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The outsourcing issue

Competition may be overseas, but not all jobs going there

By Paul Wilson

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Thousands of manufacturing jobs have been lost in West Virginia in the past four years. But in most cases, companies did not replace those workers with cheaper foreign labor, a practice commonly referred to as outsourcing, one of the 2004 election's buzzwords.

With a final tug, Gary Stover unbolted the last plate on the access tunnel in the decades-old chemical plant. The tunnel, called a manway, led to a distillation column, which could now be cleaned and eventually scrapped — just like Stover's job of 27 years.

That was Feb. 22, 2002, Stover's last day at Great Lakes Chemical in Nitro. Last week, nearly three years later, Stover stood among the remains of the plant: twisted piles of metal scattered among weeds, mud and concrete.

"This is a piece of pipe that I actually welded," Stover said pointing as he walked through the cast-aside equipment. "That's all that's left."

Since President Bush took office in early 2001, about 2,600 manufacturing jobs like Stover's have dried up each year, nearly matching the rate in the 1980s, a disastrous decade for the Mountain State. Nationwide, about 2.6 million manufacturing workers have lost their jobs since January 2001, according to the U.S. Bureau of Labor Statistics.

When asked whether his job was outsourced — a term used often this election year — Stover said that it was.

Then he backtracked.

"Well, I'm not sure what the definition of 'outsourcing' is," Stover said.

Stover's confusion is understandable. Such job losses are political fodder in this year's presidential election, with Democratic nominee John Kerry often telling voters to "outsource" President Bush for his record on jobs. But outsourcing's impact, cause and even definition are largely lost amid political rhetoric, experts say.

"Buzzwords always proliferate when there's an election," said Tom Witt, director West Virginia University's Bureau of Business and Economic Research. "Candidates only have 15 seconds or 1 minute to say why they should be elected and when their opponent should be defeated."

Who really was outsourced?

As Stover walked, he talked about the role the plant played in his life. His father worked there for 47 years, retiring a few years before the closure. Stover's wife, Norma, worked there for seven years, as did Norma's father. And then there were all the co-workers Stover considered family.

"I grew up at the plant," said Stover, who started working at the plant in 1977 when he was 19. "We all kind of grew up there together."

When the company announced it would close the plant in September 2001, Stover remembers how co-workers went into denial. Nearly six months later, the Nitro facility closed and Great Lakes consolidated production of flame-retardant polymers at a plant in Trafford Park, England.

But that plant didn't add workers, so Stover's job wasn't technically a victim of offshore outsourcing, which occurs when a worker in one country loses his job because his employer hires a worker in another country. However, Stover and his 175 co-workers qualified for federal Trade Adjustment Assistance, which provides money to retrain manufacturing workers who lose their jobs because of overseas competition.

Great Lakes is one of about 40 companies whose West Virginia employees qualified or applied for Trade Adjustment Assistance in the past four years, according to the state Affiliated Construction Trades Foundation's October newsletter. All told, more than 7,000 former manufacturing workers are listed in the ACT Report.

But including Great Lakes, at least two thirds of the manufacturing jobs listed by ACT were lost because companies cut jobs or closed operations. That includes 2,300 jobs cut at Weirton Steel in 2002.

Of the remaining third, some employees were replaced by workers in other countries, including 252 at Schott Scientific Glass in Parkersburg, 300 at World Kitchen Inc. in Martinsburg and 100 at G.S. of West Virginia in Ravenswood.

ACT's list also includes 351 AT&T jobs lost in the past two years in Charleston. Those workers are not eligible for Trade Adjustment Assistance because they did not work in manufacturing. And the majority of those jobs were apparently lost because of AT&T's reaction to a federal regulatory decision earlier this year.

"If you want to call it outsourcing, or whatever you want to call it, it's not a really well-defined term," said Steve White, director of the ACT Foundation. "But it's a term that people see and feel strongly about."

It's difficult to determine just how many jobs were shipped to other countries, so using the Trade Adjustment Assistance information is the most telling way to show manufacturing job losses during the Bush administration because of overseas competition, White said.

"So perhaps what is needed is another term not just including outsourcing but for the shifting of jobs," he said. "But there is a phenomenon in this country with lost jobs that is happening and we need to talk about it."

Mangling outsourcing's meaning

Stover stopped to look at a rusted metal cylinder used to heat liquids used in chemical distillation. About 200 yards away, he could see the half-torn down Flexsys plant, which closed this year. Both plants were built on a converted World War I munitions site just off the Kanawha River.

"You know what it looks like when a tornado hits?" Stover said. "I imagine this is what it feels like when your place is torn down in a tornado. It's gone but you can still recognize it."

The Flexsys site should be cleared away by the middle of 2005. The plant also appears on the ACT Foundation's list, but Nitro Plant Manager Jon McKinney said the 207 jobs lost there were not outsourced.

“You can say foreign competition had an impact on our jobs,” said McKinney, who is overseeing demolition. “But in reality, we had a sister plant [in Belgium] that made the same product” as the Nitro plant. Work was consolidated in Belgium where energy was cheaper.

Some of the companies on the ACT Foundation’s list, including Newell Porcelain in Newell and Aurora Casket near Clarksburg, moved jobs out of state. Frank Casale, founder and chief executive officer of The Outsourcing Institute, said that’s more common than shipping jobs overseas.

“The biggest chunk of the outsourcing is going on from U.S. company to U.S. company, from U.S. worker to U.S. worker,” said Casale, whose organization bills itself as “the only neutral professional association dedicated solely to outsourcing.”

Jobs sent overseas fall under outsourcing’s umbrella, Casale said. He, like Witt, said political candidates are “mangling [outsourcing’s meaning] for their own benefit.”

Outsourcing is the result of pressure from two groups within the United States: consumers and shareholders, Casale said.

“You and I want the lowest priced tickets, car, tires. We don’t just want a low price. We want the lowest price available.

“And heaven forbid a company misses one quarter’s projected earnings. We don’t give any of them any window of time to do anything long-range. The dirty little secret here is that it is us as individual people who are creating this pressure.”

Preventing U.S. companies from hiring workers in foreign countries probably isn’t wise. It could prompt other countries to retaliate and not outsource jobs to the United States, like Toyota did with its 1,000-worker plant in Putnam County, Witt said.

‘A nation of low-income people’

Stover's shop was on the east end of the Great Lakes property, a corner that is now fenced-off with barbed wire. From where he stands, he can see the main office's boarded-up windows, overgrown grass and a large tree branch lying on the ground.

"To me, places like this are like cemeteries," Stover said.

As he spoke, a car pulled up to the plant's the parking lot. Inside was Joe Motus, a former Great Lakes employee who took a retirement buyout in early 2001, about eight months before the closure announcement. Motus now works as an engineering technician for the state Department of Health and Human Resources.

"This is heart-wrenching," said Motus, who decided to stop by the site as he was driving nearby on Interstate 64. "Plants like these provided a good lifestyle and good wages for people in this valley.

"But with all the finger-pointing with Bush and Kerry and Edwards, this didn't just start. This didn't just pop up overnight.

"Sooner or later, we're going to have a nation of low-income people."

Besides the more than 7,000 lost manufacturing jobs on White's list, another 3,000 manufacturing jobs were cut in West Virginia since January 2001, according to the state Bureau of Employment Programs. Assuming no more manufacturing jobs are lost between now and January, about 2,600 manufacturing jobs have been lost per year since Bush took office.

That almost hits the level of manufacturing job losses West Virginia saw in the 1980s, when West Virginia lost about 2,700 manufacturing jobs a year and ended the decade with 30,000 fewer manufacturing jobs.

The country lost more manufacturing jobs throughout the 1980s. After some growth nationally in the 1990s, manufacturing jobs started falling again in late 1998 and more drastically in 2001, according to the U.S. Bureau of Labor Statistics. The United States has hemorrhaged manufacturing jobs for decades, a trend economists blame more on mechanization than jobs shipped overseas. Even economic advisers to Kerry — W. Bowman Cutter, Robert Rubin and Robert Reich — have said outsourcing isn't the primary reason for recent job losses.

Stover, a quiet, soft-spoken man, said he doesn't blame any one politician for what happened to him or to the plant. At one point, he choked up while talking about the job he lost and his former co-workers, but he also said in a lot of ways, he's fortunate.

Thanks to Trade Adjustment Assistance, Stover was trained as a plumber. For the past year, he has worked in the plumbing department at Lowe's in Cross Lanes. It's not all bad — he isn't outside as much anymore and the Lowe's benefits are pretty good, but he admits the pay isn't close to the \$26 an hour he made at Great Lakes.

A poem Stover wrote shortly after the Nitro plant closed hangs on a wall in his St. Albans home. Above the text is a photo of the plant at sunset. Part of the poem reads:

Where was the place that was work for our elders

Where lives and chemicals were flowing

Where are the secretaries and engineers

The operators and the shift foreman

Now they are all remembered with tears

All men and every woman.

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