

# **Jeans maker Levi Strauss to cut 5,900 jobs in the US and Canada**

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In a drastic move to cut costs and offset falling sales, Levi Strauss is closing 11 of 22 North American plants and eliminating some 5,900 jobs. The job cuts amount to 30 percent of the jeans maker's American and Canadian work force.

The San Francisco-based company suffered a sharp drop in sales over the past year due to falling demand for its well-known brand of blue jeans. Total sales this year were \$6 billion, down from \$6.9 billion a year before.

Levi Strauss officials blamed the drop on shifting tastes among teenagers. "The market for denim has softened, and we as a company took our eye off the ball," said one company spokesman.

The layoffs are part of a plan by management to slash costs by shifting production to outside contractors overseas. In April of last year the company announced plans to resume garment production in China for the first time since 1993. In response to charges that it intended to shift to sweatshop production, Levi officials asserted they would hold contractors to the company's code of conduct.

Plants targeted for closure include facilities in six US states and one Canadian province. Four plants in Texas are set to close, including factories in McAllen, Harlingen, Wichita Falls and El Paso. Other plants being closed are located in Mountain City and Johnson City, Tennessee; Valdosta, Georgia; Morrilton, Arkansas; Warsaw, Virginia; Murphy, North Carolina and Cornwall, Ontario. The company will lay off 100 workers at a finishing center in Brantford, Ontario and another 80 workers from its US transportation fleet.

The closures will have a severe impact on local communities. Most of the targeted facilities are located in areas of the South that suffer from high unemployment rates and depressed wages. Levi Strauss

has offered workers a paltry severance package, which will pay a maximum benefit of around \$10,000 for senior workers.

These most recent job cuts are the latest in a string of plant closings by Levi Strauss that have decimated the clothing maker's US and Canadian manufacturing work force. Last September it shut down two garment finishing centers in Texas at a cost of 991 jobs. In November 1997 Levi Strauss closed 11 North American plants and axed 6,395 jobs.

Bruce Raynor, secretary-treasurer of the Union of Needle Trades, Industrial and Textile Employees (UNITE), issued a press release in which he expressed "regret" over the company's decision to carry out mass plant closures. UNITE has contracts covering some 4,300 of the affected Levi Strauss workers.

UNITE expressed sympathy with the company's plight, noting that it faced "enormous competitive pressure." The press statement concluded by denouncing the North American Free Trade Agreement and called for the government to enact trade legislation to protect US garment manufacturers.

The Levi Strauss closings are only the latest in an almost daily toll of major layoff announcements by US corporations. Siemens Fossil Power is closing its facility in West Allis, Wisconsin at a cost of 850 jobs. The plant makes combustion turbines for power plant generators. Three other facilities in Pennsylvania, Indiana and Ontario will be either sold or closed.

On February 24 General Motors announced plans to cut 1,100 skilled trades jobs at its St. Catherines, Ontario parts plant. The facility currently employs 5,300 workers.

The precarious state of the US and world economy is underlined by the record \$168 billion trade deficit reported by the Commerce Department. The highest

previous deficit was \$153.3 billion in 1987. The largest increases in the current deficit came from Asian nations hard hit by the economic crisis.

Charlene Barashefsky, the United States trade representative, declared, "The deficit tends to reflect the falloff in US exports rather than any surge of imports. And that is explained entirely by recessionary conditions in 40 percent of the world economy."

US exports of aircraft have been particularly weak. China recently announced the suspension of all new imports of aircraft.



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