

ESSAY REVIEW

Resisting Plant Shutdowns

by
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These books¹ are the work of participant observers (or in the case of Eric Mann, an observant participant) who seek to analyze reality in the manner of historians but then to do something about it.²

The reality under consideration in each book was the closing or threatened closing of one or more industrial plants. In each case the project of the author-organizers was to reopen (or keep open) threatened facilities.

There are two kinds of history here. Each book begins by considering the historical forces that cause factories in a capitalist economy to be closed or kept open. But the bulk of each study is a blow-by-blow tale of social guerrilla war.

I. Why Shutdowns?

It is often said that plants like the Wisconsin Steel and U.S. Steel South Works mills described in *Rusted Dreams*, the General

¹*Rusted Dreams: Hard Times In A Steel Community*. By David Bensman and Roberta Lynch. Berkeley: University of California Press, 1988, 250 pp. \$25.00; *Taking on General Motors: A Case Study of the UAW Campaign to keep GM Van Nuys Open*. By Eric Mann. Los Angeles: Institute of Industrial Relations Publications, 1987. xviii, 408 pp. \$21.95; *Track Record: The Story of the Caterpillar Occupation*. By Charles Woolfson and John Foster. London and New York: Verso, 1988. viii, 296 pp. £10.00.

²David Bensman and Roberta Lynch are, respectively, director of Labor Studies at Rutgers Univ. and Public Policy Director for AFSCME in Illinois. Eric Mann, once an SDS activist, has been an auto worker since 1978. John Foster and Charles Woolfson, professors at Paisley College of Technology and the University of Glasgow, were present during the sit-down their book describes and (in the words of the dust jacket) "documented the entire campaign in a 'fly-on-the-wall' fashion with the full permission and support of the Joint Occupation Committee."

Motors plant in Van Nuys, California, or the Caterpillar plant at Uddington near Glasgow that is the subject of *Track Record*, are closed when they become “unprofitable.”

The term is imprecise. Rather, plants tend to be closed by capitalist corporations when the *rate of profit* returned is less than could be earned if the same investment capital were used in a different way. Bensman and Lynch put it well:

During the years 1968–1977, when imports hovered around 18 percent and minimills began to sprout throughout the land, America’s integrated steel producers made profits of 6.7 percent. Viewed in one light, that was not so bad; Japan, that model of modern industrial success, averaged just 1.7 percent, and most European steel producers earned even less. But our steel companies function within our own business system, and in America, a corporation that earns only 6.7 percent profit will not be able to raise the capital it needs: the average rate of profits in the manufacturing sector is more than twice that.

American steelmakers were in a trap. Small profits made modernization bad business. But failure to modernize increased vulnerability to imports. (87)

Rusted Dreams tells how the logic of profit maximization worked itself out on the South Side of Chicago. Wisconsin Steel was a subsidiary of International Harvester, selling a substantial part of its product to the parent company. Harvester, first, announced that it would make no further investment in its steel subsidiary at a time when it was paying out 74% of its profits in dividends, and second, provoked a strike at Harvester with the goal of reducing labor costs in a year when Harvester was making “record profits.” The combined force of these decisions sealed Wisconsin’s doom.

U.S. Steel’s South Works was a victim of disinvestment from steel. In 1981 U.S. Steel spent \$6 billion to buy Marathon Oil, and in 1986 \$3 billion to buy Texas Oil, rather than modernizing its steel mills. Massive shutdowns, not only in South Chicago, but in Homestead, Duquesne, and elsewhere, followed inevitably.

General Motors, Eric Mann shows, made maximization of the rate of profit an explicit company objective as early as the 1920s. Billy Durant, the company’s founder, “[d]efied the basic rule of capitalism, that you go into business to make a maximum return on your investment” (30). Durant’s successor Alfred P. Sloan forced financial priorities on GM:

He demanded that each GM division be organized on a profit-making basis and evaluated on its percentage of return on investment. Sloan set the goal of achieving a 20 percent net return on all invested capital. Thus, if a division boasted a \$10 million profit, but \$100 million had been invested, the rate of return was too low. In short, each division, and each new project, would not only have to pay its own way; it would have to compete with other uses of that capital that might achieve a higher rate of return (38).

Sloan argued, according to Mann, "that investment decisions, such as building new plants (or *disinvestment* decisions, such as plant closings) should be based on comparing how much profit that investment could make relative to other uses of the money" (39).

Profit maximization remains GM's basic objective. In 1987, GM chairman of the board Roger Smith came under widespread criticism for his management of the company. He responded as follows:

GM may be forced to cut production to boost its profits. Maximizing profits will now be "the principal bellwether of our performance" rather than market share or sales (75).

Pursuit of the principle of profit maximization means closing plants that, while still profitable, are seen by management as *less profitable* than other investment opportunities. This was the situation at the Caterpillar plant in Uddington. On September 18–20, 1986, Caterpillar announced a £62.5 million investment program for the Uddington plant amid massive publicity. They would not have done so, observe Woolfson and Foster, had the Uddington plant not been profitable. Indeed, in the December issue of the in-plant newspaper the plant manager declared that the plant was "among the better performing [Caterpillar] plants as the year ends" (33), and in a New Year's message on January 3, 1987, Secretary of State for Scotland Malcolm Rifkind singled out Caterpillar as a plant that had "become more profitable and competitive, so helping to make employment more secure" (34). Meantime, however, the company's board of directors in Peoria, Illinois had been finalizing plans for a shutdown. On January 14, plant manager Robinson read a prepared company statement to the effect that over the next 12 to 15 months the plant would close completely, terminating the employment of all 1200 workers.

Betrayed as they must have felt, the Caterpillar workers

responded right away. Three shop stewards attended the company press conference. After Robinson read his statement, John Brannan, “convener” of the shop stewards at the Uddington plant, rose and announced: “On behalf of the hourly paid workers we are now occupying the plant” (30).

II. The Fight Against Shutdowns

A “plant closing” is an historical event with predictable features.

First, workers experience a plant closing as a natural catastrophe that justifies immediate mass action. Obviously this is the more so when a shutdown is announced unexpectedly, and when there is a short time lag between announcement and implementation. But even when the rational mind “knows” months ahead of time that a closing is to occur, a shutdown is like a hurricane whose landfall is forecast in advance: the event, when it actually happens, tears up life by the roots.

Second, however, saving a plant is in effect creating a new business, and takes time. Capital must be assembled, personnel have to be recruited, markets need to be explored, facilities require repair. However inspired by community support or entrepreneurial chutzpah, saving or reopening a plant comes about in increments, by many small steps.

Third, then, these first two aspects of the shutdown phenomenon are self-evidently in tension, and carry within themselves the makings of recurrent tragedy. Right after the shutdown announcement workers pour into mass meetings. They are ready for anything. They are desperate for leadership. However, those who come to the front of the hall on these occasions – whether union leaders, politicians, lawyers, or prophets from the rank and file – are in the nature of things unprepared for a task both unprecedented in their experience and inherently complex.

Accordingly, meetings tend to end inconclusively. Days drag by. Workers, once prepared to storm the heavens, lose hope that the plant will reopen and turn to private strategies for survival. The moment is lost. The movement to save the plant loses its mass character, becomes a law suit or a lobbying effort without a base in the rank and file, and ultimately fails.

These three books chronicle three creative efforts to escape this paradigmatic sequence of events.

In South Chicago, former workers from both Wisconsin Steel and U.S. Steel South Works called on the Federal government 1) to repeal the tax write-offs companies receive when they shut down plants, 2) to initiate a program to rebuild America's infrastructure, and 3) to take over and modernize their mill. Responding to the pressure Illinois Attorney General Hartigan joined the United Steelworkers of America (USWA) in a suit that asked for a temporary injunction to prevent U.S. Steel from beginning to tear down portions of South Works. Then the attorney general, the mayor's Office of Economic Development, and the USWA agreed to fund a study of the mill U.S. Steel had just abandoned, to determine the feasibility of resuming operations under new ownership. Implicit in the lawsuit and the study, write Bensman and Lynch, "lay the daring notion that the city might one day have to exercise its right of eminent domain and take the mill from U.S. Steel" (170).

However, the pressure from below was apparently not enough. A march in support of government intervention drew only 250 persons from both mills. In the weeks leading up to the march, Local 65's unemployment committee called 1000 laid-off workers and distributed thousands of leaflets at welfare offices, churches, and health centers. The response was not in proportion. Without explanation, the city of Chicago withdrew from the project, and plans to follow up the preliminary feasibility study were shelved.

General Motors workers in Van Nuys, California took a different approach. Auto workers, unlike steelworkers, make a final product susceptible to consumer boycott. And the GM plant in Van Nuys, adjacent to greater Los Angeles, could credibly threaten to boycott GM in the largest new car market in the United States.

The Van Nuys local union, UAW Local 645, built a boycott movement that had strong ties to the black and Chicano communities. The local itself was 50% Latino and 15% black, in a metropolitan county where in 1980 3.1 million persons (37%) were Latino and 924,000 (10.8%) were black. The ideology of the boycott movement drew on traditions specific to these minority communities, among them the farm workers' struggle led by Cesar Chavez, the civil rights movement of the Sixties, and the new so-

cial doctrines of the Catholic Church. So skillful and persistent were the boycott organizers that in the fall of 1986, when GM closed 11 plants nationwide, the Van Nuys facility was not among them.

Whereas the fate of the South Chicago and Glasgow facilities described in these books was clear at the time these histories were written, the struggle to save the GM Van Nuys plant continues. Much will depend on developments in the national UAW. Local management is vigorously pushing the "team" concept, telling workers at Van Nuys (as workers are told at every other GM plant) that only if the union adopts a concessionary, cooperative approach can the plant be saved. Meantime, the "New Directions" movement led by UAW insurgent Jerry Tucker for the first time holds out the hope that Van Nuys activists can connect with their counterparts in other plants to project solutions on a regional and national scale, for example the idea of a "plant closing free zone" in an entire region of the United States.

As for the Caterpillar workers in Glasgow, they occupied the plant for 103 days. In the end they failed to keep it open. But in losing, they succeeded in showing how an entire nation can be mobilized to oppose the arrogance of multinational corporations for whom Scotland itself is one more expendable asset. This was a remarkable achievement for a handful of shop stewards, led by their "conveners" and supported by the work force of about 1000. As Woolfson and Foster well say:

[T]he Caterpillar workers did manage to win a massive amount of external support. . . . [T]his emerged principally from a network of shop stewards' committees, trades councils, tenants' associations and unemployed workers' centres. It developed, however, in a context of more general regional support. The local authorities and, up to a point the press, gave significant backing. Many in the professions and small business saw Caterpillar as a symbol of their own struggle for survival. The question is whether this could have been taken further. Was there an opportunity of creating "from below," directly and locally, a real alliance of forces opposed to big business domination which by-passed national (monopoly-controlled) business [and one might add, labor] institutions? (284).

This seems to me the question posed by all of these cases studied. Given the demonstrated failings of existing national unions and political parties, whether in the United States or Great Britain, can a movement be built that will base itself on *local*

institutions like the local unions at Van Nuys and Uddington yet will be able to reach out and include within itself sufficient forces to have a *national* impact?

III. Beyond A Strategy Of Socialism In One Steel Mill

The common weakness of the remarkable campaigns described in these books was that each centered on a single plant (or in the case of South Chicago, two nearby plants). They did not have the strong support of pro-labor national political parties, and in some cases lacked the support of the national union; because they were centered on particular plants, they were not placed in the context of a broader strategy offered as a comprehensive alternative to the de-industrialization being carried out by the corporations. Thus, for example, as Eric Mann recognizes, the effort to save the GM plant at Van Nuys implicitly required the closing of the GM plant at Norwood, near Cincinnati, which made the same product. The struggle took on this parochial character in large part because the national UAW failed to provide leadership.

It is understandable that the fight against shutdowns arises plant by plant, because that is how plants are closed. To acquiesce in this dynamic, however, without struggling to implant a broader consciousness, is to accept a kind of collective egotism as inevitable. Workers whose aspirations go no further than the survival of *their* jobs and *their* plant place themselves in competition with fellow workers who make the same product, sometimes even members of the same union. Campaigns undertaken in this spirit do not bring to birth a new world from the ashes of the old, even when they succeed.