

# Navistar closing foundry in Indianapolis, Indiana

**Jerry White****22 December 2014**

Truck manufacturing giant Navistar International announced the closure of its metal foundry in Indianapolis, Indiana last week, delivering the final blow to the engine plant and foundry complex that employed 2,000 workers as late as the 1990s. The remaining 180 workers were informed that they would be out of work by next summer.

The Brookville Road plant, which has been operating in Indianapolis since the 1930s, makes engine blocks and cylinder heads for trucks. The factory closing is the latest to hit the state capital of 825,000 people, which has long been a center of automotive and other manufacturing.

Last month, Rolls Royce announced it would cut 225 workers at its Indianapolis plant by early next year as part of a 5 percent reduction of the British engine maker's international workforce. In June 2011, General Motors shut down its metal stamping plant in the city—wiping out 650 jobs—after workers defied the demands of GM and the United Auto Workers (UAW) for a 50 percent wage cut.

Navistar is shutting the foundry despite a nearly million-dollar seven-year property tax break from the city and deep wage and benefit concessions handed over by the UAW in 2010. The UAW agreed to a 40 percent wage cut, from \$25 to \$17 an hour, that year as part of a deal to reopen the plant and supposedly secure jobs.

The foundry was originally idled in 2009 after a price-dispute with Ford, which after more than two decades stopped buying Navistar diesel engines and opted to build engines at a Mexican Ford plant for its heavy duty F-Series pickup truck line.

The foundry reopened in 2011 under the control of a Navistar engine parts venture called Pure Power Technologies. After repeated production problems,

failures to meet government exhaust standards and inadequate investment, Navistar cut back production and began using engines produced by rival manufacturer Cummins on Navistar's medium-duty trucks and school buses.

"We've done our part as a workforce and they (management) failed us," UAW Local 402 President Greg Essex told the *Indianapolis Star*. "It's been a gold mine run as a coal mine." Essex continued, "This has been a sad day for Indianapolis to leave this 60-acre lot sitting empty," saying he hopes the union will help find a buyer for the foundry to keep it open.

This is exactly what was done at GM's Indianapolis stamping plant in 2010, when the UAW joined asset stripper JD Norman to demand a 50 percent wage cut from workers, who twice rejected the demand.

Formerly known as International Harvester, Navistar has been on a years' long cost cutting campaign, slashing expenditures by \$250 million in the last year alone. Although profits have been flat, cost reductions allowed the company to finish the third quarter with an estimated \$1.1 billion cash hoard.

Navistar will save another \$13 million a year by closing the foundry. The closing is part of a two-year effort to "strengthen our business and position the company for a return to profitability and long-term success," Persio Lisboa, the company's president of operations, said in a statement.

The plant closing, which follows one in Huntsville, Alabama earlier this year, is also aimed at ratcheting up pressure on workers at other Navistar facilities. This includes Springfield, Ohio, outside of Dayton, where the UAW is no doubt preparing to impose further concessions on the plant's 1,000 workers in current contract talks.

Jenny, a former GM stamping plant worker who

relocated to Youngstown, Ohio after the 2011 plant closing, told the WSWS, “The Navistar workers got a few extra years of life but they worked for half the wages. They would have shut our plant down anyway even if we accepted the wage cuts. GM and the UAW were only using JD Norman as a cover to lower our wages so they could do the same to stamping workers all over the country. The scare tactic worked at Navistar and they are closing the plant anyway.

“Back in the day a single auto worker’s paycheck was enough to raise a family and allow someone to stay home to take care of the household and the children,” Jenny said.

“Now with two-tier wages, you have to work two jobs just to survive, and some of these younger workers are still living with their parents. Because of the high cost of living older workers making better wages have to put in so much overtime just to make ends meet.

“They say there is an economic recovery but we’re not seeing it. It costs you an arm and a leg to heat your home, keep the lights on and pay your car insurance. At the GM Lordstown plant they are laying workers off just before Christmas—that sucks.”

Indiana and its automotive towns like Marion, Muncie, Kokomo, Ft. Wayne and Anderson—long identified with militant struggles by auto workers—have been laid waste by the downsizing of the auto industry with the complicity of the UAW. Between 2007 and 2009, auto parts suppliers eliminated more than 22,000 jobs, and the sector now employs 30 percent fewer workers than a decade ago, according to the *Times of Northwest Indiana* web site.

Exploiting the desperate conditions in the area, heavy equipment manufacturer Caterpillar shut down a locomotive plant in London, Ontario, where workers making \$28 an hour opposed a 50 percent wage cut, and opened a factory in Muncie, which pays as little as \$12 an hour. Hundreds lined up for work when the company began taking applications. Fiat-Chrysler has also expanded production at its Kokomo facilities where the automaker pays \$15 an hour in line with the two-tier wage system accepted by the UAW.

“Muncie was only too happy to get those jobs,” said, Shawn, a veteran worker at GM’s nearby Marion stamping plant. “They are using these young workers like second class citizens and looking to get rid of us older, ‘legacy workers,’ whose wages and pensions

they see as a serious imposition.

“This area used to be a center of prosperity, of so-called ‘middle class’ workers. There were an abundance of good paying jobs that were adequate to raise a family. Over the last 30-40 years the factories have closed, the infrastructure has rotted and not been fixed and residential areas, which used to be filled with nice homes, are decrepit because workers making low-wages can’t maintain them.

“Just in Muncie, the Chevrolet transmission, Delco battery and Borg Warner transmission plants closed. Indiana Glass also shut down after a three-month strike devastating the little town of Dunkirk. The same thing happened to Kokomo.

“Concessions don’t save jobs, they only allow the companies to make more profits. The companies and the UAW sell the snake oil that concessions will allow you to live another day but the corporations have a global strategy to drive down wages to near poverty levels.”

Referring to next year’s contract talks for 139,000 GM, Chrysler and Ford workers, Shawn said, “The UAW is only posturing when it talks about better wages. We don’t expect anything to change for the better. We’re all deeply concerned about pension cuts; we can see the writing on the wall with other companies.

“The UAW and the company were supposed to set a limit on the percentage of second-tier workers in the factories but they added loopholes and in places like GM’s Lake Orion, Michigan plant more than half the workers are second tier. All the UAW wants is more dues from low-income workers.

“When the UAW accepted the two-tier I said it would divide workers against each other and be a disaster for us. GM is not anxious and the UAW by no means wants to replace ‘legacy’ workers with other workers earning good wages and pensions. Instead it was a move to drive down wages to the level of the rest of the planet,” Shawn concluded. “We are all working for the same global plantation system now.”



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