

# International Paper shuts three mills, laying off 1,600 workers

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On October 23, International Paper announced the closure of three plants, resulting in the loss of 1,600 jobs. By mid-December, the closures will leave 270 workers in Albany, Oregon, and 230 workers in Pineville, Louisiana, without jobs. Most devastating is the spring 2010 closure of an enormous mill in Franklin, Virginia, which will result in 1,100 job cuts.

International Paper is the largest pulp and paper maker in the world, with production facilities in North America, Latin America, Europe, North Africa and Asia. The plants in Albany and Pineville produce containerboard, which is used to make corrugated cardboard. International Paper's production capacity for containerboard will be reduced by nearly 1 million tons, or 12 percent, as a result of the closures.

The paper mill in Franklin produces both uncoated freesheet and coated paperboard. Uncoated freesheet paper is used for book publishing, business and office printing, envelopes and stationary. The shutdown of the mill's uncoated freesheet operation will eliminate 600,000 tons, or 19 percent, of International Paper's production capacity. Coated paperboard is used for book covers, greeting cards, direct-mail advertising and other products. International Paper will cut its coated paperboard production capacity by 140,000 tons, or 7 percent.

The stated reason for the plant shutdowns is falling demand for products as a result of the world recession. In a press release issued October 22, Chairman and CEO John Faraci states that "we have concluded that we have excess capacity in our North American paper and packaging businesses, and these decisions will better match our supply with our expected customer demand."

Franklin plant manager Jeannie Siembida told *pilotonline.com* that "the message I've tried to give people is, the employees of this facility have done all that they could do. This is in no way a reflection of their abilities and talents. It was unfortunate that we got caught up in this recession, and we needed to match that supply with demand." Siembida has since obtained a job as manager at an International Paper mill in Georgetown, South Carolina.

Plant manager Pete Thompson of the Pineville containerboard facility told *towntalk.com* that "one of the things we've been

sharing with the employees is that they've done everything within their power, they couldn't do anything better or differently to change the announcement that was made today."

Democratic and Republican politicians, as well as local unions, echo the claim that the workers are powerless to stop the destruction of their jobs and livelihoods. They have sought to channel anger over the closures by means of polite appeals to International Paper to reconsider its decisions. Virginia Governor Tim Kaine, a Democrat, visited Franklin soon after the closure announcement, saying afterward that his visit was a "sobering experience." Kaine made vague mention of economic redevelopment and promised that the state would set up a "task force" to help newly unemployed workers.

*Pilotonline.com* states, "Carroll Story, who heads the union at the mill, said the governor did give the workers some hope for the future." The union, Local 1488 of the United Steelworkers of America, has otherwise resigned itself to negotiating over layoff compensation.

Virginia congressmen and senators sent a letter to International Paper CEO Faraci asking him to reconsider the closure decision and postpone it for one year. Faraci refused to even meet with the legislators. He merely issued a statement that the company was prepared to work with the state to "mitigate significant negative economic effects." He called any future use of the site for papermaking "unsustainable."

Politicians and local newspapers have mused about the possible redevelopment of the site as a biomass power generation plant, a wood pellet manufacturing plant, a cellulosic ethanol plant, or even a "green" mixed-industrial facility. Any of these proposals, in the unlikely event that they came to pass, would offer only a fraction of the jobs that are being eliminated, and none would fully utilize the specialized machinery at the mill.

International Paper has insisted that the mill will be permanently closed and indicated that it will ship critical machinery offsite. Nevertheless, the company has given no indication that it will let go of the site, instead leaving the prime economic facility of the entire region to lie dormant.

## Devastation of Franklin, Virginia

The closure of the Franklin mill will devastate the small city of Franklin, Virginia. Located on the Blackwater River, 40 miles southwest of Norfolk and 80 miles southeast Richmond, Franklin is a regional economic center for agriculture and industry. For more than 150 years, cotton, peanuts, tobacco, soybeans, wheat and corn were transported to market via the riverfront and two railroads running through the town.

The confluence of the river, railroads and timber sources was ideal for the paper mill, which began production of brown packaging paper under the ownership of the Camp Manufacturing Company in 1938. At the time, Franklin's population was over 3,400. By 1999, when the mill was bought by International Paper from Union Camp Corp., Franklin had increased in size to more than 8,300 people.

Like so many other industrial towns and cities in the United States, much of Franklin's industrial base has been undergoing a long-term decline. Just days before Christmas 2008, Franklin Equipment, a manufacturer of logging trucks, permanently closed. Roughly 70 workers lost their jobs. After more than a year of layoffs, the particle board manufacturer ATC Panels shut down this year, ultimately eliminating nearly 140 jobs.

In November 2008, one of five machines at the paper mill was shut down due to declining demand for envelope paper. The 50 positions that were cut were reportedly the first layoffs at the mill in decades.

In April 2009, International Paper announced the closure of a lumber mill adjacent to the paper mill. Combined with other reductions at the plant, 160 more jobs were axed.

CEO Farasci visited the mill the same week and said, "I wanted to stop by Franklin because I wanted to tell employees that they're making sacrifices, they're making hard decisions, and it's having a positive impact on the company."

He knew whereof he spoke. The recent mass layoffs have helped increase International Paper's earnings to \$371 million in the third quarter, compared to \$149 million in the third quarter of 2008. The increased profitability was achieved through cost-cutting, rather than sales, which were off by nearly \$1 billion.

Franklin's unemployment rate in September 2009—before the announcement of the mill closure—was 10.7 percent, more than doubling from 4.8 percent in September 2008. Lisa Perry, the director of economic development for neighboring Isle of Wight County, released a report estimating that there could be an additional 2,400 regional job losses on top of the 1,100 lost at the paper mill. The report predicts a dramatic impact on truckers, loggers, local businesses and restaurants.

The mill layoffs will result in a spike in the unemployment rate in two neighboring cities, Suffolk and Courtland, which each have more than 100 mill employees. Several hundred more International Paper workers live in four surrounding counties, and 220 live in nearby North Carolina.

The region's tax base will also take a severe hit. Nearly 30 percent of Isle of Wight County's property taxes come from the mill, and three other businesses that are top contributors have closed or will soon close. Isle of Wight County's economic impact

study estimates that \$19.2 million in state tax revenue and \$13.5 million in local tax revenue will be lost with the closure.

The devastation that will accompany the closure of the Franklin mill has been met with widespread disbelief, shock and anger among the work force and within the community. Dozens of articles about the closure have drawn online comments from mill workers and residents, and even workers in Maine and the Pacific Northwest who have seen plant closures.

On *InjuryBoard.com*, "Franklin Gal" wrote: "What makes it an even harder pill for us to swallow is that this mill is profitable. Also, the CEO was just here in April assuring everyone that the mill was doing well. Corporate greed at it's best!"

On *HamptonRoads.com* "sand2sun" wrote: "The reason for doing away with people's jobs may have something to do with the greedy CEO for this company. Check out who made #4 on this list [of most overpaid CEOs.] Perhaps he is bucking to be #1."

Many comments bitterly complain of International Paper shipping jobs overseas to Brazil and China. The United Steelworkers local is deliberately seeking to divert anger along nationalist lines, blaming workers abroad for the loss of manufacturing jobs in Virginia and the US as a whole.

International Paper and other major corporations are indeed fuelling a brutal race to the bottom, whereby workers are told they must accept ever-lower wages and living standards to make US companies competitive with their foreign rivals. The unions' economic nationalist perspective only reinforces this corporate strategy. The unions join with the companies in demanding that workers accept concessions, claiming that this is the way to "save jobs." The inevitable result is ever-lower wages and benefits, increased speedup and further layoffs and plant closures.

Workers at International Paper should reject all attempts to divide them from their fellow workers internationally. Instead, they should seek to unite with paper workers in Brazil, China and elsewhere, who face similar attacks at the hands of the transnational companies. A common struggle in defense of jobs and living standards requires the building of a socialist movement fighting for the nationalization of the industry under the democratic control of the working class.



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