	416.9	502.4	638.9	714.5	757.4	765.2	32.6	53.2	19.8
Total	3,175.2	3,426.8	3,537.9	3,880.4	4,345.6	4,418.9	4,799.2	4,865.2	11.4	22.8	11.9

Source: Employment and Earnings, States and Areas, 1939-78; Establishment Data, January 1981 and 1982.

TABLE 10

Percentage Distribution of Nonagricultural Employees by Industry  
 Illinois, 1950-81

	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1981</u>
Mining	1.4%	.8%	.5%	.7%
Construction	4.3	4.8	4.3	4.1
Manufacturing	38.2	34.6	31.3	24.1
Transportation and Public Utilities	9.4	8.1	6.6	5.8
Wholesale and Retail Trade	20.6	21.1	21.7	23.3
Finance, Insurance and Real Estate	4.7	5.2	5.3	6.4
Services	11.5	13.6	17.9	19.9
Government	9.9	11.8	16.4	15.7

Source: Calculations from Employment and Earnings data

TABLE 11a

## NONFARM WAGE AND SALARY EMPLOYMENT STATE OF ILLINOIS

	ANNUAL AVERAGES (000's)									%Change 1972-80
	1972	1973	1974	1975	1976	1977	1978	1979	1980	
Total (000's)	4,314.8	4,470.4	4,545.7	4,418.9	4,565.7	4,661.3	4,757.5	4,883.0	4,892.0	13.4
Private Sector	3,660.5	3,803.9	3,864.8	3,704.4	3,848.5	3,935.5	3,994.0	4,140.1	4,128.0	12.8
Manufacturing	1,284.2	1,354.5	1,345.1	1,199.8	1,215.2	1,229.3	1,237.1	1,271.6	1,222.3	- 4.8
Durable Goods	845.1	909.1	904.3	789.2	796.2	810.2	828.4	846.2	812.6	- 3.8
Furn.-Fixt.	25.7	28.0	26.3	22.9	23.7	23.8	21.7	24.3	24.0	- 6.6
Stone-Clay-Gls.	38.1	39.7	39.4	34.9	35.7	35.6	35.4	34.8	32.7	-14.2
Primary Metals	97.5	104.0	106.3	92.0	90.7	93.3	96.5	99.4	92.4	- 5.2
Fab. Metals	150.0	159.0	154.2	132.2	136.6	139.4	140.1	146.2	136.9	- 8.7
Machinery	203.2	224.1	236.9	219.1	212.8	216.5	226.9	224.9	226.1	-11.3
Elec. Equip.	185.4	200.5	188.6	151.5	157.2	157.1	157.9	168.3	160.5	-13.4
Trans. Equip.	47.6	53.8	52.8	47.5	47.7	49.0	51.8	58.2	56.3	18.3
Instruments	45.5	47.8	49.8	44.3	45.3	47.5	49.9	42.9	38.9	-14.5
All Other Dur.	52.1	52.2	50.0	44.8	46.5	48.0	48.2	47.2	44.8	-14.0
Nondurable Goods	439.1	445.4	440.7	410.7	419.0	419.0	408.7	425.4	409.7	- 6.7
Food Pdts.	124.7	123.7	122.8	117.1	120.4	118.8	116.5	116.6	113.2	- 9.2
Apparel	32.5	32.1	30.0	24.9	24.6	24.3	22.7	22.6	23.4	-28.0
Paper Pdts.	39.4	40.4	40.5	36.5	37.0	37.6	36.6	38.4	37.1	- 5.8
Print.-Publ.	108.8	108.9	107.6	101.2	99.7	100.6	95.1	106.2	105.1	- 3.4
Chem. Pdts.	60.6	62.3	62.8	60.9	64.2	64.6	66.5	66.9	64.6	6.3
Rubber-Plast.	43.0	45.9	46.0	41.5	43.8	45.7	45.5	48.6	42.0	- 2.3
All other Nondur.	30.1	32.1	31.0	28.6	29.3	27.4	25.8	26.1	24.5	-18.6

Source: Prepared by Current Employment Statistics section of Research and Analysis Subdivision of the Illinois State Employment Service.



TABLE 11b  
NONFARM WAGE AND SALARY EMPLOYMENT STATE OF ILLINOIS  
ANNUAL AVERAGES  
(000's)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	%Change 1972-80
Nonmanufacturing	2,376.3	2,449.4	2,519.7	2,504.6	2,633.3	2,707.5	2,756.9	2,868.5	2,905.7	22.3
Mining	23.0	23.0	24.4	25.9	27.9	27.9	24.5	31.1	32.3	40.4
Construction	186.9	192.6	183.8	172.3	169.0	167.9	174.3	188.0	191.5	2.5
Trans.-Comm.-P.U.	282.4	286.1	288.8	272.6	277.6	284.0	289.7	288.9	285.4	1.1
Trade	943.6	972.4	1,001.3	999.0	1,057.8	1,089.2	1,090.9	1,141.7	1,139.9	20.8
Wholesale	281.4	287.8	298.6	294.7	312.7	320.2	323.6	348.4	344.6	22.5
Retail	662.1	684.7	702.8	704.2	745.1	768.6	767.4	793.3	795.4	2.0
Fin.-Ins.-Realty	240.3	245.5	253.2	254.7	266.8	276.6	285.3	295.2	312.8	30.2
Services	700.1	727.3	768.3	780.0	834.3	861.9	892.1	923.7	943.8	34.8
Bus. Serv.	98.1	120.8	124.8	119.3	128.5	135.8	141.9	154.4	157.5	60.5
Health Serv.	192.3	205.6	221.7	238.6	264.2	278.4	291.1	295.8	304.1	58.1
All Other Service	--	--	--	--	441.6	447.4	459.1	473.5	482.2	--
Public Sector	654.3	666.5	680.9	714.5	717.2	724.5	763.5	743.2	764.0	16.8
Federal Government	109.0	108.2	108.9	108.3	104.9	103.2	104.2	104.2	109.1	.1
State Government	132.8	133.5	136.8	140.3	139.3	141.0	143.2	144.1	146.1	10.0
Education	61.2	61.4	61.3	63.0	62.2	64.4	66.8	67.0	69.7	13.9
Other	71.6	72.1	75.5	77.4	77.0	76.6	76.4	77.1	76.4	6.7
Local Government	405.1	424.8	435.1	465.8	473.0	480.3	516.1	494.9	508.9	25.6
Education	209.1	225.7	234.3	251.2	252.6	252.6	273.3	258.4	261.5	25.1
Other	196.0	199.1	200.8	214.6	220.4	227.7	242.8	236.5	247.4	26.2

Source: Prepared by Current Employment Statistics section of Research and Analysis Subdivision of the Illinois State Employment Service

TABLE 12

## ILLINOIS MANUFACTURED EXPORTS, PRODUCTION AND EMPLOYMENT, 1976

Industry	Production (million dollars)	Estimated Exports	Exports as Percent of Production	Estimated Employment Related to Exports (thousands)	Employment Related to Exports as Percent of Total Employment
Machinery, except electric	12,900	3,237	25.1	39.3	19.5
Food and kindred products	14,339	780	5.4	2.4	2.3
Electric and electronic equipment	7,545	667	8.8	12.9	9.0
Chemicals and allied products	6,417	443	6.9	5.2	9.8
Transportation equipment	3,940	405	10.3	4.8	10.9
Instruments and related products	1,872	258	13.8	6.5	14.3
Fabricated metal products	7,436	240	3.2	4.8	3.4
Primary metal industries	7,349	184	2.5	2.6	2.9
Printing and publishing	4,576	109	2.4	1.8	1.7
Misc. manufacturing industries	1,332	95	7.1	2.4	6.9
Rubber and plastic products	1,935	70	3.6	1.6	3.8
Petroleum and coal products	5,987	49	0.8	0.2	1.5
Stone, clay, and glass products	1,864	47	2.5	1.0	2.7
Paper and allied products	2,152	28	1.3	0.5	1.3

Source: U.S. Department of Commerce, Illinois Exports

TABLE 13

AVERAGE PAY SCALES FULL-TIME  
PERMANENT JOB OPENINGS LISTED WITH THE ILLINOIS  
JOB BANK BY MAJOR OCCUPATIONAL CATEGORY AND JOB BANK DISTRICT\*  
FEBRUARY 1981

	<u>Central</u>	<u>Chicago Metro- politan Area</u>	<u>Northwest</u>	<u>Southern</u>
Professional, Technical, and Managerial.....	\$14,300	\$14,630	\$12,204	\$10,078
Clerical and Sales.....	8,061	9,351	8,698	7,952
Service.....	3.66	4.26	3.79	3.64
Farming, Fishery, Forestry.....	3.48	4.32	3.80	3.51
Processing.....	4.68	5.56	4.09	4.62
Machine Trades.....	6.19	6.21	5.95	5.82
Bench Work.....	5.19	4.48	4.27	4.16
Structural Work.....	4.47	5.95	4.88	4.58
Motor Freight/Transportation: Packaging/Material Handling..	3.74	4.85	4.71	5.08

Source: Job Bank Openings Summary (JBOS), Employment and Training Administration, U.S. Dept. of Labor

\* Average pay scales are based on a weighted average--by the number of openings available--of the pay offered by employers for the occupations listed during the reference month. Salaries listed for professional/technical/managerial and clerical/sales occupations are annual; wages shown for all other groups are hourly.

TABLE 14  
INDUSTRIES AND OCCUPATIONS POTENTIALLY  
TO BE AFFECTED BY ROBOTICS - U.S.

Occupation	Total Employed, 1979	% of Jobs Which Could be Done by:	
		Level I <u>a/</u>	Level II <u>b/</u>
Assemblers	1,289,000	10%	30%
Checkers, Examiners and Inspectors	746,000	15	35
Packers and Wrappers (Except meat and produce)	626,000	15	40
Production Painters	185,000	45	65
Welders and Flamecutters	713,000	25	50
Machinists and Machine Operators	3,027,000	20	50
Industry			
Fabricated Metals	1,615,300	.08	.17
Machinery (except electrical)	2,475,400	.05	.13
Electrical and Electronic Equipment	2,138,800	.05	.12
Transportation Equipment	1,913,600	.07	.15

a/Level I robots have no sensory input

b/Level II robots have rudimentary sensory input

Source: ICF, Inc. report to National Alliance of Business, Worker Adjustment to Plant Shutdowns and Mass Layoffs: An Analysis of Program Experience and Policy Options, 1981.

TABLE 15

LABOR UNION MEMBERSHIP - TOTAL AND PERCENT  
OF NONAGRICULTURAL EMPLOYMENT, 1964 - 1978

	<u>Total</u> (000's)				<u>Percent of</u> <u>Employment</u>	
	1964	1970	1976	1978	1970	1978
U.S.	17,188	19,757	19,864	20,459	28.0%	23.6%
Illinois	1,394	1,548	1,451	1,497	35.8%	31.5%

Source: U.S. Bureau of Labor Statistics

TABLE 16  
Source of Plant Closings Information

	<u>IBES* Mass Layoff List</u>	<u>Other</u>
1978	21	5
1979	24	5
1980	31	14
1981	34	13

\*Illinois Bureau of Employment Security, Illinois Dept. of Labor

TABLE 17  
PLANT CLOSINGS IN ILLINOIS, 1970-1982

	Total Number of Establishments	Number of Employees
1970's-Unspecified Date	24	1,905
1970-75	10	1,400
1976	20	3,980
1977	29	6,266
1978	26	3,339
1979	29	9,062
1980	45	13,455
1981	47	13,831
1982**	<u>87*</u>	<u>8,940</u>
	315	62,178

\*Includes 81 A&P Stores in Northern Illinois.

\*\*January to March, 1982

TABLE 18

Illinois Plant Closings by SIC Code<sup>1</sup>

- (12) Mining - 6
- (20) Food and Kindred Products - 17
- (23) Apparel and Textile Products - 9
- (24) Lumber and Wood Products - 2
- (25) Furniture and Fixtures - 7
- (26) Paper and Allied Products - 11
- (27) Printing and Publishing - 4
- (28) Chemicals and Allied Products - 6
- (29) Petroleum and Coal Products - 2
- (30) Rubber and Plastic Products - 2
- (31) Leather and Leather Products - 6
- (32) Stone, Clay and Glass Products - 8
- (33) Primary Metals - 14
- (34) Fabricated Metals - 10
- (35) Nonelectrical Machinery - 12
- (36) Electric and Electronic Equipment - 11
- (37) Transportation Equipment
- (38) Instruments and Related Products - 2
- (39) Miscellaneous Manufacturing Industry - 4
- (40) Railroad Transport -
- (42) Trucking and Warehousing - 4
- (51) Wholesale trade - 1
- (53) General Merchandise Stores - 6
- (54) Food Stores - 82 (81 A&P stores)
- (55) Automotive Dealers - 1
- (58) Retail Trade - 1
- (59) Retail Trade - 1
- (70) Hotels and Lodging - 1
- (79) Amusement and Recreation - 1
- (80) Health Services - 1

<sup>1</sup> Does not represent entire sample. Information was not available for every company



TABLE 19a  
PLANT CLOSINGS IN ILLINOIS<sup>1</sup>  
1970's - Unspecified Year

Company	Location	Number of Workers	Product
Boss. Manuf. Co.	Peoria Area	200	Gloves
Eastern Rainbird Sales	Peoria Area	25	Lawn Sprinklers
Franchise Services	Peoria Area	80	Fast-Food Warehouse
Hyster Co.	Peoria Area	500	Lift-Trucks
Hendricks Elec. Co.	Peoria Area	40	Motor Rewinding
Hobson Truck Sales	Peoria Area	10	Truck Repair
Laid Law Corp.	Peoria Area	150	Metal Forming
McDonnell Douglas Automation	Peoria Area	200	Data Processing
Nelson Irrigation	Peoria Area	20	Sprinkler Installation
Nutrena Mills	Peoria Area	25	Grain Elevators
Princess Peggy, Inc.	Peoria Area	100	Dress Manuf.
Peoria Malleable Castings	Peoria Area	80	Iron Foundry
Standard Brands Distillery	Peoria Area	150	Liquor
Sealtest	Peoria Area	100	Dairy Products
UNH Engineers	Peoria Area	25	Engineering Services
Harter Carter	Peoria Area	100	Farm Equipment
Mr. Hawley Manuf.	Peoria Area	50	Boilers
Edmont Hill	Peoria Area	50	Golf Gloves
Home Comfort	Peoria Area	N/A	Building Supplies
Peoria Packing	Peoria Area	N/A	Meat Packing
Purity Baking	Peoria Area	N/A	Wholesale Bakery
Penn-Dixie Steel	Blue Island	N/A	Steel
Fennel Corp.	Harvey	N/A	N/A
American Bridge	Chicago	N/A	N/A

<sup>1</sup>Source of all Peoria Area Closings: Peoria Journal Star, 5/20/79

PLANT CLOSINGS IN ILLINOIS

Company	Location	Number of Workers	Reason	SIC	Product	Union	Date
Goss Manuf. <sup>1</sup>	Chicago	850	Labor Dispute	N/A	N/A	IAM	1976
American Roller <sup>3</sup>	Chicago	N/A	Move to Tenn.	N/A	N/A	N/A	1976
Signode Corp. <sup>3</sup>	Glenview	N/A	Move to Tenn.	N/A	N/A	N/A	1976
Modern Forge of Tenn. <sup>3</sup>	Blue Island	N/A	Move to Tenn.	N/A	N/A	N/A	1976
Motorola <sup>2</sup>	Quincy	205	Economic	2752	N/A	N/A	1976
Georgia Pacific <sup>2</sup>	Chicago Hts.	80	Economic	2641	N/A	Paperworkers	1976
Revere Copper & Brass <sup>2</sup>	Chicago	400	Consolidation	3351	N/A	UAW	1976
3 M Co. <sup>2</sup>	Chicago	380	Moving to West Coast	3679	N/A	N/A	1976
National Can Co. <sup>2</sup>	Melrose Park	60	Economic	2752	N/A	Amalg. Lithographers	1976
Tri-Par Manuf. Co. <sup>2</sup>	Chicago	75	Moving to Tenn.	2522	N/A	AFL-CIO	1976
I.S. Berlin Kress <sup>2</sup>	Chicago	205	Economic	2752	N/A	N/A	1976
Lily-Tulip Div. of Owens-IL <sup>2</sup>	Galva	57	Economic	2654	N/A	N/A	1976
Osgood & Sons, Inc. <sup>2</sup>	Decatur	81	Finances	2335	N/A	ILGWU	1976
Wickes Corp. <sup>2</sup>	Des Plaines	60	Moved to Mich.	3542	N/A	IAM	1976
Rockwell Int. <sup>2</sup>	Chicago	810	Economic	3555	N/A	IAMAW	1976
Weill & Eisendroth <sup>2</sup>	Chicago	50	Union & EPA	3111	N/A	Leather Workers	1976
Centralia Apparel <sup>2</sup>	Centralia	185	Financial	2335	N/A	ILGWU	1976
J.E. Porter Co. <sup>2</sup>	Ottawa	74	Moved to Georgia	3499	N/A	Retail & Wholesale	1976
Intern. Shoe Co. <sup>2</sup>	Flora	350	Imports	3143	N/A	AFL-CIO	1976
High Life Packing <sup>2</sup>	Chicago	58	Markets	2042	N/A	IBT	1976
Strachan Machines <sup>1</sup>	Rockford	15	Patent Sold	N/A	N/A	IAM	1977
Anchor Brush Co. <sup>3</sup>	Montgomery	N/A	Move to Tenn.	N/A	N/A	N/A	1977
GMP Inc. <sup>3</sup>	Elgin	N/A	Move to Tenn.	N/A	N/A	N/A	1977
Goodman Conveyor <sup>3</sup>	Chicago	N/A	Move to Tenn.	N/A	N/A	N/A	1977
Switches <sup>3</sup>	Northbrook	N/A	Move to Tenn.	N/A	N/A	N/A	1977
Universal Packing <sup>3</sup>	Glenview	N/A	Move to Tenn.	N/A	N/A	N/A	1977
Wather Tamer <sup>3</sup>	Chicago	N/A	Move to Tenn.	N/A	N/A	N/A	1977

<sup>1</sup>IPAC (Illinois Public Action Council) Survey

<sup>2</sup>Mass Layoff List, Ill. Bureau of Employment Security (IBES)

<sup>3</sup>Other Research

PLANT CLOSINGS IN ILLINOIS

Company	Location	Number of Workers	Reason		SIC	Product	Union
Shawnee Products <sup>2</sup>	Shawneetown	150	Financial	<u>1977</u>	2517	N/A	Un. Furniture Workers
Continental Tube Co. <sup>2</sup>	Bellwood	160	Economic		3317	N/A	USW
Rexham Corp. <sup>2</sup>	Chicago	180	Moved to Florida		3569	Food Machinery	IAM
Harmony Co. <sup>2</sup>	Chicago	185	Imports		3931	N/A	Piano & Musical Workers
Winnebago Cabinet Co. <sup>2</sup>	Rockford	54	Economic		2517	N/A	NONE
Bun-O-Matic Corp. <sup>2</sup>	Springfield	358	Moved to Iowa		3634	N/A	Teamsters
Mallory Timers Co. <sup>2</sup>	Pana	321	Consolidation		3613	N/A	Local
Laclede Steel <sup>2</sup>	Madison	280	Market		3312	N/A	USW
The Merit Co. Inc. <sup>2</sup>	Chicago	225	Economic		3995	N/A	AFL-UTU
Chicago Rawhide Mfg. Co. <sup>2</sup>	Chicago	210	Moving to N. Carolina		3293	N/A	Meat Cutters & Butchers
Blue Star Foods <sup>2</sup>	Loves Park	95	Consolidation		2099	N/A	Teamsters
Brown Shoe Co. <sup>2</sup>	Pittsfield	250	Imports		3131	N/A	N/A
Crane Co. <sup>2</sup>	Chicago	786	Moved to Iowa, Arkansas		3494	N/A	USW
Zenith <sup>3</sup>	Chicago	1500	Imports		3651	N/A	IBEW & IRWA
Perk Dog Food <sup>2</sup>	Chicago	187	Market		2047	N/A	IBT
Scott Fitzer <sup>2</sup>	Chicago	125	Merged		3642	N/A	UAW
Georgia Pacific Corp. <sup>2</sup>	Taylorville	278	Economic		2621	N/A	UPIU
Wilson Sporting Goods <sup>2</sup>	River Grove	300	Obsolescence		3949	N/A	Amal. Meat Cutters
M & H Zinc Co. <sup>2</sup>	La Salle	103	Financial		3369	Zinc Wire, Aluminum Castings	USW
Consolidated Packing <sup>2</sup>	Chicago	105	Obsolescence		2653	N/A	Prt. Spec. & Pr. Wkrs. Prod.
Cole Dynamics <sup>2</sup>	Elgin	74	Moved to Conn.		3621	N/A	NONE
Florsheim Shoe Co. <sup>2</sup>	Mt. Vernon	325	Imports		3144	N/A	AFL-CIO
Borse Plastic Prod. <sup>3</sup>	Hinsdale	N/A	Move to Tenn.	<u>1978</u>	N/A	N/A	N/A
LaMarche Manuf. <sup>3</sup>	Chicago	N/A	Move to Tenn.		N/A	N/A	N/A
Nuturn Corp. <sup>3</sup>	Chicago	N/A	Move to Tenn.		N/A	N/A	N/A
Grab-It Food Mkt. <sup>2</sup>	Danville	47	N/A		5411	Food Market	N/A
Hires Trucking <sup>2</sup>	Danville	44	N/A		4212	Trucking	N/A
Marty-K Drive In <sup>2</sup>	Danville	32	N/A		5812	Fast Food	N/A
3-M Company <sup>1</sup>	Freeport	100	N/A		3679	Printing Material	Paperworkers
Chemetron <sup>1</sup>	Chicago	180	Consolidation, Move to Kentucky		N/A	N/A	IAM

<sup>1</sup>IPAC Survey

<sup>2</sup>IBES Mass Layoff List

<sup>3</sup>Other Research

PLANT CLOSINGS IN ILLINOIS

Company	Location	Number of Workers	Reason	SIC	Product	Union	
Material Service Corp. <sup>2</sup>	Ottawa	52	Economic	<u>1978</u>	3273	N/A	United Glass & Ceramic Wkrs.
Sarama Lighting Corp. <sup>2</sup>	Streator	79	Economic		3281	N/A	United Brick & Clay Wkrs.
Allbright-Neil Co. <sup>2</sup>	Chicago	180	Economic		3551	N/A	IAM
Florsheim Shoe Co. <sup>2</sup>	Olney	432	Imports		3143	N/A	AFL-CIO
Sweet Adeline Co. <sup>2</sup>	Chicago	100	Financial		2331	N/A	ILGW
Florsheim Shoe Co. <sup>2</sup>	Anna	80	N/A		3143	N/A	Retail Clerks
Elder Manuf. Co. <sup>2</sup>	McLeansboro	94	Imports		2321	N/A	AFL-CIO
Turnstyle Dist.Center <sup>2</sup>	Elgin	125	Merged		5311	N/A	Retail Workers
B & B Packing Co. <sup>2</sup>	Chicago	380	Business		5147	N/A	Beef Boners & Sausage Makers
Walworth <sup>2</sup>	Kewanee	130	Labor Costs		3321	Iron Castings	U.S. Steel Workers
Farmland Food Service <sup>2</sup>	Franklin Park	140	Financial		2033	N/A	Amal. Meat Cutters
Christian Welfare Hospital <sup>2</sup>	E. St. Louis	410	N/A		8060	N/A	Service Empl.
Ainsbrooke <sup>2</sup>	Carmi	200	Market		2322	Men's Underwear	None
Bush Hog Kraus Mfg. Inc. <sup>2</sup>	Jerseyville	126	Economic		3523	Bulk Feed	USWA
Whittaker Chicago Corp. <sup>2</sup>	Maywood	246	Economic		3312	Steel Coils	United Elect., Mach. U.E.
Regal Ware Inc. <sup>2</sup>	Peoria	89	Economic		3361	Kitchen Ware	UAW
Apeco Corp. <sup>2</sup>	Melrose Park	8	Imports		3861	Copy Toner	None
United Wall/Desoto <sup>2</sup>	Chicago	65	Technology		2649	Wallcoverings	United Paper Workers
Obear-Nester <sup>2</sup>	East St. Louis	1320	Market	<u>1979</u>	3221	Glass Containers	Glassworkers, Opr. Engineers
American Distillery <sup>2</sup>	Peoria	400	N/A		2085	Liquor	Distillery Workers
American Steel & Wire <sup>2</sup>	Waukegan	560	Imports		3481	Steel Products	USWA
Wire Mill <sup>3</sup>	Joliet	820	Imports		3312	Steel Products	USWA
Eads Coal Mine <sup>2</sup>	Belle Reve	85	N/A		1211	Coal	UMW
Brady of DeKalb <sup>2</sup>	DeKalb	4	N/A		2337	Women's Coats	N/A
Good Year Rubber <sup>2</sup>	North Chicago	279	N/A		3041	N/A	N/A
Ohio River Co. <sup>1</sup>	Kingston	21	Moved South		N/A	Riverboat Repair	USWA
Westclox Watches <sup>2</sup>	Peru	450	Moved to Alabama		N/A	Clocks, Watches	USWA
Eagle Pitcher Ind. <sup>1</sup>	Galena	100	Imports	Georgia	N/A	Lead & Zinc	USWA
Reed Industries <sup>1</sup>	Rockford	200	Moved to Georgia		N/A	N/A	IAM
U.S. Steel Products <sup>2</sup>	Dolton	135	Imports		3312	Steel Drums	USWA

<sup>1</sup>IPAC Survey <sup>2</sup>IBES Mass Layoffs <sup>3</sup>Other Research

PLANT CLOSINGS IN ILLINOIS

Company	Location	Number of Workers	Reason	SIC	Product	Union
Admiral Corp. <sup>2</sup>	Harvard	1000	Imports <u>1979</u>	3651	Televisions	IBEW
Autocrat Corp. <sup>2</sup>	New Athens	225	Imports & Economic	3433	N/A	Molders & Allied
Carling National <sup>2</sup>	Belleville	338	Economic	2082	Beer	Brewer, Electrician, Pipe-fitters, Machinery
Schlegel Illinois Inc. <sup>2</sup>	Chicago	191	Moved to Oklahoma	3293	Weather Stripping	UFCW
Geo. D. Roper <sup>2</sup>	Bradley	341	Economic	3524	N/A	Machinists & Boilermakers
Playskool Inc. <sup>2</sup>	Chicago	167	Consolidated Operations to one plant	3944	Plastic Toys	Teamsters
Rodman Ind. <sup>2</sup>	Rock Island	162	Economic	2431	Wooden Doors	AFL-CIO
Fahrally Co. <sup>2</sup>	Harvey	120	Bankruptcy	3325	Steel Castings	United Steel Workers
Mary Ann Baking <sup>2</sup>	Chicago	250	Economic	2051	Bakery	Bakery & Conf. Workers
St. Regis <sup>2</sup>	Bridgeview	388	Economic	2649	Card Board Boxes	Mach. Loc. Print. Spec.
Burmac Corp. <sup>2</sup>	Ottawa	157	Economic	3569	Auto Handling Equipment	Int. Assoc.
Freeman United Coal <sup>2</sup>	Wattonville	708	Low Productivity	1211	Coal	UMW
Park Mfg. Co. <sup>2</sup>	Grant Park	125	Economic	3469	Metal Boxes	N/A
Ilikon Corp. <sup>2</sup>	Bridgeview	171	Bankruptcy	3079	Plastic Cup Containers	ACTWU
P.J. Gould <sup>2</sup>	Joliet	100	Economic	2392	Textiles & Drapes	NONE
Vulcan Containers Inc. <sup>2</sup>	W. Chicago	145	Economic	3469	Steel Buckets	Teamsters
P.J. Gould <sup>2</sup>	Chicago	100	Economic	2392	Textiles & Drapes	NONE
Continental Can <sup>3</sup>	Peoria	90	Technology <u>1980</u>	N/A	Beverage Cans	IAM
Broderick & Bascom <sup>2</sup>	Peoria	120	Imports, Consolidation	3496	Wire Rope	IAM
Peoria Hilton <sup>2</sup>	Peoria	127	Economic	7011	Hotel	Hotel & Rest. Emp.
Jo Anna Western Mills <sup>3</sup>	Chicago	400	Moved to New Jersey	N/A	N/A	N/A
Waltham Watch <sup>3</sup>	Chicago	100	Moved to Florida	N/A	Watches	IJWU
Wisconsin Steel <sup>2</sup>	Chicago	3400	Economic	3312	Steel Products	Independent
Fiat-Allis <sup>2</sup>	Deerfield	580	Excess Capacity	3531	Heavy Machinery	N/A
Dana Corp. <sup>2</sup>	Havana	427	N/A	3465	Auto Parts, Gaskets	UAW

<sup>1</sup>IPAC Survey <sup>2</sup>IBES Mass Layoff List <sup>3</sup>Other Research

PLANT CLOSINGS IN ILLINOIS

Company	Location	Number of Workers	Reason	SIC	Product	Union	Date
Carson Pirie Scott <sup>2</sup>	Danville	22	N/A	5311	Dept. Store	N/A	1980
Old Chicago Tow Parts <sup>2</sup>	Bolingbrook	450	Economic	7996	Amusement Park	N/A	1980
Burdick Aerosol <sup>2</sup>	Decatur	110	N/A	3523	Grain Dryers	N/A	1980
Superior Welding <sup>2</sup>	Decatur	160	N/A	3443	Fabricated Plate Works	N/A	1980
Douglas Dunhill <sup>2</sup>	Oak Forest	167	N/A	5961	Retail Mail Order	N/A	1980
Chippewa Freight <sup>2</sup>	Oak Lawn	157	N/A	4212	Motor Freight	N/A	1980
Diamond Int. <sup>2</sup>	Willmington	120	N/A	2649	Paper Products	N/A	1980
Essex Int. <sup>2</sup>	DuQuoin	217	Moved to Mexico	3679	Electric Harnesses	Laborers Int.	1980
Federal Paperboard <sup>2</sup>	Morris	157	N/A	2631	Paperboard Packages	N/A	1980
Howell Co. <sup>2</sup>	St. Charles	100	N/A	2514	Furniture	N/A	1980
General Molded Prod. <sup>1</sup>	Des Plaines	120	N/A	N/A	N/A	IAM	1980
Pullman <sup>3</sup>	Chicago	500	N/A	N/A	Passenger Cars	USWA	1980
Dawe's Lab <sup>3</sup>	Chicago Heights	42	N/A	N/A	Animal Feed Supplements	OCAW	1980
H.B. Fuller <sup>3</sup>	Chicago	13	N/A	N/A	Adhesives	OCAW	1980
Vesicol Chemical <sup>3</sup> (Div. Closing)	Marshall	70	N/A	N/A	N/A	OCAW	1980

<sup>1</sup> IPAC Survey

<sup>2</sup> IBES Mass Layoff List

<sup>3</sup> Other Research

PLANT CLOSINGS IN ILLINOIS

Company	Location	Number of Workers	Reason	SIC	Product	Union	Date
Westclox Military Prod. <sup>2</sup>	Peru	1000	Technology	3872	Military Products	USWA, IAM	1980
Elgin Watch <sup>3</sup>	Elgin	600	Moved to Florida	N/A	Watches	Teamsters	1980
Montgomery Ward <sup>2</sup>	Chicago	900	N/A	5311	Dept. Store	Teamsters	1980
Indiana General <sup>2</sup>	Oglesby	210	Moved to Mexico	N/A	N/A	USWA	1980
Lee-Norse Co. <sup>2</sup>	Taylorville	200	N/A	3535	Local Mining Equipment	USWA	1980
Peabody Coal <sup>2</sup>	Pawnee	1000	Fire	1211	Coal	UMW	1980
Am. Pouch Foods <sup>2</sup>	Pembroke	102	N/A	2032	C-Rations	N/A	1980
Christopher Ind.	Carbondale	44	N/A	2522	Bar Stools	N/A	1980
DuQuoin Packing <sup>2</sup>	DuQuoin	341	N/A	2011	Meat	N/A	1980
First Ford <sup>2</sup>	DesPlaines	40	Economic	5511	Auto Sales	N/A	1980
Zeigler Coal <sup>2</sup>	Johnson City	250	N/A	1211	Coal	N/A	1980
GAF Automotive <sup>2</sup>	Joliet	104	N/A	2952	Auto Soundproofing	N/A	1980
TRW Cinch Electronics <sup>2</sup>	Chicago	123	N/A	3678	Elec. Connectors	N/A	1980
Ferro Corp, Color Div. <sup>2</sup>	Chicago	25	N/A	2850	Plastic Granules	N/A	1980
Douglas Press <sup>2</sup>	Chicago	40	N/A	2751	Printing	N/A	1980
Electric Wheels <sup>2</sup>	Quincy	123	N/A	3523	Rims & Wheels	N/A	1980
Rock Island R.R. <sup>3</sup>	Peoria	80	N/A	N/A	N/A	Teamsters	1980
Pabst Malt House <sup>3</sup>	Peoria	25	N/A	N/A	Construction Mat.	N/A	1980
W.R. Grace <sup>3</sup>	Peoria	29	N/A	N/A	Kitchen Interiors	Carpenters	1980
Trend Kitchen <sup>3</sup>	Peoria	100	N/A	N/A	N/A	N/A	1980
Ideal Industries <sup>3</sup>	Sycamore	400	N/A	N/A	Electric Tools	N/A	1980
National Bottle Manuf. <sup>2</sup>	Joliet	70	N/A	3221	Glass Bottles	N/A	1980

<sup>1</sup> IPAC Survey

<sup>2</sup> IBES Mass Layoff List

<sup>3</sup> Other Research

PLANT CLOSING IN ILLINOIS

<u>Company</u>	<u>Location</u>	<u>Number of Workers</u>	<u>Reason</u>	<u>SIC</u>	<u>Product</u>	<u>Union</u>	<u>Date</u>
Montgomery Wards <sup>2</sup>	Kankakee	107	N/A	5311	Dept. Store	N/A	1981
Pinkneyville Garment <sup>2</sup>	Pinkneyville	99	N/A	2335	Dresses	N/A	1981
Ball Corp. <sup>2</sup>	Mundelein	305	N/A	3221	Glass Jars	N/A	1981
W.G. Best Homes <sup>2</sup>	Effingham	80	N/A	2452	Panelized Housing	N/A	1981
Boorum & Pease <sup>2</sup>	Kankakee	140	N/A	2645	Paper Products	N/A	1981
Yellow Freight, Inc. <sup>2</sup>	Effingham	171	N/A	4231	Trucking	N/A	1981
Goldblatts <sup>2</sup>	Park Forest	54	N/A	5311	Dept. Store	N/A	1981
Bear Automotive Service Eq. <sup>2</sup>	Quad Cities	126	N/A	3549	Auto Test Equip.	N/A	1981
Eagle Range & Manufacturing <sup>2</sup>	East St. Louis	110	N/A	3631	Stoves	N/A	1981
Inolex Corp. <sup>2</sup>	Park Forest	138	N/A	2834	Pharmaceuticals	N/A	1981
Joliet Mass Transit <sup>2</sup>	Coffeen	80	N/A	1211	Coal	N/A	1981
B. Brody Seating Co. <sup>2</sup>	Chicago	286	N/A	2599	Metal Tables & Chairs	N/A	1981
Certain-Teed Corp. <sup>2</sup>	East St. Louis	63	N/A	2952	Building Materials	N/A	1981
Community Discount Store <sup>2</sup>	Chicago	47	N/A	5311	Dept. Store	N/A	1981
Royal Packing <sup>2</sup>	National City	96	N/A	2011	Meat	N/A	1981
Stone Containers <sup>2</sup>	Chicago	34	N/A	2653	Corrugated Boxes	N/A	1981
Peoria Colonial Baking <sup>2</sup>	Peoria	40	N/A	2051	Baked Goods	N/A	1981
Revere Copper & Brass	Clinton	132	N/A	3351	N/A	N/A	1981
Hunter Packing <sup>2</sup>	East. St. Louis	907	N/A	2011	Meat	N/A	1981
Dr. Scholl <sup>1</sup>	Chicago	900	Moved to Cleveland, Tennessee	N/A	Shoes	Teamsters	1981
Fiat-Allis <sup>2</sup>	Chicago	400	N/A	3531	Const. Machinery	N/A	1981
Pratt <sup>3</sup>	Dixon	120	N/A	N/A	N/A	N/A	1981
McGraw Edison Co. <sup>3</sup>	Albion	350	N/A	N/A	N/A	Stoves, Furnace & Applied App. Workers	1981

<sup>1</sup> IPAC Survey

<sup>2</sup> Mass Layoff List, IBES

<sup>3</sup> Other



PLANT CLOSINGS IN ILLINOIS

Company	Location	Number of Workers	Reason	SIC	Product	Union	Date
Hiram Walker & Sons <sup>2</sup>	Peoria	1150	Moved to Arkansas	2085	Liquor	Distillery Workers	1981
Swift Meatpacking <sup>2</sup>	Rochelle	700	Moved to Mississippi	2011	Meat	UFCW	1981
ATI, Inc. <sup>3</sup>	Danville	300	N/A	N/A	N/A	AIW	1981
Revere Products, Inc. <sup>3</sup>	Clinton	275	N/A	N/A	N/A	IAM	1981
Rand McNally <sup>3</sup>	Decatur	28	N/A	N/A	Printing	Typographical Workers	1981
Trojan Powder Plant <sup>3</sup>	Wolf Lake	250	N/A	N/A	Dynamite	OCAW	1981
Hi-Flyer Kite <sup>3</sup>	Decatur	100	N/A	N/A	Kites	AIW	1981
Oscar Mayer Co. <sup>3</sup>	Quad Cities	400	N/A	2011	Meat	UFCW	1981
Fasco Fabricators <sup>3</sup>	Amboy	60	N/A	N/A	N/A	IAM	1981
Del Monte, Division <sup>3</sup>	Rochelle	60	N/A	N/A	Canned Food	Retail, Wholesale & Dept. Store Clerks	1981
American Steel Foundry <sup>3</sup>	Granite City	196	N/A	N/A	Steel	USWA	1981
Nitrogen Corp. <sup>3</sup>	Marseilles	70	N/A	N/A	N/A	United Glass & Ceramic Workers	1981
Trojan Powder <sup>2</sup>	Chicago	92	N/A	2869	N/A	N/A	1981
Johnson & Johnson <sup>2</sup>	Park Forest	700	N/A	2647	Disposable Diapers	ACTWU	1981
Göldbütts <sup>2</sup>	Chicago	3000	N/A	N/A	Dept. Store	N/A	1981
Indal Aluminum <sup>2</sup>	Murphysboro	109	N/A	3353	Aluminum Products	N/A	1981
Roadway Express <sup>2</sup>	Sauk Village	135	N/A	4231	Trucking	Teamsters	1981
Armour Pharmaceutical <sup>2</sup>	Bradley	100	N/A	2834	Blood Hormones	N/A	1981
Campana Div, Purex <sup>2</sup>	Batavia	98	N/A	2844	Toiletries	N/A	1981
Corn Products Co. <sup>2</sup>	Pekin	476	N/A	2046	Corn Syrup	N/A	1981
Homemakers Sportsline <sup>2</sup>	Salem	90	N/A	2394	Sleeping Bags	N/A	1981
M.I. Naken <sup>2</sup>	Chicago	150	N/A	2511	Wood Products	N/A	1981
Consolidated Coal <sup>2</sup>	Coffeen	482	N/A	1211	Coal	N/A	1981
Turco Products <sup>2</sup>	Rochdale	25	N/A	2841	Soap	N/A	1981

<sup>1</sup> IPAC Survey

<sup>2</sup> Mass Layoff List, IBES

<sup>3</sup> Other

PLANT CLOSINGS IN ILLINOIS

<u>Company</u>	<u>Location</u>	<u>Number of Workers</u>	<u>Reason</u>	<u>SIC</u>	<u>Product</u>	<u>Union</u>
<u>1982</u>						
Pabst Brewery <sup>3</sup>	Peoria	800	Excess Capacity	2082	Beer	Teamsters
OMC <sup>3</sup>	Galesburg	800	Moved to Mississippi	3524	Lawn Mowers	N/A
Elgin Metal Casket <sup>3</sup>	Elgin	170	Mexico, Hong Kong Consolidated w/ Virginia Plant	N/A	Caskets	Upholstery Workers
A&P (81 Stores) <sup>3</sup>	Northern Illinois	6000	N/A	5411	Foodstore	UFCW
Lonestar Cement <sup>3</sup>	Dixon	170	N/A	N/A	Cement	N/A
Schwinn Bicycle <sup>3</sup>	Chicago	900	N/A	N/A	Bicycles	UAW
Maple City Stamping <sup>3</sup>	Peoria	100	Loss of Business w/ Caterpillar	N/A	N/A	Boilermakers
<u>Pre-1976</u>						
Woodbrooks <sup>1</sup> (1970)	Rockford	400	Moved to Mexico	N/A	N/A	Leather Workers, Meatcutters
Chicago Rawhide <sup>1</sup> (1972)	Chicago	500	Moved to N. Carolina	N/A	Industrial Goods	IAM
General Electric <sup>1</sup> (1975)	Rockford	300	Economic, Product Change	N/A	N/A	N/A
Dale Refrigerator <sup>3</sup> (1975)	Chicago	N/A	Moved South	N/A	N/A	N/A
Precise Corp. <sup>3</sup> (1975)	Lockport	N/A	Moved South	N/A	N/A	N/A
Thor Power Tool Comp. <sup>3</sup> (1975)	Chicago	N/A	Moved South	N/A	N/A	N/A
Garcy Manufacturers <sup>3</sup> (1974)	Chicago	N/A	Moved South	N/A	N/A	N/A
Grainger, W.W. Inc. <sup>3</sup> (1974)	Chicago	N/A	Moved South	N/A	N/A	N/A
Wolverine Tube Div., (1974) Univ. Oil	Chicago	N/A	Moved South	N/A	N/A	N/A
Wurlitzer Co. <sup>3</sup> (1972)	Dekalb	200	Moved to Another State	N/A	N/A	N/A

<sup>1</sup>IPAC Survey

<sup>2</sup>Mass Layoff List, IBES

<sup>3</sup>Other Research

TABLE 20

RATES OF CLOSURE, BIRTH, IN-MIGRATION AND OUT-MIGRATION OF  
FIRMS BY STATE IN THE EAST NORTH CENTRAL REGION  
(In Percent)

State	Closure Rate	Birth Rate	In-Migration Rate	Out-Migration Rate
E. North Central	33%	22%	.05%	.08%
Illinois	33	24	.17	.26
Indiana	33	20	.16	.20
Michigan	34	25	.08	.10
Ohio	33	20	.11	.15
Wisconsin	30	19	.13	.09

Source: "Documenting the 'Decline' of the North" by Carol L. Jusenis  
and Larry C. Ledebur  
Economic Development Report - 1978

Printed in Economies of the Great Lakes States,  
Office of Intergovernmental Relations, Michigan,  
November, 1979.



AppendixThe Structure of Organized Labor in Illinois

There are approximately 1,700,000 union members in Illinois, counting AFL-CIO union members, unaffiliated unions and professional associations. These individuals are represented by over 100 international unions, which have over 3,000 local unions throughout the State.

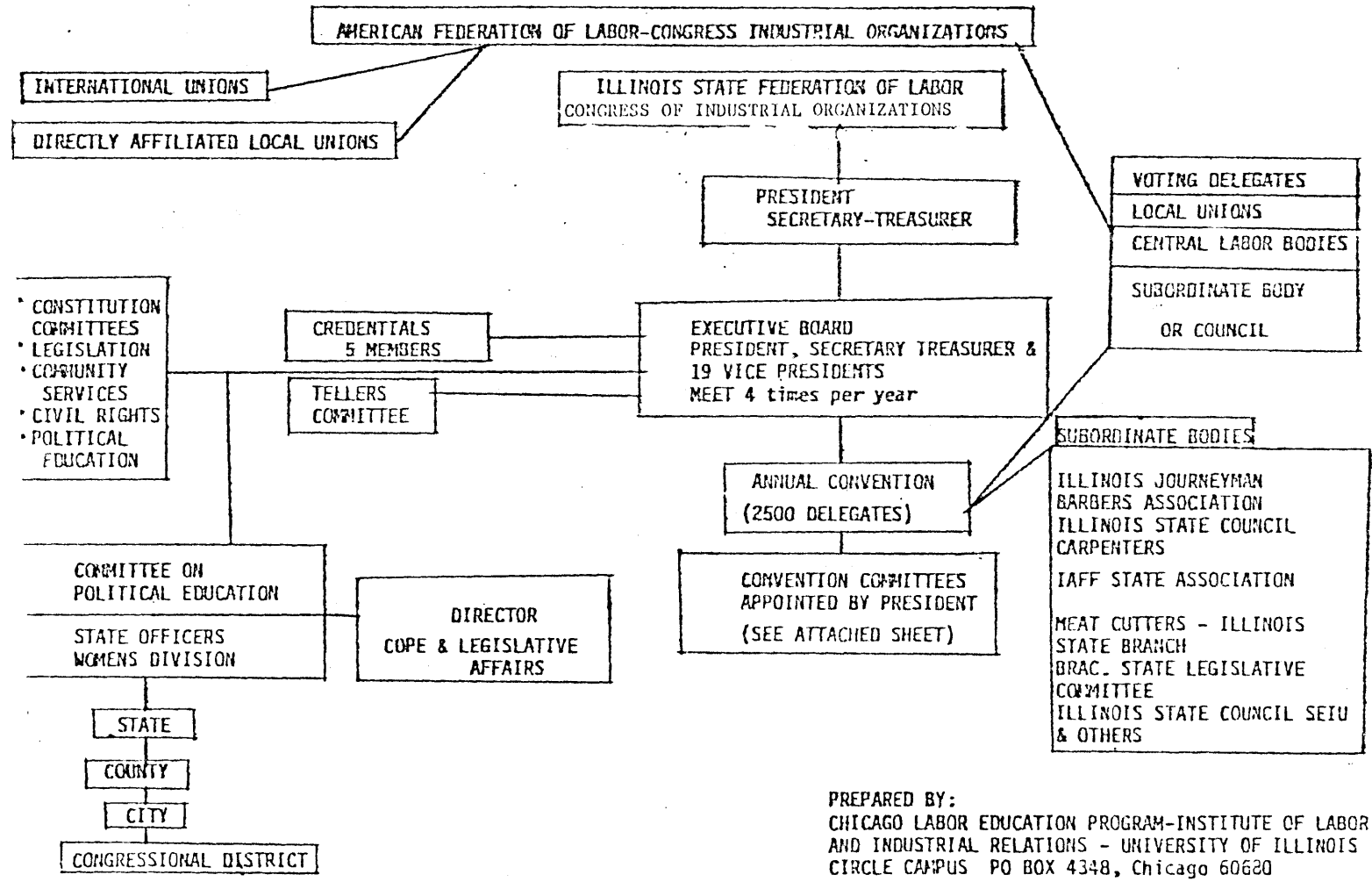
The Illinois State Federation was formed in 1881, almost immediately after the American Federation of Labor. The structure of the Federation did not change until the late 1950's, when it expanded as a result of the 1955 merger between the AFL and the CIO. The Illinois Federation of Labor, AFL-CIO presently represents over 100 unions.\* The major unaffiliated unions at present include the United Mine Workers, the Teamsters, the Illinois Education Association and the Illinois Nurses' Association.

In addition to the State Federation, there are thirty Central Labor Councils (CLC) and twenty-four Building Trades Council (BTC) around the State. The Central Labor Councils are coalitions of local unions within a given geographic area. The BTC's consist of all the construction unions in a given area, and have tended to be more involved with employment and training activities than the CLC's. Both CLC's and BTC's deal with local community affairs and political issues.

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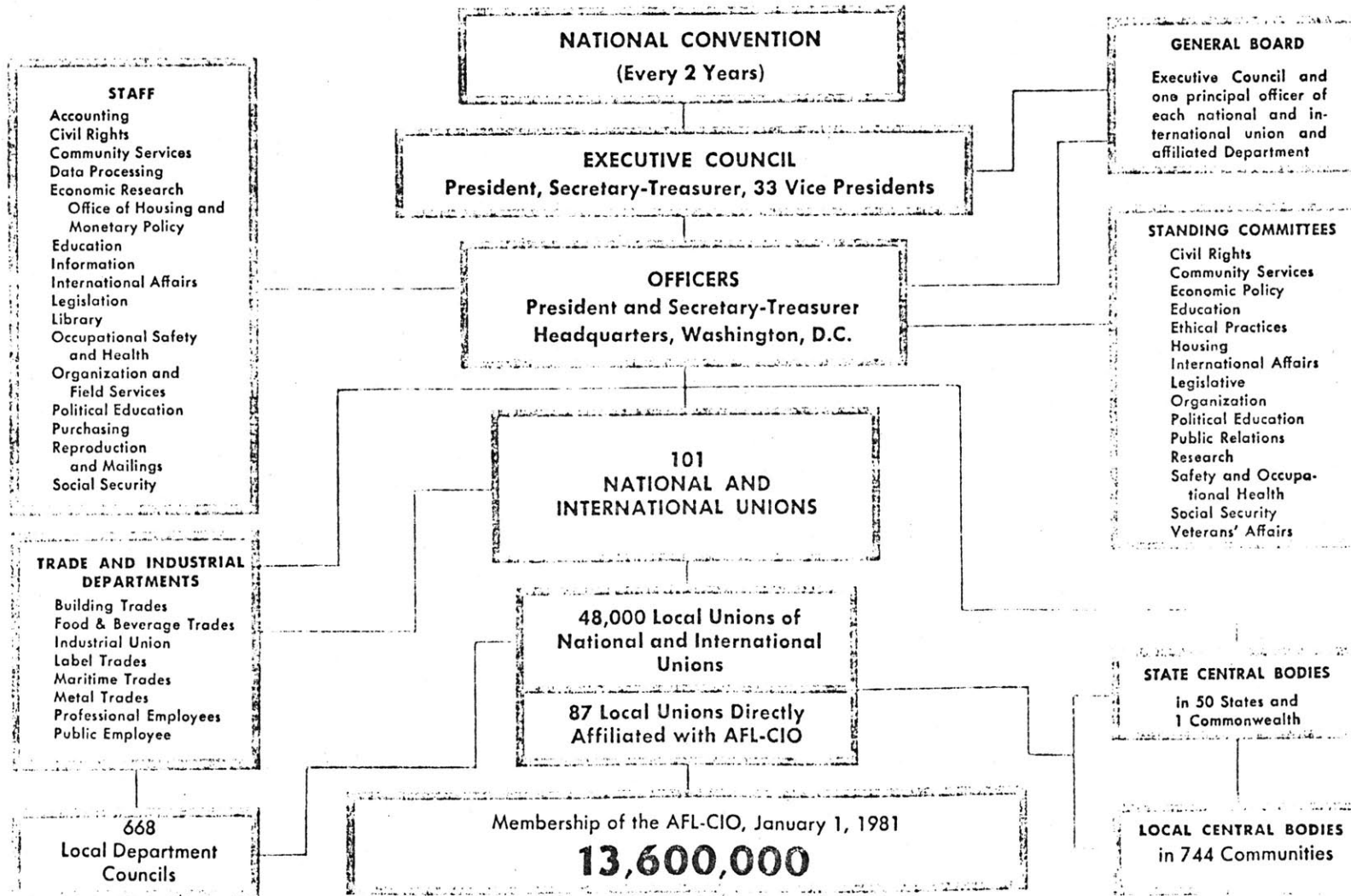
\*See organizational structure, next page.

STRUCTURE - ILLINOIS AMERICAN FEDERATION OF LABOR-CONGRESS OF INDUSTRIAL ORGANIZATIONS



PREPARED BY:  
 CHICAGO LABOR EDUCATION PROGRAM-INSTITUTE OF LABOR  
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# STRUCTURAL ORGANIZATION of the AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS



AppendixIllinois Agencies Directly Involved with the MAP

Until the late 1970's, Illinois had several different agencies with programs for economic development and employment and training. These included the Governor's Office of Manpower and Human Development, the Bureau of Economic Development and the Department of Local Government Affairs. Governor Thompson has since combined these agencies into the Department of Commerce and Community Affairs (DCCA). Within DCCA, the two divisions that work most closely with MAP include the Division of Commerce and Industrial Development (CID) and the Office of State-wide Employment and Training Services (OSETS). According to Tom Clark, the Manager of CID, "Our mission is the creation of jobs through assisting the private sector in locating facilities, expanding facilities, and reinvesting or investing in the State. It is also to expand the existing tax base to provide services for citizen of the State." Dennis Whetstone, Manager of OSETS, describes the role of his office. "We are responsible for administering the Governor's grant program under CETA. Every Governor, in the CETA system, has a percentage of dollars set aside to do a variety of things including labor market information, research, technical assistance, demonstration projects and support for the State Employment and Training Advisory Council."

Even though CETA is in the process of changing, service delivery has been decentralized through individual Prime Sponsors that typically serve metropolitan areas, and the Balance of State Prime Sponsor which covers about two thirds of Illinois counties. The Balance of State (BOS) Office designates Program Agents to operate programs in more

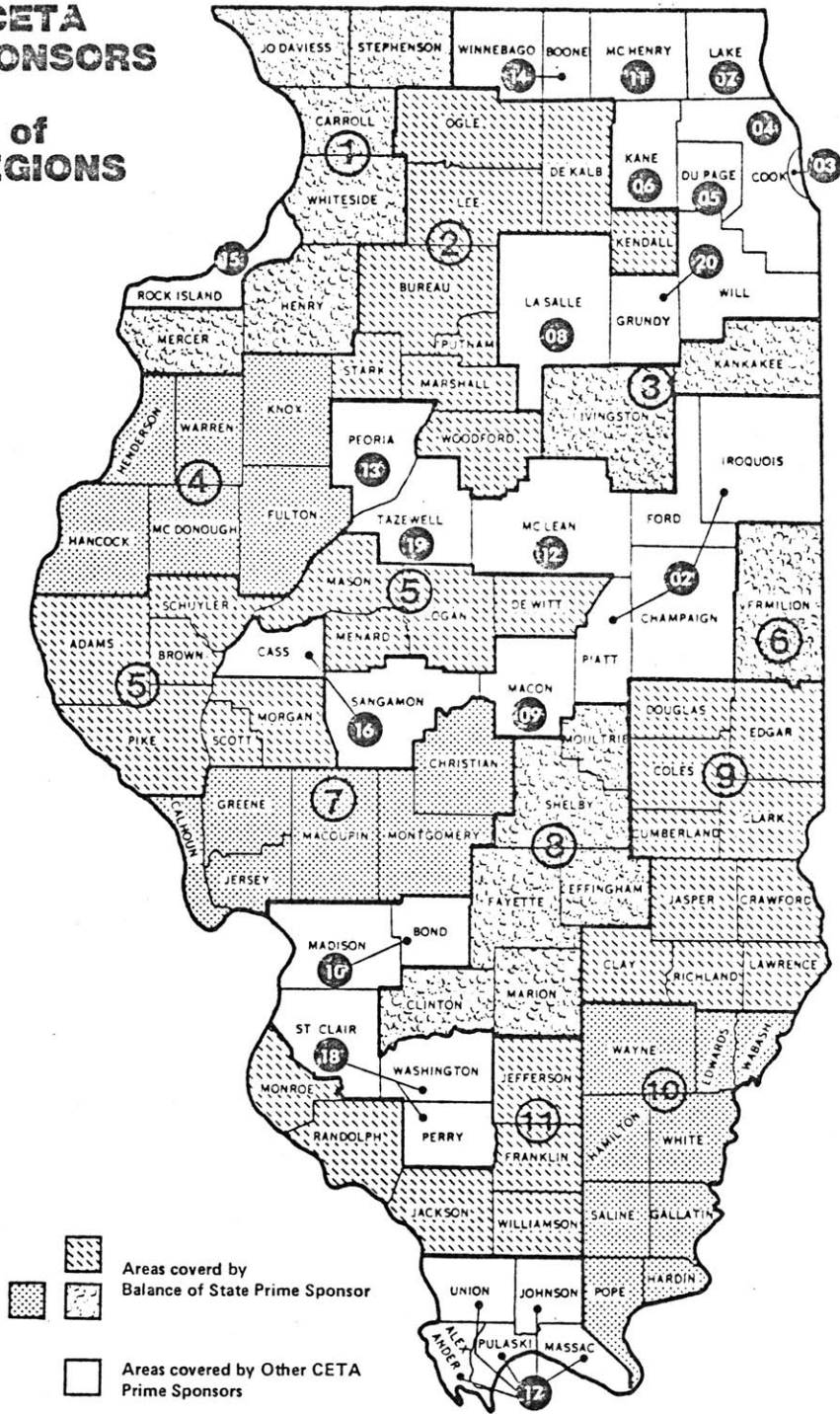


rural areas of the State. (See Map) All of the CETA activities are housed in DCCA,

The Illinois Department of Labor does not have a formal institutional relationship to the MAP. The organizations do work together when MAP works with a community experiencing a plant closing. Representatives of local Job Service and Unemployment Insurance Offices are frequently asked to participate in Adjustment Assistance Workshops.

These selected agencies do not begin to represent the full range of institutions with some formal involvement in statewide economic development and employment and training policy. The description is limited to those public agencies with the most connections to the MAP.

**ILLINOIS CETA  
PRIME SPONSORS  
and  
BALANCE of  
STATE REGIONS**



APPENDIXList of Individuals Interviewed for Thesis

- Greg Squires, Midwest Regional Office, U.S. Commission on Civil Rights,  
Author of "Shutdown: Economic Dislocation and Equal  
Opportunity"
- Jim Mulholland, Former Swift Employee and Local UFCW Union Officer,  
Rochelle
- Jim Fuchs, Plant Closings Program, UFCW
- Nancy Young, Research & Organizing, Illinois Public Action Council
- Ralph Gleissner, Former CETA Program Agent, Rochelle
- James Bruehler, Greater Rochelle Economic Development Corporation,  
Rochelle
- Ken Kimbro, UFCW Union Officer, Rochelle
- Leonard Davis, Community Services Representative, AFL-CIO, Quad Cities
- Louis DeFrieze, UFCW Local Union Officer, Quad Cities
- Cliff Van Dyke, Director, Lake County CETA Prime Sponsor
- Lou Redmond, Former Employee, Am. Steel & Wire, Waukegan
- Larry McEnroe, Former Employee and Union Officer, Hiran Walker, Peoria
- Butch Frakes, Former Employee and Union Officer, Hiran Walker, Peoria
- Andre Bohanon, Director, Human Resources Dept., Peoria
- Glory Behm, Retraining Services Coordinator, Labor Economy Project, Peoria
- Don Johnson, West Central Illinois Building and Construction Trades  
Council
- Mark Obrinsky, Professor of Economics, Bradley University, Peoria
- Robert Weinstein, Professor of Economics, Bradley University, Peoria
- Dennis Whetstone, Chief, Office of Statewide Employment and Training,  
Illinois Department of Commerce and Community Affairs
- Martin Jensen, Illinois Department of Commerce and Community Affairs
- Tom Clark, Manager, Commercial and Industrial Development, Illinois  
Department of Commerce and Community Affairs

Tim Harmon, Labor Market Analyst, Office of Statewide Employment and Training, Illinois Department of Commerce and Community Affairs

Harold Williams, Director, Manpower Assistance Program, Illinois State AFL-CIO

Robert Gibson, President, Illinois State AFL-CIO

Scott Gelzer, Illinois Office of the Governor

Harry Hardwick, Manager, Research and Analysis Division, Illinois Bureau of Employment Security

Louis Ferman, Institute of Labor and Industrial Relations, University of Michigan

Bill Spring, Federal Reserve Bank of Boston

Larry Stout, Manpower Assistance Program, Illinois State AFL-CIO

Melva Meacham, Manpower Assistance Program, Illinois State AFL-CIO

Doug Richardson, Field Services Coordinator, Region I, AFL-CIO

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