

WATSONVILLE

Watsonville fears worst in layoffs

Full impact unclear in Green Giant action

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WATSONVILLE — There's no question that layoffs announced by Pillsbury/Green Giant last Monday will hurt the local economy, say labor officials and merchants here.

The only question is, How strong will the blow be? Green Giant will begin trimming its workforce this November from a peak of about 550 to 150 full-time employees as the company shifts broccoli and cauliflower production to Mexico and computerizes its repacking operations.

Decisions on who will stay on the job and who will go have yet to be made, leaving workers in limbo.

Teamsters Local 912 Secretary-treasurer Sergio Lopez said the biggest impact will be on the community itself.

"Number one is we have not fully recovered from the earthquake," he said. "Some people are still living in shelters and I know there are Green Giant workers whose lives are not back in order.

"The timing couldn't be worse. It's like bayoneting the wounded," Lopez said.

Merchants say they may see a dropoff in sales, and local growers will grow less broccoli and cauliflower. The ripple effect of the layoffs on other business is hard to gauge, but Tad Kimoto, of the Employment Development Department, thinks it will be comparable to the 18-month labor strike, which crippled the downtown economy.

For years, Green Giant was considered the "Cadillac" of the frozen-food industry, Lopez said. Worker loyalty was high because the company paid better salaries than the prevailing wages (\$7.65 an hour minimum versus about \$6.05 an hour), and had an excellent cafeteria.

"By and large, over the last 30 years that Green Giant has been in town, we've enjoyed very good relations with them," Lopez said. "We never came close to a strike with them."

Green Giant opened a processing plant in Mexico seven years ago, resulting in a loss of 800 mainly seasonal jobs here, Lopez said. "We didn't welcome the loss, but they were seasonal employees, some working only three months a year.

"When Grand Metropolitan PLC came into the picture, they paid almost twice as much to acquire the stock as it was worth on the stock market. Grand Met immediately went to restructure and get rid of companies," Lopez said.

"Here again is another example of a hostile takeover and how it hurts the community," Lopez said. "We can't even appeal to their sense of patriotism."

Grand Met, a British-based conglomerate, bought Pillsbury in January 1989 for \$5.8 billion in a hostile takeover, according to the Associated Press. The company's restructuring resulted in a drastic reduction of jobs nationwide, AP reported. Grand Met's subsidiaries, Pillsbury and Burger King, went from 104,000 jobs to 16,500.

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sociation, said the layoffs are "certainly going to cut down on the amount of broccoli and cauliflower that's grown in this area."

Although Green Giant hadn't been buying as much of those vegetables recently as in the past, Angstadt said it would undoubtedly have an effect on farmers. More of that impact will be felt in Monterey County than Santa Cruz County, he said, because that's the heart of the cole-crop production.

Steve Siri, president of the Santa Cruz County Farm Bureau, said Green Giant has concentrated mainly on repacking vegetables than processing.

"The company hasn't done a heck of a lot with broccoli or cauliflower, anyway. I think the impact will be more on the population of cannery workers. If other employers are willing to hire them, it may work out," he said.

Kimoto of the Employment Development Department said the layoffs "will affect the city of Watsonville every which way, about the same effect as the strike had on downtown and retail sales."

The downtown has been in decline for several years, first from development of new shopping centers on the outskirts, followed by an 18-month long strike by Teamsters against Watsonville Canning and Frozen Food Co. and most recently by the earthquake, which levelled parts of downtown.

Mark Birns, president of the Central Business Improvement District of downtown retailers, said with

all that's affected downtown, "It'll be hard to gauge what the layoffs will do. I think we'll have to wait and see."

"What's going to hurt the most is these people aren't going to find too many jobs out there because the city's still rebuilding after the earthquake," Kimoto, of the EDD said.

Green Giant has an ambitious plan to re-train much of its workforce in new skills. But the average age of employees is 45, most don't have a high school diploma or equivalency and the majority are female, according to the company.

Watsonville Chamber of Commerce Executive Director Charlene Shaffer said the timing is terrible.

"We have about six months to deal with this. One thing positive is they are looking at re-training their employees, so hopefully they will fit into the community in other jobs.

The chamber's Employment Development committee has been discussing the issue since January, when Green Giant announced a major restructuring.

Shaffer said it's clear the community has to look at diversifying its economy, and she hoped that the flower industry, new retail and rural tourism could provide new jobs.

"We may have to look at becoming an agricultural service center," she said. "No matter what, I'm not going to be pessimistic.

"There's new energy in Watsonville and nothing's going to let us down."