

PepsiCo announces closure of four US plants, eliminating 500 jobs

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Are you a PepsiCo worker? Tell us what you think about the closures by filling out the form below. All submissions will remain anonymous.

PepsiCo, the world's second-largest food and beverage business with a market capitalization of more than \$200 billion, announced early Monday morning the layoff of roughly 200 employees and the closing of its only Chicago area plant, effective immediately.

Just three days later, the company announced it was ending production at plants in Cincinnati, Ohio, Harrisburg, Pennsylvania and Atlanta, Georgia at the end of December, taking an additional 300 jobs from those locations and leaving warehouse operations in place. A PepsiCo plant near Carlisle, Pennsylvania will lose transport operations as well, but the number of jobs affected there has not yet been made public.

Last April, the company shuttered a Danville, Illinois Quaker Oats plant, destroying 510 jobs in that small town, after a salmonella contamination incident that required a product recall. The Danville plant also would have required investment to modernize the facility.

PepsiCo's layoffs are part of a massive wave of job cuts over the last two years that has spread across industries. Thousands of workers have been laid off this year as companies look to increase profits by restructuring their labor force to cut costs and extract as much wealth per worker as possible.

While the company's statements point to "changing consumer behavior," i.e. lower demand for its products, as a main cause of cuts, analysts also point to PepsiCo's raising prices on its commodities over many years.

The company reported gross profits of \$50.2 billion for the year ending September 30, 2024, a 1.71 percent

increase over 2023. The year before, PepsiCo annual gross profit was \$49.6 billion, a more than 8 percent increase from 2022.

Workers at the plant on the south side of Chicago last Monday reported arriving to locked gates as well as delivery drivers unaware the plant was shut down permanently. The only indication was the increased security.

Adding insult to injury, PepsiCo had police escort workers off the Chicago plant property. The company said in a statement workers would receive 60 days of severance pay.

PepsiCo also said the plant is in a "60-year-old building that had physical limitations."...[A] lot of work that needs to be done to it."

In interviews with WGN9 news, PepsiCo workers described the situation as gut-wrenching.

Another worker, Daniel Walker, explained the confusion and abruptness of the layoff to WGN9 news. "They made it seem like they woke up yesterday and were going to shut [the plant]. They couldn't answer no questions."

In response to PepsiCo's action, Teamsters Local 727 officials claimed that the decision to close the plant was in retaliation for a new contract with PepsiCo this summer.

A Teamsters official also stated PepsiCo was in violation of the Worker Adjustment and Retraining Notification (WARN) Act, a US labor law that requires employers of more than 75 full time workers to provide 60 days advance notice of plant closings and mass layoffs.

But PepsiCo's closure of the plant is an exposure not only of PepsiCo's view of the workforce as expendable, but also Teamsters Local 727 bureaucracy.

The Secretary-Treasurer of 727, John T. Coli, has only hinted at some vague legal action the union may attempt, rather than mobilizing the union's nationwide membership in defense of jobs.

The current contract language contains no concrete protection against layoffs or plant closures. The union bureaucracy's public comments indicated that, as far as it is concerned, these actions would have been fine if the company had told the workers and the union 60 days before Monday that they would all be losing their jobs.

If the company is preparing to eliminate more jobs, workers must be made aware and organized to fight against corporate assault on jobs. The Teamsters bureaucracy resists this, avoiding strike action at any cost.

In April this year, during contract negotiation, 95 percent of Teamsters Local 727 members at Pepsi voted to authorize a strike.

Similarly, the Teamsters called off strike action against Anheuser-Busch at the last minute earlier this year, abandoning hundreds of striking Molson Coors brewery workers into accepting a sellout contract after three months on strike, or the Teamsters abandoning 22,000 workers at Yellow Freight who were laid off in 2023.

The way forward against the cuts requires a fight not just against management, but their enablers in the Teamsters officialdom. Workers should organize rank-and-file committees to discuss and coordinate a common strategy and joint actions across the country and turn out into the wider working class for support.



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