

Breaking Faith

Outsourcing and the Damage Done to our Communities

How the corporation that owns Oreo broke promise after promise to working people and consumers while lining their executives' pockets with cash.



IWJ's Mondelēz-Nabisco Visits

Location	Date	Convened by
1. Chicago	Aug. 30	Rev. Doug Mork, chair, IWJ; Rev. Emily McGinley, Urban Village Church
2. Fair Lawn, NJ	Sept. 6	Imam Arun Polanzani, President, Albanian American Community
3. Portland, OR	Sept. 27	Will Layng, Portland Jobs with Justice; Fr. Jack Mosbrucker, Archdiocese Portland; Rev. Cecil Prescod, Ainsworth UCC
4. Richmond, VA	Oct. 26	Rev. Palmer Sweeney, Glendale Community Bible Church; Kim Bobo, Virginia Interfaith Center for Public Policy
5. Monterrey, MX	Nov. 28	Nueva Constituyente Ciudadana Popular, Fr. Jose Maria Guerrero, Archdiocese of Monterrey and Fr. Luis Eduardo Villareal Rios, Casanicolos; Rev. Ronnie Lister, International Center for Spiritual & Social Activism; Montserrat Garibay, Secretary-Treasure, Texas AFL-CIO; Leticia Zavala, Farm Labor Organizing Committee; Hector Capistran, Secretary General of the Telephone Workers Union and the UNT
6. Atlanta, GA	Dec. 11	Representative John Lewis (D-GA)



Dear Reader,

This report illustrates the systematic erosion of American manufacturing through a business model that exploits working people in high-wage and low-wage economies, and belies the family-friendly promise of the Oreo brand. We talked to bakers and traveled to Mexico to learn specifically about Mondelēz-Nabisco, but the story here could be told about many American corporations.

Mondelēz International, the parent corporation of Nabisco-brand products, embarked on an aggressive cost cutting plan that invested more than \$500 million dollars in Mexico to create and operate a lower-cost production alternative and used this new facility to supplant its United States-based workforce. This has resulted in the movement of hundreds of good-paying United States-based jobs to across the border, exploiting both American and Mexican workers, devastating families and communities, and enriching corporate executives by using the consumers to fund its plan to pad investor and executives payouts.

This report is a call to action and a call for worker justice as a means remedy this corporate fleecing of American Manufacturing and resulting systemic injustices faced by working people in the United States and in Mexico.

As we met and heard from workers and faith leaders across the United States, we were struck by their fear that the lives they've built could disappear overnight and by their courage and resilience to retain a sense of humor during such a dark time. This report offers a big-picture view of the impact of outsourcing on working people and their communities as well as some up-close views of how these layoffs are being experienced on the ground.

Mondelēz-Nabisco has come to treat its workers just the same way they would the other commodities that go into Oreos, such as cocoa, sugar, flour, and so on. We found this to be one of the clearest demonstrations of how the company has broken faith with its workers, and by extension, broken faith with consumers.

We hope that this report will inspire working people and consumers to action until Mondelēz adheres to a moral and just corporate hiring policy and does right by all the working people in its employ, regardless of nationality or geography.

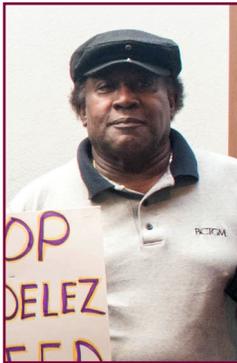


Laura Barrett, Executive Director
Interfaith Worker Justice



“Every day you go to work you think, maybe today could be the last. All the work could go to Mexico.... Management doesn't have respect for the workers. How do they expect us to have respect for them?”

Victor Weekes,
Portland baker



About this Report

In March 2016, the Mondelēz International Corporation laid off 600 working people from its iconic Nabisco bakery located on Chicago's South Side. Once work moved and production began, snacks made in Mexico were sent back to some of the same store shelves where Chicago-made Nabisco products had once been. But while products from Mexico were produced at about one-fiftieth the labor cost, they continued to be sold at the same price charged when they were made on the South Side. Executives' salaries, meanwhile, stretched into multi-millions of dollars.

Production workers represented by the Bakery, Confectionery, Tobacco Workers and Grain Millers Union (the Bakery Workers Union, or BCTGM) questioned a system that would ship skilled, good-paying jobs out of the United States to a newly-built \$500 million Mexican bakery where workers performing the same labor are paid only about a dollar an hour.

Their concerns came to the attention of Interfaith Worker Justice last spring. We have long seen corporate outsourcing of jobs from the United States to countries with lower-wage economies as a prime example of how lax trade regulations let corporations favor profits over people and communities. This undermines the economic viability of working families

on both sides of the border where these businesses operate. On one side of the border, there's a real danger that those who lose their jobs will become economically destitute. While on the other side of the border, those who receive work at pay rates below those working people whom they replaced will be caught in a race to the bottom of ever-lesser wages and benefits.

Since Labor Day 2017, IWJ has met with and documented the stories of Nabisco workers from bakeries in Chicago; Fair Lawn, NJ; Portland, OR; Richmond, VA; and Atlanta, GA. From the start, we felt it was important to learn as much as we could about the impact of outsourcing on Mexico, as well as the United States. IWJ senior organizer and former-maquiladora worker Martha Ojeda organized a day of conversations, investigation, and outreach to area journalists in Monterrey. As we listened to workers and explored these issues, it became apparent to us that Mondelēz-Nabisco had broken the faith bond with its workforce in the United States and its loyal consumers.



Workers Betrayed

The Oreo was born in New York in 1912. Generations of bakers and consumers nurtured the success of the cookie and made it an iconic brand over a century, even as the National Biscuit Company became Nabisco, a part of Kraft Food Global, and finally in 2012 part of a new firm, Mondelēz International, headquartered in Deerfield, Illinois outside Chicago.

Mondelēz-Nabisco was making good profit under its United States production through 2016, when they announced a plan to move 600 jobs to a new \$500 million plant in Mexico. Laid-off Chicago baker Anthony Jackson told us how before the layoffs, managers demanded he and co-workers in Chicago give up \$46 million a year in wages and benefits “just to be considered” to receive new technology and retain their jobs. This 60 percent reduction to their wage and benefit structure “was so egregious the company knew it could never be accepted,” Jackson said. “After they had invested \$500 million in a new facility, they had no intention of letting it go unused.”

This reflected a trend of exporting from the United States production lines that baked and packed Nabisco’s so-called Power Brands – those with greater, steady sales, such as Oreo, Chips Ahoy, Honey Grahams, and Ritz Crackers. Mondelēz Chief Financial Officer Brian Gladden noted that by 2018 the company’s intent was to produce these Power Brands at the new Mexican facility, which would result in the loss of hundreds of additional U.S. manufacturing jobs.

“By 2018, new... ‘Lines of the Future’ will account for 70% of production of the company’s leading brands, said Brian Gladden, executive vice-president and chief financial officer. ‘Our Salinas, Mexico... had seven lines producing our key power brands, such as Oreo, Ritz, and Chips Ahoy! [at the end of 2015]. We are installing an additional four lines, which will be up and running by the middle of this year.’”

World-grain.com, 2-19-2016

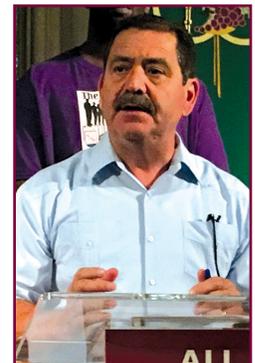
Gladden’s comments and other Mondelēz-Nabisco announcements cast fear and emotional trauma on the several hundred remaining employees in Chicago, as well as at other Nabisco production sites across the United States, since much of their work is producing the Power Brands Gladden said would be baked and packed in Mexico by year-end 2018.

Outsourcing: The View From The Ground

Outsourcing has been and continues a historic labor struggle. The Monday after Thanksgiving, a delegation of IWJ and labor leaders set out to see how Mondelēz-Nabisco’s outsourcing is playing out on the ground in Monterrey,

“We want working people everywhere to have good-paying, safe jobs that create healthy communities and ensure the development and advancement of humanity.”

Jesus “Chuy” García,
Cook County
Commissioner
(Chicago)



We share the same problems. Everywhere workers' rights are being disrespected and their work treated as a commodity instead of the product of human beings.

Father Jose Maria Guerrero (Padre Chema), Parroquia San Juan Nepomuceno, Monterrey, MX



Mexico. We traveled to see the \$500 million Mondelēz-Nabisco bakery built with profits from products made by workers elsewhere.

The immense facility sits in an industrial park in the desert, an hour from Monterrey city limits and 120 miles from the U.S. Mexican border. It is surrounded by fencing. Workers are bused to and from the bakery, one of the few benefits they get from their employment which pays just a little over a dollar an hour. (Unfortunately, we were unable to talk to workers at the plant because of the busing; our local partners for the day advised us that following the buses on their way back from the factory into Monterrey to track workers down might not be the safest activity to pursue).

When we arrived at the Mondelēz-Nabisco bakery, guards met our delegation. Fencing kept us in a parking lot 100 yards from the plant entrance. Security asked us not to photograph or video the facilities. The plant manager, addressing us at the security perimeter, conceded there was no union at the plant. This despite the fact the Mexican government reports the facility is unionized and leaders of the United States-based Bakers, Confectionery Workers, Tobacco Workers and Grain Millers union shared with us a copy they had received of a contract between Mondelēz and the “President Adolfo Ruiz Cortines national union.”



Outsourcing Hurts Workers on Both Sides of the Border

Workers in countries under North American Free Trade Agreement (NAFTA) jurisdiction are free to organize with a representative of their choosing. Employers choose a union for their workers and bar legitimate unions from coming into their operations. Hence there is no bargaining and no worker organization and thus the employers are free to do as they please, treat workers as they please and to do so undeterred.

A March 2012 Global Post article reported, “About 10 percent of Mexico’s labor force carries union cards but nine out of every 10 members belong to secretive and undemocratic pro-business unions... [E]stimates the proportion of Mexican laborers who belong to real unions that fight for their rights at about 1 percent, which would represent one of the lowest unionization rates in the world.” Bloomberg News shared a similar story, “How Mexico’s Unions Sell Out Auto Workers: Wage contracts are inked years before plants open and workers never get a say,” in May 2017.

As Montserrat Garibay, Secretary-Treasurer of the Texas AFL-CIO and one of the leaders of our Monterrey delegation put it: “The volume of trade across the border has increased, but the workers who put their work in have not received a raise. The opposition of workers to NAFTA is not an opposition to NAFTA itself; but we do not agree with rules created by and for corporations that have as their main goal enriching themselves at workers’ expense.”

Consumers Lose, Too

But the salary differential is not where the business model and its exploitation stop. While Mondelēz-Nabisco is stretching profits by reducing the cost of production through lower wages, it's also working to keep snack prices up. The American consumer market is key because of our outsize consumption habits: while the United States has five percent of the world's population, we consume 25 percent of goods produced. There is no better consumer market and executives at Mondelēz-Nabisco must sell their snacks here to make profit.

Their business model presents a moral and ethical dilemma: is it okay to drain the economy that produced success and

let middle-class American manufacturing jobs and the attendant community vitality they provide crumble to pieces? The executives of Mondelēz-Nabisco expect consumer loyalty – and take public subsidies wherever available – but abandon all obligations to their workers and to the communities and country they call home. What, finally is the reason for this? Well, in the last 9 years, Mondelēz-Nabisco former CEO (now board chair) Irene Rosenfeld was paid more than \$185 million. Upon exiting the company, she will take with her nearly \$35 million in personal pension, a \$50 million severance and more than \$70 million in additional stock options. And as recently reported in the news, the incoming CEO Dirk Van de Put, stands to make \$55 million in his first year.

When you've been there 30, 40 years, the fear factor is real. If the place shuts down or you lose your job, what are you going to do?

Lamar Kennedy,
Portland baker and
minister

Breaking Faith

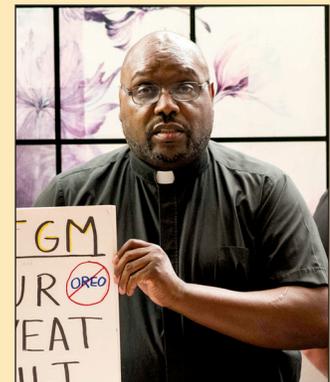
As we met with workers we found that Mondelēz-Nabisco had broken faith with its workers, communities, consumers, and the American Dream. Following are highlights of what we heard.

Breaking Faith With Workers

Under Mondelēz International, workers have experienced a shift to a less-positive and less-supportive culture.

Stan Milewski, a baker in Fair Lawn, started 38 years ago at age 18; his mother worked in the plant as a baker, too. "We've seen 13 bakeries whittled down to 4 and a half – now that Chicago is only half full," Milewski said. "We don't expect to live in the same world, because this world does change. But ever since Mondelēz took over, they are fast-tracking these changes. They just don't have the interest of the workers at heart. The executives just want to line their pockets."

Lamar Kennedy, who works at the bakery in Portland and also pastors a church in the community, said cutbacks or a shutdown would have a ripple effect through the communities where workers live: "Because we do have a livable wage, we can go to events with our families and provide good gifts and things. At my church, I'm able to provide for things that come up, like youth programs. I'm able to sponsor five youth to go to camp. Without a job like this I might not be able to sponsor. So it's going to affect the community in a lot of different ways."



“They bully us. Supervisors... say sarcastic stuff. They want to make people nervous.”

Sherrri Hawes,
Richmond baker



Breaking Faith With the Community

Mondelēz-Nabisco has benefited from numerous public subsidies, even as it has worked to send jobs abroad. As the table in this section reflects, Mondelēz-Nabisco has received significant subsidies over the years, including a substantial package of enticements to maintain the Chicago plant, both before and since creation of the Mondelēz International.

Public Subsidies to Mondelēz-Nabisco

Company	LOC	Source	Year	Subsidy
Kraft Foods Nabisco Biscuit West, Inc.	CA	state	2004	\$57,200
RJR Nabisco (some awarded 1994)	IL	multiple	1993	\$90,000,000
Nabisco Inc.	MD	state	1996	\$500,000
Nabisco, Inc.	MI	local	1998	undisclosed
Nabisco, Inc.	NY	state	2001	\$2,113
Kraft Foods, Nabisco	OH	local	2001	undisclosed
Nabisco Biscuit Bakery	OR	state	2008	\$350,535
Nabisco Biscuit Bakery – Kraft Foods Global	OR	state	2008	\$43,890
Nabisco Biscuit Bakery	OR	state	2010	\$133,000
Mondelēz (DJMJOHTS)	VA	state	2014	\$100,000
Mondelēz Global, LLC	VA	state	2015	\$123,800
Mondelēz Global, LLC	VA	state	2016	\$133,286
Total				\$91,386,624

Source: Good Jobs First’s Subsidy Tracker 2, subsidytracker.goodjobsfirst.org/prog.php?parent=mondelez-international.

Public subsidies reflect the understanding that keeping jobs in place is vital to preserving the stability of the community. As Michael Smith, another of the laid-off Chicago bakers, noted:

“In Chicago, the city saw it so necessary to keep a factory in our community that they gave that factory \$90 million of Chicago taxpayer money to keep it afloat. And not even 10 years later adopted this business model and said they don’t care. And now they’re disenfranchising the community where the factory resides. This brings crime up, it affects the tax base, the welfare of the community, it has a trickledown effect that’s devastating for a lot of people.”



Breaking Faith with Consumers

At our Portland hearing, Rev. Cecil Prescod of Aynsworth United Church of Christ shared a memory of his father taking him and his sister to work for a day – delivering snacks to grocery stores in New York City where he grew up. It was hard work, Prescod recalled, and he and his sister who had dressed up for the day came home a bit the worse for wear. The #InvestigateOreo hearing, Prescod said, reminded him of the lesson he learned that day about how much work goes into making it possible for us to eat a snack.

Similarly, a whole set of implicit assumptions go into consumers' purchase of an Oreo or any other snack. Those assumptions might include ethical treatment of workers, holding to environmental standards, offering good value for the price, etc. But workers pointed out that these were all suspect.

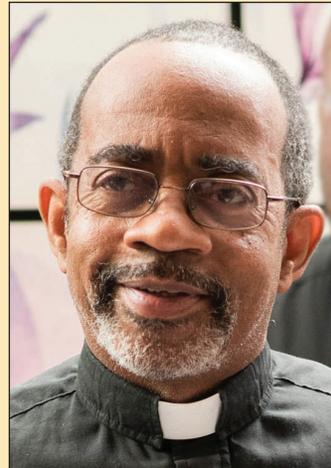
The Bakery Workers union created a “check the label” campaign to help consumers identify which bakeries made a given product. More information on how to check the label of Mondelēz-Nabisco products is online at fightforamericanjobs.org.

Breaking Faith with the American Dream

Across the country, we heard one theme over and over: fear that lives spent baking Mondelēz-Nabisco snacks might end without warning. “The fear is always there,” Portland baker Lamar Kennedy said. “There’s always the possibility that everything will go to Mexico. So every day you go into work, you think that today could be the last. There’s a lot of fear here and lots of stress.” A New Jersey baker shared that he told his daughter not to finance a car payment, because the economy has become too volatile to rely on a manufacturing paycheck.

One reason the fear is there is that managers harp on it. As another worker noted, “Supervisors were telling people, ‘you need to work harder because we’ve got to keep this place open.’ So it’s like a veiled threat. If you don’t work hard we’re going to shut this place down.... I think the workforce thinks that a shutdown is not a matter of if it will happen, but when it will happen.”

Although some of the 600 workers at the Chicago plant who were laid off in 2016 have been called back, most remain laid-off.



“Like any responsible employer, there should be a bond of trust between working people and the company that employs them. Interfaith Worker Justice has learned that Mondelēz is breaking that bond of trust, both by laying off workers in the United States and by mistreating workers on both sides of the border.”

Rev. Cecil Prescod,
Aynsworth United
Church of Christ
(Portland)



“Labor is sacred. God gave us labor not just to make a living but through work we have a sense of dignity. Work gives us a sense of purpose in life.”

Rev. Ronnie Lister,
Director, International
Center for Spiritual
& Social Activism
(Monterrey, Mexico)



Next Steps

This report is being released just a few weeks after the arrival of new Mondelēz-Nabisco CEO, Dirk Van de Put. We sincerely hope that he will sit down with our coalition to discuss the concerns detailed in this report and institute changes to guarantee the dignity and respect of all working people and a high standard of production quality throughout the global operations of the company.

In the meantime, we ask national and local faith leaders to share this information through all of your available channels. Here are some ways to get involved as a congregation, community and individual:

1. Share this report with your congregation and community and endorse the report by signing on to <http://bit.ly/NoOreoOutsourcing>. A copy of this report will be forwarded to Mondelēz International with sign on letter from participating congregations and community groups.
2. Get informed and involved on NAFTA renegotiation by contacting federal legislators to let them know NAFTA renegotiations should provide meaningful labor standards on wages and benefits in any country covered under the trade agreement, and include meaningful enforcement of these provisions with penalties to governments or corporations that violate labor standards.
3. Share comments with Mondelēz-Nabisco about how you feel about their business model and its impact on both American and Mexican workers. Here are some ways to reach out to them via social media and U.S. Mail/phone:
 - Twitter: Oreo: @Oreo | Mondelēz International: @MDLZ
 - Facebook: Oreo: <https://www.facebook.com/oreo/> | Mondelēz International: <https://www.facebook.com/mondelezinternational/>
 - Mail: Mr. Dirk van de Put, Mondelēz International, 3 Parkway North, Deerfield, IL 60015 | Phone: (847) 943-4000

We encourage you to share comments about the report and messages of support for the Mondelēz-Nabisco workers via our social media channels and using our hashtag: #InvestigateOreo. And of course, you can always connect with us on our email list, on Facebook, and on Twitter.

Please address any questions or comments about this report to IWJ Organizing Director Jeremy Orr at 773-728-8400 or jorr@iwj.org.



You are not to exploit a hired worker who is poor and needy, whether one of your brothers or a foreigner living in your land in your town.

Deuteronomy 24:14

Thus when they have enough for their subsistence and are economically secure, crime is lessened and peace and harmony prevail.

Dighanikaya

Listen! The wages of the laborers who mowed your fields, which you kept back by fraud, cry out, and the cries of the harvesters have reached the ears of the Lord of hosts.

James 5:4

Woe to those that deal in fraud. Those who when they have to receive by measure, from men exact full measure, but when they have to give by measure, or weight to men, give less than due.

Quran 83:1-3

Credits and Acknowledgements

We shared portions of each event we held through Facebook live-streaming. Videos are at facebook.com/pg/InterfaithWorkerJustice/videos/. We are also grateful to the photographers who documented these events: Arturo Aguado, Krishna Muirhead, Brian Palmer, and Vanessa Reitsma. IWJ staff produced this report with help from Gordon Mayer Communications; Senior National Field Organizer Martha Ojeda coordinated our work in Mexico.

We also gratefully acknowledge the advice and resources of Good Jobs First for their subsidy and violation tracker tools, the Bakery, Confectionery, Tobacco Workers, and Grain Millers and the many organizations in the U.S. and Mexico that helped make this report possible.



December 2017
"Breaking Faith" by IWJ is licensed under CC BY-NC-SA 4.0

Each of us has a stake in this world that we live in and a part to play in the flourishing of this world. When you have been given more proportionally, your responsibility and your role to promote that flourishing of the world increases. And so, for those who are decision-makers at Nabisco and Mondelēz, for those who are thought influencers – it is your responsibility and obligation to do your part in leaving a legacy and building a world that all can be proud of.

Rev. Emily McGinley, Urban Village Church (Chicago)

About IWJ

Interfaith Worker Justice (IWJ) is a national network that builds collective power by advancing the rights of working people through unions, worker centers, and other expressions of the labor movement and by engaging diverse faith communities and allies in joint action, from grassroots organizing to shaping policy at the local, state and national levels. We envision a nation where all working people enjoy the right to:

- Living wages, health care, and pensions that allow working people to raise families and retire with dignity
- Safe working conditions, free from discrimination
- Organize and bargain collectively to improve wages, benefits, and working conditions without harassment, intimidation, or retaliation
- Equal protection under labor law – regardless of immigration status – and an end to the practice of pitting immigrant and U.S.-born workers against one another
- Fair and just participation in a global economy that promotes the welfare of both domestic and foreign workers

We are a network of more than 60 faith-labor organizations and worker centers across the country, supporting working people who lead their communities in shaping policy and advocacy. More at iwj.org.

