



Published on Wednesday, March 20, 2002 in the [Los Angeles Times](#)

Workers Feel Like Suckers

Life Savers is moving its candy factory from Michigan to Canada, where sugar is cheaper, displacing 600 employees

by Ralph Frammolino

HOLLAND, Mich. -- As factory jobs go, Stan Rewa always thought his was pretty neat. The work is steady and the pay good, and there's the added satisfaction of producing something special, a piece of Americana that has delighted--and hushed--generations of rambunctious kids.

Rewa doesn't make electric trains. Or yo-yos. He makes Life Savers.

"We are a part of America," said Rewa, who cooks and flavors the candy at the Life Savers factory here. "I don't know anybody who didn't grow up eating them, to see if you could get a whole roll in your mouth." The memories will endure, but the factory that turns out 46 billion Life Savers each year won't. Kraft Foods Inc. is closing the plant and moving its operations to Canada, where sugar is half the price and its work force will be nonunion. The move will wipe out 600 union jobs that pay an average of \$15.50 an hour.

For 35 years, the Life Savers plant was a symbol of stability and financial security for 115,000 residents living in and around this western Michigan town. Layoffs at factories that make office furniture and car interiors are cyclical in this region. But a job at Life Savers was considered a job for life. Employees lobbied to get their relatives hired, and many families drew two or more Life Savers paychecks.

Brad and Brenda Morris and their extended family have put in a collective 105 years there. "A lot of our lives went into Life Savers," said Brenda Morris, 38, who earns \$16 an hour at a spinning machine that forms the candy rings.

"When we got hired there, we thought we were going to retire from there," said Morris, whose 56-year-old mother also works at the plant.

To city officials like Mayor Al McGeehan, the closing is a painful lesson in international economics--the story of an all-American city that tried to put out the welcome mat to business, got whipsawed by forces beyond its control and lost a major taxpayer and civic symbol.

"It's been an icon. I can't find a better word to describe it," said McGeehan. "That traditional candy, with a hole in the middle--every one of them for the last 35 years has come from Holland, Mich."

The treats were invented in 1912 by Cleveland candy-maker Clarence Crane. Eager to find a sweet that wouldn't melt during summer, he asked a pill maker to produce round, flat mints with a hole in the middle. Crane named them for the life preservers that ships began stocking after that year's Titanic disaster. His slogan: "For that Stormy Breath."

Crane sold the franchise, and Life Savers evolved. Hard-candy fruit rings were introduced in 1929. The popular five-flavor pack--lemon, lime, orange, pineapple and cherry--debuted in 1935. During World War II, about 23 million boxes of Life Savers were packed into military field rations, allowing G.I.s to introduce the candy to foreign lands.

Over the years, flavors were added and dropped. Of the current 33 flavors, cherry is the most popular, lemon the least. But the most intriguing is Wint-o-green, which emits flashes of light when smashed or bitten vigorously in the dark. The reason: The oil of wintergreen flavoring turns ultraviolet light from crunched nitrogen molecules into

blue sparks.

Today, there are Gummi Life Savers, sugar-free Life Savers and Life Savers fruit slices. They're made in Chattanooga, Tenn.; Oklahoma City; and Des Plaines, Ill., respectively.

200 Million Rolls a Year

But for more than three decades, all of the traditional hard-candy Life Savers sold in the United States have originated here, 170 miles west of Detroit in a community founded 250 years ago by Dutch Protestants and now known for its annual tulip festival. The Holland plant belches steam under a giant replica of a Life Saver that turns the colors of the original fruit flavors at night. It produces 200 million rolls a year. Laid end to end, they would stretch from Los Angeles to New York nearly 10 times over.

Hired out of high school, Stan and Sallie Rewa fell in love working side-by-side in the lollipop division. Sallie, 38, stayed through the birth of two kids. Stan, 42, found fishing and hunting buddies at work. The Rewas also hoped to retire from the mechanized candy-land.

Stan Rewa's job inspired a certain pride, especially when someone unwrapped a Life Savers lollipop.

"When you see someone eating one, you know you made it," said Rewa, who earns \$16.43 an hour. "It is a pretty good feeling."

The atmosphere at work began to change a few years ago under former owner Nabisco Holdings Corp. The bosses convened labor-management meetings to talk about cutting costs and waste. Before Nabisco could sell to Kraft Foods, federal antitrust regulators required the divestiture of the Bubble Yum and Life Savers breath mints. They were afraid Kraft, which owns Altoids, might corner the "intense mint market," said a Kraft spokeswoman.

City Hall Helps Out

That led to 180 layoffs. Part of the plant was left idle. When Kraft took over in December 2000, it laid off a dozen more employees, then set a goal of reducing production costs from \$1.28 per pound to about 95 cents over the next several years. The current rate is \$1.18, right on target, say union officials.

Meanwhile, local plant executives asked Holland City Hall to help cut an additional \$2 million in expenses. The municipal utility offered an annual \$200,000 reduction in electric rates. Economic development officials found \$1.8 million in savings with a plan to have Life Savers buy liquid sugar from a Michigan mill, rather than ship it by rail from North Dakota and Minnesota.

"We were pleased with ourselves and the responses we were getting from the company were positive--until we received 'The Fax,' " said Chris Byrnes, president of the Holland Economic Development Corp.

On Jan. 7, Kraft's corporate headquarters sent out a news release announcing the closing. The same day, workers were called to a meeting.

"I was pretty bummed out about it," said Sallie Rewa. "I mean, nobody wants to have to work forever but it's a good place to work. We've got a lot of good friends down there and we're going to miss that. Not to mention the pay and benefits."

Officials of the Northfield, Ill.-based food conglomerate say cost-cutting didn't make up for the fact the plant was "significantly underutilized." They also said it made economic sense to consolidate Life Savers production in a facility in Mount Royal, Canada, on the outskirts of Montreal. Lower labor costs, they said, were not the "driving factor" behind the move.

John Boyd, president of a Princeton, N.J., consulting firm that helps companies select plant locations, said payroll savings are a "fundamental" reason that companies like Kraft move production abroad.

Boyd said a recent survey by his firm indicates Life Savers will pay nonunion workers in Mount Royal about \$12.50 an hour--\$3 less than their counterparts in Holland. With the Canadian government picking up the tab for health coverage, the savings come to about \$6.5 million a year.

"Labor costs dominate the equation," Boyd said. "They account for at least 70% of all operating costs. . . . That's the real driver in the site selection process."

Workers and city officials remain convinced that the culprit is sugar. They blame the closing on a combination of federal tariffs, trade quotas and loans that benefit U.S. sugar beet and sugar cane farmers by keeping the price of domestic bulk sugar at 21 cents a pound, compared to 6 cents on the international market. That makes a big difference to Life Savers, which uses 113 tons of sugar a day. Each Life Savers candy is 95% sugar.

Last year, Brachs candy cited high domestic sugar prices in announcing that it would close its 77-year-old west Chicago plant and move 1,100 jobs overseas, one of several candy-makers to do so. Kraft isn't saying how much it will save on the crucial ingredient. State and local officials estimate it will be \$6 million a year.

Mark Davis, an international representative for the Retail, Wholesale and Department Store Union said that fact, combined with other savings on materials like cardboard, meant there was nothing the union could do.

"We could have gone to the table and agreed to work for nothing and they still would have saved money by moving to Canada," Davis said.

Michigan Gov. John Engler wrote Kraft CEO Betsy Holden on Jan. 15, offering to give the plant a \$25.5-million tax break over 15 years. It wasn't enough.

On Saturday, the Rewas and their colleagues voted to accept a severance package that wasn't as generous as many had hoped. The Rewas calculate they will each walk away with about \$12,000, after taxes. The lollipop division is closing March 28.

Stan Rewa says he's nervously optimistic he'll get a job, even in Holland's current down market, but hopes to avoid the swing shift so he can watch his son play high school football.

Sallie Rewa wants to remake herself into a medical office assistant, but the thought of such a change in midlife has given her stress headaches. And while she understands that corporate America has the right to save money, she said it especially hurts in the case of Life Savers.

"It's sad that they started it in the United States and now they're going to be gone from here," she said. "A lot of people say they're not going to buy them anymore."

Copyright 2002 Los Angeles Times

###