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## Early Warnings in Chicago

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## Early Warnings in Chicago

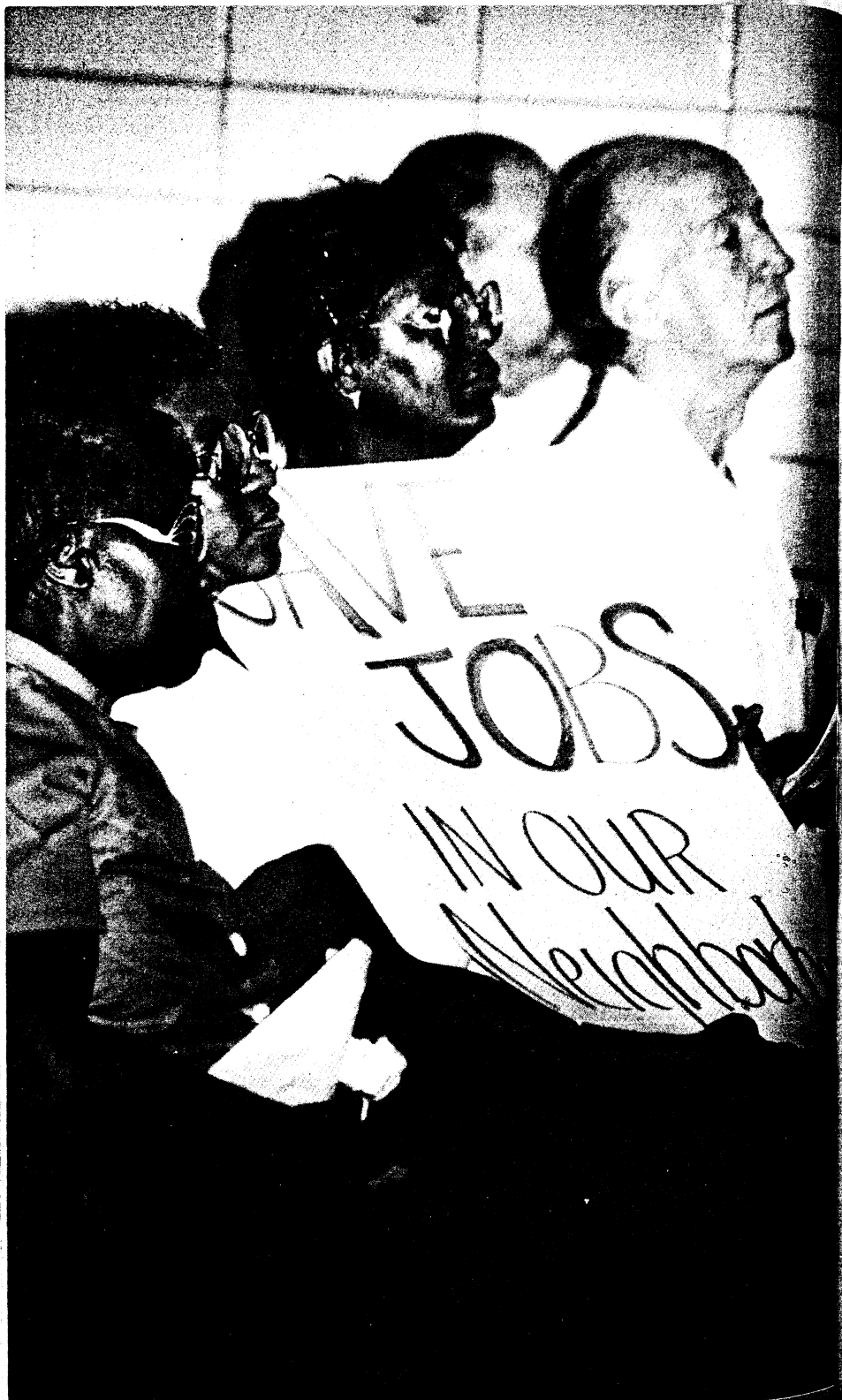
### Abstract

[Excerpt] Dear Mayor Washington, The Milton Bradley Company, the parent of Playskool, Inc has just announced a \$18 million loss for 1983 down from \$19 million profit in 1982... these results have increased ongoing speculation here at the factory that this facility will be closed... Can't you help us somehow? I can't sign this cause it would probably cause me trouble if they knew I was writing to you.

The arrival of this letter in the Mayor's office in the Winter of 1984 coincided with the city's initiation of a unique attempt to do something about plant closings in Chicago. Some Chicago neighborhoods have almost 40% fewer jobs now than ten years ago, and over the past five years the city has been losing 10,000 jobs a year.

### Keywords

Chicago, unemployment, shutdowns, economic growth, economic development, Early Warning Project, EWP, manufacturing



GIVE  
JOBS  
IN OUR  
NEIGHBORHOOD

# Early Warnings in Chicago

■ *Elaine Charpentier*

Dear Mayor Washington,

The Milton Bradley Company, the parent of Playskool, Inc. . . . has just announced a \$18 million loss for 1983 down from \$19 million profit in 1982 . . . these results have increased ongoing speculation here at the factory that this facility will be closed . . . Can't you help us somehow? I can't sign this cause it would probably cause me trouble if they knew I was writing to you.

The arrival of this letter in the Mayor's office in the Winter of 1984 coincided with the city's initiation of a unique attempt to do something about plant closings in Chicago. Some Chicago neighborhoods have almost 40% fewer jobs now than ten years ago, and over the past five years the city has been losing 10,000 jobs a year.

The city's response to this crisis was to provide financial support for the development of an early warning system for plant closings in Chicago's manufacturing belt on the west side of the city. This early warning system would anticipate the shutdown of plants early enough to allow intervention to prevent job loss. The system

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• *Elaine Charpentier is staff attorney for the Midwest Center for Labor Research (MCLR) and is Director of MCLR's West Side Project.*

was unusual in that it relied on employees and on community residents to monitor the businesses that they worked for or that were their neighbors. The Midwest Center for Labor Research (MCLR), with the assistance of the Center for Urban Economic Development at the University of Illinois, was the organizer of this project, known as the West Side Early Warning Project.

The goals of the Early Warning Project (EWP) were: (1) to identify potential plant closings before they occurred, (2) to intervene with alternatives that save jobs, and (3) to empower the employees and community residents in the neighborhoods affected by plant closings by involving them in monitoring the health of their local businesses.

The city supported this project because of its importance for the economic development of the neighborhoods, one of the main themes of the new Washington administration. However, it felt that the method, reliance on employees and community residents, was untested and designated the West Side Early Warning Project a "demonstration" project. The city wanted the project to demonstrate that employees and their community neighbors were reliable sources of information about the likelihood of plant shutdowns. This objective became the primary one in shaping the initial structure of the project. And rather than being recognized as an organizing project, the EWP became a study of how well employees and community residents could monitor their local economy.

Fifty west side plants were designated as a test group to survey employees about their awareness of early warning signs. These plants all had more than 50 employees and included both organized and unorganized shops in a variety of manufacturing sectors. Various approaches were taken to reach these employees. Where a union represented the workers, contact was made with the local union leadership. Where the employees were unrepresented, access to them was through less formal channels such as starting conversations with them in nearby restaurants or near the plant gate. As contact was made with the employees who worked in the test group plants, outreach was also begun to community organizations in the target area.

The emphasis of the contact with employees and community residents was on identification of the early warning signs of a plant closing. Contacts were asked to watch for deterioration in the upkeep of the plant; layoffs, especially of sales or maintenance staff; transfers of management; few spare parts; difficulty in getting repairs, or slipshod and temporary corrections being made; a change in ownership; a change in labor relations or in community



Thom Clark

*Workers from the Stewart-Warner plant in Chicago rally in July 1986 to demand new investment and new product development at their auto parts plant. UE Local 1154 is coordinating a community Coalition to Keep Stewart-Warner Open.*

relations; irregular work schedules; 'visitors' touring the plant; and other signs.

The causes of plant closings were explained and much time spent encouraging people to believe that some plant closings could be prevented. We pointed to situations where the cause of the shutdown was unrelated to the economic viability of a particular business. For example, a subsidiary of a corporation may be profitable, but not profitable enough to meet the parent company's expectations and so be closed. In other cases new management may be the key to a successful turnaround. In still other cases, new owners may need to be found to buy out a retiring owner or a family unable to sell a closely held company. The objective of the Early Warning Project is to identify businesses which fall into those categories and mobilize public resources to maintain these otherwise viable companies and prevent job loss.

Organizations and individuals who participated in the initial monitoring for early warning signs formed the West Side Jobs Network. This informal organization took responsibility for monitoring the economic health of west side plants and looking for solutions to the plant closing crisis occurring there. This group continues to meet monthly to report on job retention and job creation efforts and to provide an educational forum on alternatives to the job loss the community is suffering.

### **The Demonstration Project**

Employees from both the sample plants and others in the target area proved to be an excellent source of information concerning early warning signs of plants in danger of closing.

Employees at Ludwig Drum, a 75-year-old Chicago manufacturer of percussion instruments, noted in their employee newspaper that Selmer, the company's new owner, had opened a new plant in Albermarle, North Carolina. ". . . Just how this situation affects us remains to be seen. I think it would be wise to watch what is happening there." This "warning" came almost three years before the Chicago plant was closed and work was relocated to Monroe, North Carolina.

Local 233 of the Molder's union suspected their employer, Trinity Bronze, of trying to bust the union when Trinity refused to pay a negotiated wage increase on schedule. Contact with the Early Warning Project led to further investigation, which revealed that there was a genuine financial crisis caused by mismanagement. Management's refusal to correct its problems, however, so weakened the foundry that when it was purchased by a West Virginia company 18 months later, all that that company wanted was the name. The Chicago plant closed and left 25 skilled workers out of a job.

Employees of Playskool, Inc. noted that new managers sent out to Chicago by Hasbro-Bradley after it acquired the Chicago plant in 1981 never bought houses in the community, but continued to rent space for themselves and their families. This was another one of the warning signs that contributed to the speculation of the workers that the plant was on its way out of the city.

These early warning signs were reported to the city's Department of Economic Development. The hope was that since the city now had advance notice that jobs were endangered, it would be able to bring to bear the resources necessary to correct any problems and so save the jobs.

Unfortunately, in all three cases when management was confronted with the evidence of their intent to leave, they denied that a closing was planned. Assurances that they wanted to keep operations in the city continued up to the moment of the closing announcements.

The companies' denial of their intent to shut down restricted the city's response. Offers of help with financing and with technical assistance were refused. The Early Warning Project did research to uncover the reasons for the closings and explored alternatives to keep the plants open, but neither the city nor the



Project was able to bring the companies to the table to discuss their plans or their rationale for closing. Nothing was done that interfered with the companies' plans until their decision to close was announced. Then the city, along with the employees and community residents, was left in the position of trying to reverse that decision—a hopeless task.

Though the Early Warning Project was unable to take advantage of the warnings it received in these cases, much good came of these efforts nevertheless.

The Hasbro Bradley announcement that Playskool was closing, laying off 700 workers, brought widespread community outcry. The fact that Playskool had received public financing only four years before the announcement, along with general public sympathy for action to prevent plant closings, allowed the city to bring an unprecedented lawsuit for enforcement of the Playskool Industrial Revenue Bond agreement. The out-of-court settlement of the suit kept 100 jobs in Chicago for another year and provided job search assistance to the dislocated Playskool workers.

The abandoned Ludwig Drum plant was bought by a local developer with substantial public financial assistance in the form of an Industrial Revenue Bond. The developer's bond application stated that former Ludwig employees would be the recipients of the new jobs created by the development. Former employees and community organizations that tried to prevent the closing are now working to insure that the developer's promises are kept.

City financial support for the West Side Early Warning Project ended in the summer of 1985. The "demonstration" project came to an end, and the early warning *organizing* project began in earnest.



## The Project Today

Since the end of the city's formal relationship with the project, the focus of activity has been on union plants. These situations, where leadership is identified and employees are familiar with working together in organized ways on problems in their workplace, are a fertile area for development of plantwide early warning teams. Monitoring of west side plants now includes reading public documents for the area's largest employers and scanning industry journals for those industries known to be endangered. In this way the limited resources of the Project are stretched for the widest effect.

A current campaign of the Project illustrates the shift in its direction. Employees at the Chicago Stewart Warner plants who knew of early warning signs because of past contact with the EWP became alarmed when they recognized a number of them at their plants. They formed a job security committee, contacted the EWP and conducted research with EWP staff to understand the causes of the job loss at their plant and possible alternatives to reverse that job loss. Last fall the union decided to form a coalition with community organizations in the area to push for action to halt the continued erosion of their jobs. The Early Warning Project and the West Side Jobs Network play active roles in this coalition.

Although the Stewart Warner Company is the main target of the coalition, the city is being pushed just as hard to use its influence and deploy its resources to get the company to the table. Because the Project is no longer tied directly to the city, it is freer to pursue strategies that build community pressure on the city to act.

The links between the EWP and city government are still close. Information about potential closings and consultation on appropriate responses occur regularly. The willingness of the city to provide financial backing to the Project in its early stages was essential to get things going. Although the nature of its support has changed, the city's continuing responsiveness to this issue makes the likelihood of eventual success in saving jobs more likely.

## Conclusion

Finding a way to prevent plant closings is a combination of: *timing*—early warning of the danger of a plant closing is essential; *organization*—workers, community organizations and local government need to be able to work together to find an alternative; and *access to the right resources*—this could be money, or technical assistance, or political support, or all of these things. We

are learning from experience about what works best.

The Chicago EWP is one model of labor and community action to prevent plant closings. We think it can easily be duplicated elsewhere. The necessary components are an organization willing to take the lead in educating employees and community members about early warning signs; organized groups of employees willing to monitor their plants; and community organizations who recognize the importance of saving jobs for their community and are willing to take action.

MCLR has recently published a manual on how to organize an early warning system, based on our experiences in both Chicago and Northwest Indiana. We hope to be able to revise it soon to include your experiences with this approach. ■

# **EARLY WARNING MANUAL AGAINST PLANT SHUTDOWNS**

The Midwest Center for Labor Research (MCLR) recently published a hands-on booklet designed to help unions and community groups detect the signs that a workplace is in danger of closing. The *Early Warning Manual* advocates the creation of a shopfloor committee of production workers to gather information from co-workers about such matters as reinvestment in the plant, management behavior, and employment and market trends. The *Manual* also provides a broad review of numerous research sources and of strategies for union and public intervention when early warning signs are detected.

Available to unions, union members and non-profit community groups for \$16.75 (postage included) from:

**Midwest Center for Labor Research**  
3411 W. Diversey, #14  
Chicago, IL 60647  
312-278-5418