

# Illinois continues to shed jobs

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25 January 2012

The worsening global economy continues to take its toll on Illinois workers as the month unfolds. Three of Chicago's biggest companies announced more than 5,000 job cuts worldwide, with hundreds of job cuts expected in Illinois alone.

Takeda Pharmaceutical Co. plans to cut 2,800 jobs worldwide, with 150 of those job cuts expected in Illinois, as a plan to reduce its workforce by over 10 percent globally. On Wednesday, Northern Trust Corp. announced 700 job cuts globally, but has declined to say how many will be expected in Chicago.

Kraft Foods Inc. also announced 1,600 job cuts in the United States and Canada, with corporate and sales staff being trimmed in Glenview, Illinois. About 40 percent of the cuts at Kraft in the United States will affect sales-related jobs as it plans to split into two different companies. Transnational agribusiness conglomerate Archer Daniels Midland Co. (ADM) plans to eliminate over 1,000 mostly salaried and corporate jobs in its global workforce of 30,000. A significant portion of these workers are located in the corporation's headquarters in Decatur, Illinois and the region is expected to be severely negatively affected.

ADM is the largest employer in the city of Decatur, which has a population of 76,000. Decatur's unemployment rate in November was 9.9 percent—slightly lower than the official Illinois unemployment rate of 10 percent—but that's likely to change.

The company has yet to determine how many layoffs will occur in its Decatur headquarters, which employs over 4,300 people, though it is likely that at least 15 percent of the workforce there will be shed, or 3 percent of its global workforce. ADM is offering salaried employees in the United States a voluntary early retirement package to begin the layoff process. The corporation operates everything from shipping barges to financial services to ethanol production along

with factories where corn and soy crops are transformed into various ingredients for human and animal consumption. Since the 1980s, ADM has received billions of dollars of subsidies to offset corn and soybean prices in order to produce ethanol and high-fructose corn syrup.

For nearly twenty years, from the late 1970s to the mid 1990s, \$67 billion in public subsidies have been handed over to corn producers, and according to one study, at least 40 percent of the company's profits have come from public support. But increasing crop price volatility in the last year, as high as \$2 a bushel for corn, is cutting into ADM's profits and it hopes to save \$100 million in annual expenses via job cuts. Despite the economic tremors, ADM reported a profit of \$2.03 billion in the last fiscal year.

Businesses in Decatur, including the real estate market, are heavily dependent on ADM's presence. Agricultural processor Tate & Lyle is expected to move out of Decatur, causing a further reduction of as many as 160 jobs. Cade Grimm, a 35-year old worker in the area, told the State Journal Register, "I hate to see anyone lose their job. This is pretty frightening, actually, because it usually rolls downhill."

The global economic crisis continues to affect other regions of the state as well. In Rock Island, Illinois, over 100 jobs are expected to be shed as Sara Lee plans to close its bread production plant by the middle of the year. The plant was acquired in November by Bimbo Bakeries USA, the American arm of Grupo Bimbo SA, in the purchase of Sara Lee's North American Fresh Bakery. Over 10 employees are expected to be let go in January as Bimbo Bakeries shuts down the bun line. Bread production will come to a halt in the coming months as the 50,000 square foot plant is shuttered.

The company has cited the older building as inefficient for modern production, even as it has done nothing to retrofit or refurbish the factory infrastructure

for more robust production. Moreover, the union representing the employees has done nothing to mount a fight for these jobs as it negotiates severance packages with the company.

The Rock Island plant was originally built in 1957 and the job losses are going to worsen the living conditions for a region that has already suffered significant industrial job losses during the economic crisis of the late 1970s and 1980s, when corporations such as International Harvester in Rock Island closed due to the farm-labor crisis, affecting the Quad-City metro area. Thousands of jobs were lost in the neighboring cities of Davenport, Bettendorf and Moline as firms such as Caterpillar Inc., John Deere and Case IH closed factories where the workforce was steadily reduced over those years.

The region has never recovered from those earlier decades of economic crisis, despite riverfront “revitalization” projects across the Quad Cities. The combined unemployment rate of Davenport, Moline and Rock Island was 7.3 percent. While this is lower than the state average, it still remains much higher than pre-recession figures.

Last Friday, Royal Crown Bottling Co. of Chicago filed for Chapter 7 bankruptcy, saying that it plans to dissolve the company. The company has over \$8 million in liabilities with total assets of less than \$29,000. The lion’s share of liabilities is pension funds. As unsecured creditors, pension holders are likely to be wiped out. Though currently the company has only 10 to 20 employees, just ten years ago it was the largest independent Royal Crown bottler.



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