Mitsubishi announces closure of central Illinois auto plant

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Mitsubishi Motors North America (MMNA) announced Monday it will end production at its only US plant, located in Normal, Illinois, by the end of the year. The closure—which will destroy the jobs of 1,260 workers—follows a 2010 contract pushed through by the United Auto Workers (UAW) that cut and froze wages to supposedly save the plant.

Mitsubishi and UAW officials jointly announced the closure of the factory, which is the sixth largest employer in the Bloomington area. The plant, which produces the Outlander Sport compact utility vehicle, was located there after wide-ranging union concessions and tax incentives from the state.

The Illinois plant has been at the center of financial speculation and rotten deals. Built as a joint venture of Mitsubishi and Chrysler in 1985, the location was chosen after the state governor offered the companies $250 million in subsidies. Mitsubishi later bought full ownership of the venture in 1991. In 2001, Daimler Chrysler bought a controlling 34 percent share in Mitsubishi Motors, only to sell their shares to Goldman Sachs for a loss in 2005. Goldman Sachs then made an $80 million profit reselling those shares within a week.

These high level swaps were coupled with attacks on the labor force. Production at the MMNA plant has been in steady decline for the past decade. In 2002, the facility employed 4,000 workers and produced more than 200,000 vehicles. In 2015, it produces only 64,000. The UAW has worked closely with Mitsubishi to reduce labor costs and scale back production.

In 2004, the UAW accepted a concessions contract that eliminated the second shift along with cuts to wages and health benefits. Despite this, by 2008 the plant had no vehicles scheduled for production after 2012. The union agreed to a pay cut of $4.60 an hour, about $10,000 a year from each worker, in order to attract investment, and reaffirmed the concessions with a December 2010 contract with no raises. After the State of Illinois came up with $30 million in tax incentives in the beginning of 2011, Mitsubishi agreed to invest $45 million in their facility to begin producing the Outlander Sport in 2012.

Despite these public subsidies and payroll reduction of more than $10 million a year, Mitsubishi is going ahead with plans to close the plant.

In announcing the closure to the membership, president of UAW Local 2488, Rod DeVary, told workers “that a new buyer for our plant will present itself, and utilize all of us.” He promised that officials from the International UAW would be on hand to help workers transition.

Given the history of the UAW, this is nothing more than a threat of even larger pay and benefit cuts to make the facility attractive to a new owner. In May 2010, UAW International officials tried to ram through a 50 percent wage cut on workers at the General Motors Indianapolis stamping plant to facilitate its sale to a new owner. When workers voted against reopening their contract by over 90 percent, the UAW decided to keep calling new votes under the threat of closing the plant.

Workers threw the union officials out of their meeting in August 2010, forcing a delay in the next vote. When the UAW tried again in September, the workers rejected the concessions 457 to 96. With the support of the UAW, GM eventually closed the plant in June 2011.

Although the concessions demanded by the UAW are immensely profitable for the automakers, they are devastating for the workers. At the MMNA plant, an average production worker gave up over $70,000 in concessions since 2008, and in return they got an extra two years’ work at just over $50,000 a year.

In response to the announced closure, workers took to social media to express their anger. One wrote on the union local’s Facebook page: “Back in 2004 to the chagrin of many, some of us publicly warned of giving in so easily to second shift closing and cutting of wages. We were called stupid, disloyal, and counterproductive. Now you see the fruits that have been wrought. This local gave the company everything it wanted.

“Instead of sticking to our no layoff clause and trying to get new product into the plant we gave in and showed weakness. Again with over a four dollar an hour wage cut. Again a few years ago giving back money that was to return to us by contract. Again with health insurance cuts. Why? Because they threatened to close the plant. … Am I a little bitter? Hell yes. I’m also bitter for my friends who quit jobs to return to Mitsubishi to learn they’ve been screwed again.”

A plant closure would be devastating for the central Illinois economy that stands to lose $125 million. Mitsubishi paid roughly $640,000 in local taxes in 2014, which combined with the broader economic loss, could sharply impact school budgets and other public services.