

Gillette and Jobs in Massachusetts

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November 28, 2005

This paper is submitted as part of fulfillment of course requirements and under supervision of Dr. Chris Tilly, Professor of Regional Economic, and Social Development

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Executive Summary

The sale of The Gillette Company to Procter & Gamble, announced January 28, 2005, is part of an over-arching strategy of corporate mobility exhibited by The Gillette Company. Corporate mobility is generally explained when corporations move across regions, states, and nations to chase the lowest wage earners. States and nations provide tax incentives intended to attract corporations to locate as part of regional development. Regional policy-makers should be aware that this strategy is costly. The regions provide energy resources and undertake the necessary infrastructure expenditures without the benefit of corporate taxes to offset the costs of this corporate strategy. Simultaneously the regions must support a vulnerable workforce who lack health care or job security. The public is an unwitting partner with Gillette as it is the public who pays the price for this strategy. The hoped-for regional development is weakened and jobs are lost, when the corporation moves on. States and nations are hamstrung by corporations who use corporate mobility strategies to improve their bottom line. Viewed from a context of previous moves across national borders, previous consolidations, and previous workforce displacement, the sale seems unsurprising.

Those in the greater Boston business community were surprised by the sale. A century-old company and anchor for the business community, Gillette was enjoying an upward trend in the stock market. During the 10 months prior to the completion of the sale in October 2005, a focused press investigated Gillette. Their reports reveal a CEO anticipating the sale, the influence of Wal-Mart in the marketplace, and speculation that major stockholders and top executives had the most to gain. Others who were surprised were the lowest-wage (or contingent) workforce. The press captured their stories as well, illustrating the extreme differences between compensation and benefits for top executives and the “working poor” who struggle at the poverty level to secure an income.

In 1997, Gillette was one of the first corporations to move to Devens, Massachusetts, a new regional enterprise zone. Regional enterprise zones are overseen by the Governor and MassDevelopment (a quasi-state economic development agency). Governance of Devens has had a two-fold impact on those living and working there:

- Governance decisions by MassDevelopment stimulated public activism by surrounding towns; issues of land use and housing development motivated the abutting towns to lay the groundwork for a legal challenge and to vote (November 2006) on the disposition of Devens.
- Research and requests for information from MassDevelopment regarding the incentives provided to Gillette for locating at Devens reveals no information. Although a publicly traded company, Gillette manages to veil its operations at

Devens from public scrutiny. As a corporation that seeks incentives and a low-wage workforce when re-locating to nations abroad, the assumption is that Gillette accomplishes the same strategy locally but without public awareness.

Corporate mobility strategies generate financial gain to the corporation, and result in the deterioration of the low-wage workforce. Gillette distances itself from this workforce through layers of subcontractors and staffing agencies. Despite the fact that Gillette determines the output and distribution of the work, it is difficult to find out information from Gillette regarding this workforce. Questions of how many temporary workers or their duration of employment have not yet been answered satisfactorily. It appears that Gillette provides no direct oversight of this workforce; some workers become “perma-tempers”, employed for years without benefit of permanent jobs. In fact, workers complained of employer abuses and could not get responsive attention from Gillette. The workers brought their complaints of employer abuse to the leaders and advocates of the Merrimack Valley Project (MVP), a broad-based community group who organize to improve the quality of life, work and wages in the Lawrence region.

In order to understand who the workers were and the social impact of Gillette’s reliance on the contingent workforce a survey of the Lawrence workforce was requested by the MVP. This survey was jointly created by the Merrimack Valley Project and the University of Massachusetts-Lowell, Regional, Economic, and Social Development Department to provide insight into the contingent workers experience.

Research estimates the number of current temporary workers at Devens was 795 (2005). The number of survey respondents = 27, of those 7 were current workers. The survey is not representative, and the sample is small, but the results provide a best estimate available of the workers and their experiences.

- 70% of the workforce were women
- 74% (including grandparents) were supporting children
- Per diem pay was approximately \$6 - \$7 per hour
- 42% reported a situation where they did not receive payment for hours worked
- Most paid \$30 per week in transportation fees despite the Fair Transportation Act of 2002 capping the rate at 3% of pay
- Most had experienced arriving at Devens to discover no work assignment for the day, and still had to pay transportation fees.
- Of the current temporary workers, none had MassHealth for themselves, but did enroll their children
- Of the respondents currently working at Devens- Gillette, three receive Food Stamps

The survey was interested in discovering the cost to the state for supporting the contingent workforce. Questions related to MassHealth (Medicaid) coverage and Food Stamps allowed the author to estimate (below) the total cost of the state for MassHealth and Food Stamp recipients from the current Devens-Gillette contingent workforce:

Total cost to the state: MassHealth and Food Stamp recipients from the current Devens Gillette contingent workforce - \$3,491,406.60 per year

This figure is a low-end estimate, since it does not include other subsidies, such as heating fuel assistance, school lunch programs, etc. However, taking into account the frequency of use and the costs of the various benefits, this probably represents the bulk of the public expense imposed by low wages and limited or no benefits at Devens-Gillette. The bottom line is that corporate mobility strategies used by Gillette to limit its own labor costs creates an insidious relationship between the highly profitable Gillette and their state-supported workforce.

The focus of the Commonwealth to develop regions, attract jobs and build capacity for its citizenry is at odds with state-sanctioned corporate tax incentives and policies that allow corporations to disadvantage its lowest-wage workforce. The trend in corporate mobility in which corporations divest themselves of responsibility to their workforce breaks the social contract between industry and labor. The state then must step in to assist the “working poor” maintain food on the table. Regional development and economic strength are undermined by the political will that allows corporations to improve their shareholders pocketbooks while limiting economic responsibility for locating in the region. Public awareness and transparency of information are also at issue here, as employer abuses must be investigated for civil rights violations.

Introduction

January 28, 2005: The announced sale of The Gillette Company focused the attention of the local media and national interests on corporate actions and accountability. Gillette's profitable turnaround and sale to Procter & Gamble is consistent with the pattern of multinational corporations who move capital across state and national lines in efforts to decrease the cost of labor and increase the return on investment to shareholders. Capital mobility is a corporate strategy to increase profitability by decreasing costs, in particular labor costs—often breaking social contracts with communities and employees in the process. The in-depth story of Gillette's push for profitability reveals decisions by corporate executives to seek the lowest-wage workforce available locally and internationally and reduce a workforce to a network of loosely associated temp workers hard-pressed to support themselves or families with the legitimacy of a decent livelihood. This reduction in the valuation of labor has stimulated labor unrest and public resentment against Gillette.

Gillette argues that bringing contingent work to economically reduced areas serves to provide regions with needed jobs. As “perma-temps” working for Gillette's subcontractors, these workers have work, a value in itself, but lengthy employment duration without benefits is advantageous to Gillette and neglects the worker. The income level for Gillette's contingent workforce places some in the category of “working poor”, a situation that exposes them to struggle and instability and disadvantages their community. Further, taxpayers are called upon to subsidize Gillette's profitability by paying for health care costs and government services.

To counteract Gillette's position, the local contingent workforce focuses the question on the conditions of work, and seeks to challenge Gillette to assume responsibility and authority at least over its subcontractors. This workforce lives in Lawrence, where the Merrimack Valley Project, a regional coalition of church organizations, labor unions and tenant organizations, has organized to respond to worker complaints with political action. Leaders of the Merrimack Valley Project succeeded in bringing worker concerns to Gillette's attention.

Gillette locates their contingent workforce in a regional enterprise zone, Devens, MA. Devens operates under the authority of MassDevelopment (a quasi-state agency) and the governor and is not subject to public oversight. Interestingly, the issue of authority without public review has caused citizens surrounding Devens to organize and consider legal action as a way to reassert their authority in regional planning for the area. Recent investigations into Gillette and demands for state accountability may signal growing public actions that dispute the Commonwealth's legal protection of corporate interests over public needs as too costly.

This paper aims to clarify how Gillette's goal is to create the greatest profitability by constantly seeking lower-cost labor, and frequently, therefore, breaking social contracts with local communities. The paper details the highly visible Gillette merger as compared to the almost invisible contingent workforce at Devens. Finally, the paper highlights policy deficiencies and how the absence of information contributes to inaction by the state when corporations break the social contract.

Section I reviews the recent history of Gillette's corporate turnaround including the sale, strategies, winners and losers; it details the profit increases and workforce reduction. Section II discusses the history of Devens, MA, the Gillette operations at Devens and the role of the governing state agency in managing expediency and accountability. Section III focuses on the responses from a survey of Gillette's contingent workforce. The discussion reflects the two main results that occur when Gillette abrogates responsibility for its contingent workforce: Gillette undermines the community from which it draws workers; and workers/citizens resist. Section IV revisits the more general problem of corporate mobility and cheapening of labor in pursuit of profitability. The conclusion offers recommendations that may add to the discussion between the public and state policy makers.

I. Gillette's Turnaround and Sale: Shareholders vs. Stakeholders

Strategies and decisions at Gillette between 1996-2005 follow a pattern of capital mobility overseas and local outsourcing and typify the company's drive for profitability, in which the provision of livelihoods for employees is subordinated to locating production in the lowest-wage environment. During the last four years, with double-digit profits on his watch, James Kilts, the CEO of Gillette leveraged his own position and sought a buyer for the company; the sale revealed big winners and many losers. Table 1 reviews Gillette's recent financial and current employment information.

Gillette's Capital Mobility Strategies 1996-2005

The turnaround that brought Gillette rebounding from layoffs and restructuring into its current position of high market value started in 1996-1997. During the 1996-2000 period, Gillette suffered four years of revised downward earnings expectations.¹ However, 1996 was also the beginning of new workforce strategy at Gillette. Assessing its operations, the corporation launched partnerships with packaging and staffing companies, in order to outsource operations and achieve lower labor costs. In some cases, this meant moving operations to lower-cost countries, but Gillette pursued this strategy even within *first-world* nations.

In Massachusetts, the Devens Enterprise Zone (formerly Fort Devens), offered tax incentives, easy permitting, easy access to highway and rail transportation, and plenty of property. Gillette and its subcontractors (Sonoco, Markson Rosenthal)² were one of the first to move packaging operations to Devens.

Another example of Gillette's strategy occurred beginning in 1998 at an industrial location in Hemel Hempstead, UK. Gillette co-located with temp agency Sonoco and contracted with a management group (Tibbet & Britten)³ to establish a warehouse and packaging plant for product distribution on the European continent. Subsequently, with globalization and free trade opening up other markets, Gillette also took advantage of lower labor costs, moving operations to nations that do not have strict labor laws similar to those found in more westernized nations. In December 2003, after an "extensive review of blade and razor operations in Europe and

¹ Greg Gatlin, "The Out-of-Towner; James Kilts never made the move to Boston", *The Boston Herald* 31 Jan 2005, retrieved 21 Feb 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=f118a2eb2eb582978632dac23ecc8de9&_docnum=2&_chp=dGLzVzz-zSkVA&_md5=2d0fa6fb4da913ada676182cc8961583>.

² Sustainable Regional Development Forum 25 September 2000 Workshop Notes. Online posting 8 Dec 2000, retrieved 12 Mar 2005 <<http://www.newecology.org/docs/WorkshopProceedings12800fnl.pdf>>.

³ Tibbet and Britten Press Release, "Gillette goes for the best logistics it can get", 25 Sep 1998, retrieved 17 Jul 2005 <<http://212.100.255.36/press/98press/25sep98.php>>.

Russia”⁴, Gillette realigned its production capacity by moving manufacturing work from Jevicko, Czech Republic, to a plant in St. Petersburg, Russia. Further, it announced that it would close the Hemel Hempstead packaging plant (total UK job loss: 450) and shift work to a new unified plant in Lodz, Poland with plans to employ 1,150 workers. The Polish authorities offered Gillette “EUR51m in tax incentives and cash.”⁵ to build a new plant.

Corporate efforts to extend capital mobility across national boundaries have as their premise the idea that workers are interchangeable, that labor is a commodity that can be “bought” for less somewhere else. When corporations chase the lowest wage, the competition among nations to provide the least costly workforce can cause great upheaval (and at times resistance) on a local level. For Hemel Hempstead workers, the plant had been open six years when the closure announcement came. Interestingly, Poland made offers of incentives and cash to induce Gillette to move there; not unlike tax incentives offered by economic development zones in the US. What did Hemel Hempstead originally offer? Will Poland’s incentives compete against future incentives offered by China? The drive for profitability causes corporations to consolidate operations, lower costs and increase profits. Rising profits will benefit executives and shareholders, but at the expense of other stakeholders in the corporation and communities.

A quick summary of the timetable for Gillette’s activities at Devens, Hemel Hempstead, and Lodz:

- 1997 – Gillette co-located at Devens, MA and outsourced packaging work with companies that provide staffing and management resources.
- 1998 – Gillette co-located at Hemel Hempstead, UK with its staffing partner, Sonoco and hired a local management company.
- 2001 – Gillette hired a new CEO, James Kilts.
- 2003 – Gillette re-structured its European operations. Shifted jobs to Eastern Europe Plans included closing Hemel Hempstead and moving operations to Lodz, Poland.
- 2005 – Gillette is sold to Procter & Gamble.

The motivation for capital mobility should not be disguised as regional development. Corporations moving into less-advantaged regions may appear as a salvation to areas facing high unemployment and economic suffering. But, the drive for profitability affects regional, state, and national economies as corporations divest themselves of labor costs. Gillette’s efforts to find the lowest-wage workforce through capital mobility is an international and local strategy. Internationally, Gillette demonstrates an ability to move quickly across Europe from nations in which it had located to other nations that promise a lower-wage workforce and greater incentives. Locally, the Gillette/P&G sale accomplishes a consolidation and movement of

⁴ Associated Press Online, “Gillette plans changes in Europe, Russia”, 11 Dec 2003, retrieved 20 Apr 2005 < http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=edbf62e88a9b831de62bdee5d01f4d49&_docnum=104&_wchp=dGLbVlb-zSkVA&_md5=7a6197cb6f046aa6f25db175f04f8472>.

⁵ Mzam, “Gillette to build new plant in Poland”, Polish News Bulletin 17 Mar 2004, retrieved 18 Apr 2005 < http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=1329512c6c514b063437076fcc74eba3&_docnum=1&_wchp=dGLbVlb-zSkVA&_md5=0215bde58dc242e5635b5730df41c48a&taggedDocs=8>.

corporate headquarters out of the region, eliminating many local jobs, but maintaining a contingent workforce. Kilts will oversee operations of the new Global Business Unit when the corporations merge, emphasizing a greater focus on international capital. International and local strategies to keep labor costs to a minimum while increasing profits may seem like good business, but marketplace profits support higher income shareholders and not the majority of workers or marginalized working poor. Corporations are not separate from the communities from which they draw workers. States and nations negotiate with corporations in good faith and look towards regional growth and increased capacity for their citizens. The strategy to control labor through low-wage practices can hamstring regions who deplete public resources to entice corporations to locate there. State/nations must weigh the long-term cost of incentives and low-wage labor practices against the benefits to the region when corporations shop for locations.

The Sale of Gillette: Corporate Strategies, Winners and Losers

Recent Gillette history reveals a deal with Procter and Gamble made to seal the strength of the merged corporation in a marketplace influenced by Wal-Mart and major stockholders. The sale of Gillette is a story of strategies that produced some big winners and many losers. It reflects business strategies that maintain or expand shareholder wealth and consolidate market share in order to create stronger corporations—but also open the door for the exorbitant valuation of power brokers' services, consolidation of market share among fewer corporations, and result in continuous employee reduction. The Massachusetts losers in this deal are: the state, the taxpayers, the 6,000 employees scheduled to be laid off (combined Gillette and P&G)⁶, and Gillette employees who are likely to see their pensions frozen.⁷

A Story of Strategies

On January 28, 2005, Procter and Gamble broke the news to the media that it had successfully negotiated a deal to buy Gillette for \$57 billion in a stock swap⁸. Nationally, corporate leaders and business analysts cheered the maneuver as a great business deal. Locally, the news stunned the Boston community, which had no indication of Gillette's interest in a merger. The anticipated loss of Gillette headquarters located in the Prudential Center rippled throughout the Boston metro area. City officials and Gillette business executives had witnessed a remarkable financial turnaround in recent years and expectations for continued success had buoyed the Boston business community.

⁶ Jon Chesto, "Procter & Gamble to Buy Gillette; \$57 billion deal would lead to 6,000 job cuts from combined force", *The Patriot Ledger* 28 Jan 2005, retrieved Feb 21, 2005. < http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=4dc246612f90ec91c24f72dbe9308997&_docnum=1&wchp=dGLzVzz-zSkVA&_md5=4a26ac0e5342ef8aec58486f7a4ce27c>.

⁷ Vince Callo, "Pension funds - Gillette could get nicked in P&G merger", *Associated Press Online* 7 Feb 2005, retrieved 25 Feb 2005 < http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=21d9db28008a213fad8d7997e23fc0bc&_docnum=6&wchp=dGLzVzz-zSkVA&_md5=c4cffd802a86a9b31671b695febd727c>.

⁸ Andrew Sorkin and Steve Lohr, "Procter Closes \$57 Billion Deal To Buy Gillette", *The New York Times* 28 Jan 2005, retrieved 10 Feb 2005 < http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=ac5a999428ada8c249ce4c6fe6dfe88d&_docnum=25&wchp=dGLbV1b-zSkVA&_md5=f17fa4ff27d7d4d712ca32d6136a0a38>.

Looking back at Gillette during 1996-2001, we see a highly contentious period; 15 consecutive quarters of revised downward earnings expectations,⁹ and an attempted takeover. Jon Chesto, reporter for The Patriot Ledger, wrote that Procter and Gamble tried to acquire Gillette in 2000 but at the time, and under the leadership of CEO Michael Hawley, Gillette rebuffed the maneuver.¹⁰ In 2000, Warren Buffet, CEO of Berkshire Hathaway Insurance and Investment Group and the largest single stockholder at Gillette, forced out Hawley. And in an effort to improve Gillette's performance,¹¹ Buffet brought in James Kilts, with the express purpose of turning Gillette around. With Kilts onboard in 2001, he proceeded to transform the company into a success story. He reduced the number of jobs, overhead, inventory, and sold off poorly performing subsidiaries. He implemented manufacturing and supply chain processes that increased productivity and reduced the "order-to-delivery" period. Savings were shifted into product development and marketing. Four years after Kilts arrived, the turnaround was completed. Currently, Gillette is demonstrating consecutive annual increases in profitability (see graph, p. 9) and stock dividends have increased to 67 percent since Kilts arrived.¹²

Late in 2004, Kilts approached Procter & Gamble and reopened negotiations for the sale of the company. Greg Gatlin, reporter for The Boston Herald, quoted Kilts:

"Kilts suggested an eat-or-be-eaten philosophy drove his interest in a deal with P&G. Convinced that the combined company would be a stronger leader in the consumer products industry, he approached Procter & Gamble several months ago. 'I'd rather lead that consolidation than get stuck with the leftovers' Kilts, said".¹³

The idea that a company making double-digit profits in the last four years must seek out a buyer in order to avoid consolidation with less-than-attractive partners suggests "a bigger fish" in the eat-or-be-eaten analogy, namely Wal-Mart. Kilts and Alan Lafley (CEO of P&G) were acutely aware of Wal-Mart's efforts to compete by developing its own private-label. "Procter generates about 17 percent of its annual sales through Wal-Mart and Gillette about 25 percent. ...One industry expert said the Procter deal reflected a desire by P&G to take back some pricing power from Wal-Mart and other retailers, who have increased their leverage by consolidating and eliminating rivals, starting the in mid-1980's."¹⁴

⁹ Gatlin, "The Out-of-Towner; James Kilts never made the move to Boston".

¹⁰ Chesto, "Procter & Gamble to buy Gillette; \$57 billion deal would lead to 6,000 job cuts from combined force",

¹¹ Daniel Bogler, "Buffet Takes the Lead in Outing of Gillette Chief", The Financial Times 20 Oct 2000, retrieved 25 Feb 2005 <<http://web4.infotrac.galegroup.com/itw/infomakr/469/948/659893600w4/>>.

¹² John Manfredi, "Unfair Indictment of Gillette Merger", Letters to the Editor, The Boston Globe 23 Jul 2005 Retrieved 25 Jul 2005 < http://80-web.lexis-nexis.com/libproxy.uml.edu/universe/document?_m=5fb6f7091c66e146a4b6f20f735e666e&_docnum=4&wchp=dGLbVzb-zSkVb&_md5=064ddd4a6ae25c2af3685ad71b533967 >.

¹³ Gatlin, "The Out-of-Towner; James Kilts never made the move to Boston".

¹⁴ Constance Hays, "What's behind the Procter deal? Wal-Mart", The New York Times 29 Jan 2005, retrieved 21 Feb 2005 < <http://80-web.lexis->

Other influences in the strategic thinking that led to the deal were the major stockholders. The prime example is billionaire Warren Buffet. Buffet knew of Kilts's turn-around abilities because of his track record at Nabisco, where Kilts was CEO before Gillette. At Nabisco, Kilts had used similar methods to improve the company's profitability before selling it to Phillip Morris in December 2000. Gatlin, of The Boston Herald, captured the employee sentiment regarding Kilts coming onboard, noting that, "From day one, the speculation was that Kilts would be the guy to sell Gillette."¹⁵ Despite his role as the single greatest stockholder (9.5% of Gillette shares), Buffet's specific influence in bringing about the sale may not be known. (Buffet sat on the board of Gillette until 2002). Nevertheless, he would receive "93.6 million shares of Procter and Gamble in the stock swap, with a plan to raise it to 100 million shares, once the buyout is complete – 'it's a dream deal' according to Buffet."¹⁶

The Big Winners

A regulatory filing by the SEC revealed that James Kilts and four other of the highest paid Gillette executives together will receive \$285 million (cash and stocks) in the "severance and change-in-control benefits planned for at the completion of the sale to P & G."¹⁷ Though the final value of Kilts's total compensation at the completion of the sale is still being assessed, it is estimated at \$173 million in cash, stock, and options.¹⁸ The involvement of Gillette executives, top Gillette shareholders, and a financial advisor in the deal has triggered an investigation by the Secretary of State William Galvin.¹⁹ The Commonwealth is pressing for details as it builds a case against the sale, asking the questions, Why now? Who stands to benefit? Who will lose in the merger? Kilts is the lightning rod for scrutiny as state and federal investigators, academics, corporate experts and the press alike have weighed in on the discussion over the timing of the sale and his executive compensation; an unusual package because P&G is giving Kilts compensation as well as Gillette. For example, in order to keep Kilts onboard at P&G once the

nexus.com.libproxy.uml.edu/universe/document?_m=b2b4bda3c01a476c479282b6323782a5&_docnum=6&_wchp=dGLzVzz-zSkVA&_md5=294b98140bb1aee37c0884ca921b1fe>.

¹⁵ Gatlin, "The Out-of-Towner; James Kilts never made the move to Boston".

¹⁶ James F. Peltz, "P & G-Gillette Union Could Hit shoppers in Pocketbook", Los Angeles Times 29 Jan 2005, retrieved 21 Feb 2005 <http://80-web.lexis-nexus.com.libproxy.uml.edu/universe/document?_m=ef9ba1ec1b0cdc8c4ff54d3814c488f8&_docnum=1&_wchp=dGLbVzb-zSkVb&_md5=17262ca6664bcc6ade745df386639a35>.

¹⁷ Staff Reporters, "Gillette Co.: Officials May Net \$460 Million from Proposed Acquisition", The Wall Street Journal 12 May 2005, retrieved 2 June 2005 <<http://proquest.umi.pdqweb?did+836939781&sid=2&Fmt=3&clientid=1531&RQT=309&Vname=PDQ/>>.

¹⁸ Andrew Caffrey, "A Hero in Corporate America", The Boston Globe 15 May 2005, retrieved 15 May 2005 <http://80-web.lexis-nexus.com.libproxy.uml.edu/universe/document?_m=9ab4b4f6b7351912bdf7f56b12e5cabb&_docnum=1&_wchp=dGLbVlb-zSkVA&_md5=d7e8084208fbd365af234c6f1be26c7b>.

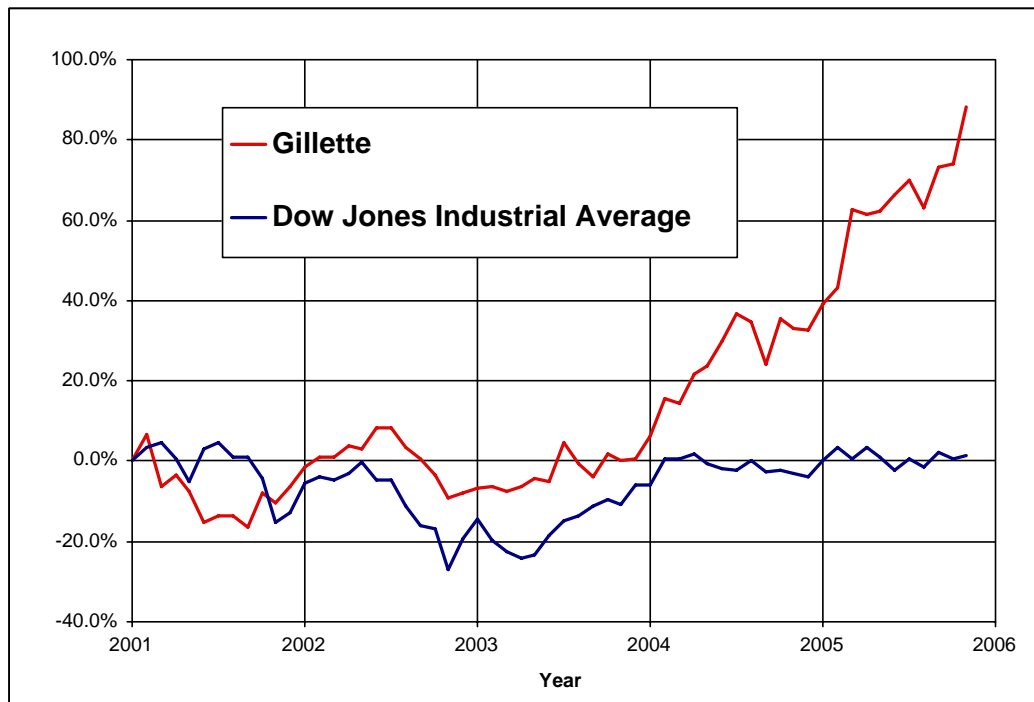
¹⁹ Associated Press Online, "Mass. Officials Widens Gillette Probe", Associated Press 23 Feb 2005, retrieved 2 Mar 2005 <http://80-web.lexis-nexus.com.libproxy.uml.edu/universe/document?_m=0b135d3e4d5bab05f8200cf7fb704639&_docnum=2&_wchp=dGLbVzb-zSkVb&_md5=bcad93de9f48aeec84345e6fdf100bde>.

sale is complete, they offered him the position of Vice Chairman – Global Business Unit and the following compensation:

- “three times his base Gillette salary (1.5 million) once the companies have combined,
- \$8 million in restricted stock and stock options,
- \$3 million in long-term incentives,
- a \$7 million increase in his pension.”²⁰

Some Shareholders are also Winners

Gillette shareholders including some employees have been highly satisfied with the change of leadership at Gillette. Stock prices have taken a significant leap well above the Dow Jones average. The following graph is an illustration of percent changes in the price of stock for Gillette and the Dow Jones Industrial Average, respectively, between 2001 and 2005.



The graph displays a net gain of 80 percent for Gillette stocks during the years 2001-2005, (Kilts’s tenure began in 2001). By comparison, the Dow Jones Industrial Average has made 0 percent net gain for the same period. At the time of the sale, shareholder wealth reached \$18 billion with a 67 percent increase in dividends and a stock swap that includes a 29 percent stake

²⁰ Jeffrey Krasner, “Putting a Value on Kilts”, The Boston Globe 9 Feb 2005, retrieved 31 May 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=bb1ac770ec6bf406d10510c6f1902a9d&_docnum=32&wchp=dGLbVzb-zSkVA&_md5=970822298b2172bcc9091b3d1ff8a48>.

in P& G. How the merger will affect the average shareholder has generated speculation and criticism from the press. An opinion writer for The Boston Globe, Joan Vennoch, suggested this comparison: “Suppose the Procter & Gamble acquisition of Gillette was described like this to an average holder of Gillette stock: as a result of this merger, your 401(k) will increase in value by \$300; but your cousin will lose his job”.²¹

On Reflection - Cake or Crumbs for the Community?

During the media frenzy that has ensued since the announcement of the sale, Gillette has provided the community with evidence that it is still committed to staying in Massachusetts, at least at its flagship South Boston manufacturing facility. In a move to reassure the public, (with added tax benefits), Gillette announced that it will “invest \$200 million in the manufacturing facility in South Boston over the next three years,”²² reducing fears of corporate abandonment.

Additionally, Kilts announced a series of grants to provide needed resources to local charities:

- \$1 million to United Way
- \$50,000 increase to an annual grant (now \$170,000) to Urban League of Eastern Mass
- \$325,000 to establish the Gillette Center for Women’s Cancer at the Dana Farber Cancer Institute
- \$800,000 to homelessness prevention programs in Boston

The generosity of Gillette is to be acknowledged and appreciated by those receiving grants. This good will may be tainted by knowledge of Gillette’s effects on their subcontracted workforce. This issue came up when Gillette decided to earmark a portion of the cancer grant for Lawrence-based women.²³ Why Lawrence? The answer is that Gillette’s contingent workforce lives in the Lawrence area. Few permanent jobs are available with preventative healthcare benefits for Gillette’s Lawrence workforce, but Gillette will provide grant money for cancer screenings for Lawrence women. Gifts to the community may be overshadowed by corporate practices that seek and maintain low-wage workforces.

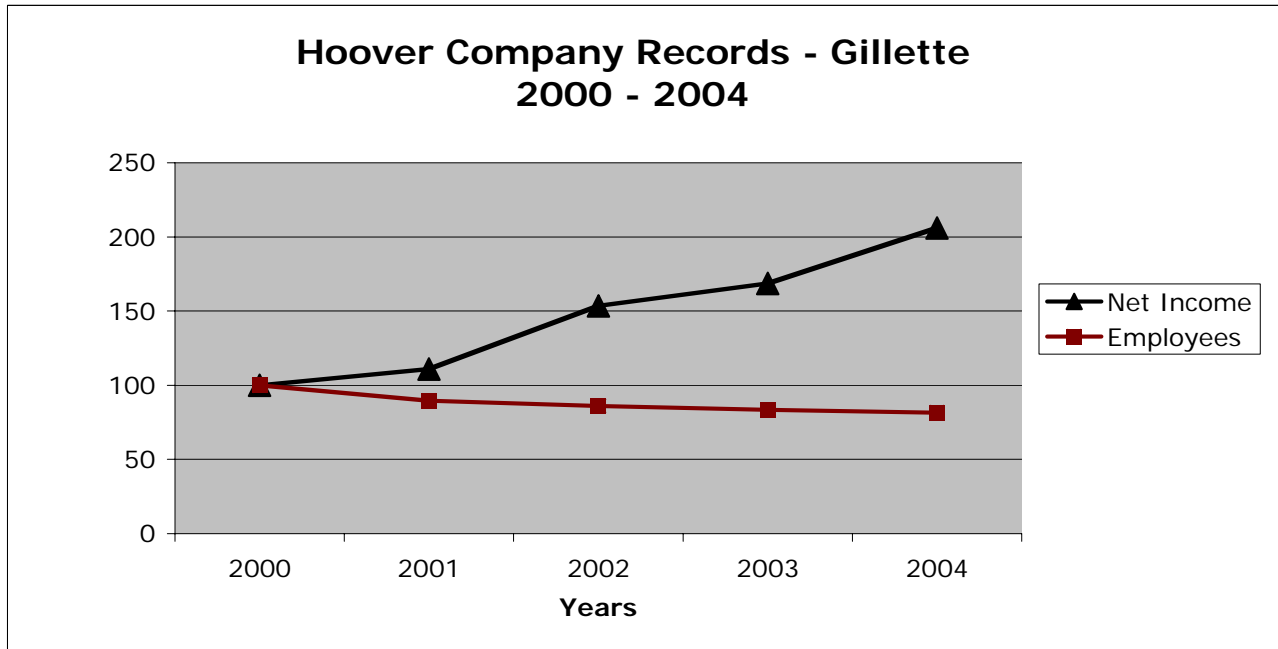
²¹ Joan Vennoch “Gillette Deal a Distortion of ‘Success’”, The Boston Globe 1 Feb 2005, retrieved 1 Jul 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=0757610c49e15524911825ac759e5101&_docnum=7&_wchp=dGLbVlb-zSkVA&_md5=866938d9d2132e0ef2c8644f6803f526>.

²² Business Editors. “Gillette Rededicates South Boston Manufacturing Center”, Business Wire. 24 Mar 2005, retrieved 15 May 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=f89676b1734480a85060ee2f927f4960&_docnum=1&_wchp=dGLbVtb-zSkVb&_md5=f0fc5088381a6e0aeb4ce9001c85a9a>.

²³ YWCA. “The Gillette Company Fund Breast and Cervical Cancer Program”, YMCA News Online, Posting retrieved 13 Aug 2005. <http://www.ywcalawrence.org/news/wn_gillette.asp>.

The Many Losers - Employees

The graph below articulates how the turnaround at Gillette was assisted by the reduction of jobs. Over the course of Kilts's tenure between 2001 - 2004, 6,300 jobs²⁴ were eliminated from the payroll (locally; internationally).



Hoovers Company Records²⁵ show that Gillette's net income doubled in the same period that the workforce was being reduced. The most recent data shows; in 2004, Gillette was still gaining with a 22.1 percent net income growth (\$1.69 billion²⁶) while the company reduced employees by 2.4 percent. A strategy that reduced financial security for workers helped drive profitability and brought great wealth to some company shareholders.

The sale itself will cause a layoff of about 6,000 employees from a combined total of 140,000

²⁴ Caffrey, "A Hero in Corporate America".

²⁵ Hoovers Company Records, "The Gillette Company", posted 24 May 2005, retrieved 30 May 2005 <http://80-web.lexisnexis.com.libproxy.uml.edu/universe/document?_m=6f0c1468e82da0a45bec233d6c64642f&_docnum=2&wchp=dGLbVlz-zSkVb&_md5=beab54fc062a0ab91c5f53b5179b2395>.

²⁶ Mark Jewell, "Gillette makes investment commitment in Boston amid P&G buyout worries", Associated Press State and Local Wire 24 Mar 2005, retrieved 8 Aug 2005, <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=10667627c62a6c67156617000861386b&_docnum=17&wchp=dGLzVzz-zSkVb&_md5=6387ca042d4407dc837bfe98dedcc591>.

employees (Gillette and P&G). Kilts has framed this job loss in terms of the companies' overall employment figures, saying "While layoffs are always something to be concerned about, 4 percent of our combined workforce strikes me as a reasonable target".²⁷

Gillette's current workforce (2004 - worldwide) is 28,700; only 30 percent (8,610) work in the United States.²⁸ The press reports that "the sale will not affect Gillette's commitment to its South Boston manufacturing plant,"²⁹ although plant modernization plans may cause a future reduction in employee numbers (currently approximately 1,600³⁰ at the South Boston plant). The sale will mean the elimination of Gillette's headquarters from Boston, its home for a century, and is expected to affect the 1,100 or so white-collar jobs.³¹ Additionally, there are other Gillette employees in the area whose jobs may be on the line. For example, Gillette has a manufacturing/packaging plant in Andover, MA with about 600 employees and a research and development center in Needham, MA with approximately 1,000 employees.³² In fact, the total number of Gillette employees in Massachusetts is 4,208.³³ Despite Kilts's framing of the layoffs as a small percentage of the total, it is likely that large numbers of employee losses due to the Gillette/P&G sale will be felt close to home. Laid-off Gillette employees will receive severance pay but no buy-out packages, while the top brass will make millions upon selling the company; ironically, the lack of buy-outs was reported on the same day that Kilts was handed an additional 800,000 shares of company stock.³⁴ The corporate leaders and large shareholders who will gain much from the sale rationalize the loss of jobs by citing big-picture evidence of corporate strength and ignoring the other big-picture issue—the public consequences.

²⁷ Naomi Aoki, "For Gillette CEO, it was a \$29m year", The Boston Globe 31 Mar 2005, retrieved 1 Apr 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=fd3fffb253a1435b453ca5b5b07d1a98&_docnum=4&_wchp=dGLbVlb-zSkVA&_md5=ea89efa7dec919814d043a2fc26436c7>.

²⁸ Hoovers Company Records "The Gillette Company".

²⁹ Mark Jewell, "Gillette makes investment commitment in Boston amid P&G buyout worries".

³⁰ Mark Jewell, "Gillette makes investment commitment in Boston amid P&G buyout worries".

³¹ Aoki, "For Gillette CEO, it was a \$29m year".

³² Mark Jewell, "Gillette makes investment commitment in Boston amid P&G buyout worries".

³³ The Boston Magazine, "Work," retrieved 13 Aug 2005 <<http://www.bostonmagazine.com/XCL/work.pdf>>.

³⁴ Jenn Abelson and Andrew Caffrey, "Gillette Awards Kilts Additional Stock Options", The Boston Globe, 19 May 2005, retrieved 21 May <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=9ad336ec2e63063e0e858efd7f704e1a&_docnum=3&_wchp=dGLbVtb-zSkVb&_md5=67a85d14b48f859077104e53118ddc86>.

Table I: Recent Financial and Current Employment Information

Gillette by the Numbers	
James M. Kilts hired as CEO	2001
Change in the value of the company since 2001	\$18 billion
Gillette net profit in 2004	\$1.69 billion
Gillette Employees laid off since 2001	6,300
Kilts compensation upon sale	~\$173 million
Employees – local and international	
# of Gillette employees – Worldwide (2004)	28,700
% of employees employed in the United States	30%
# of employees employed in United States	8,610
# of employees in Massachusetts (2004)	4,208
Employees (Gillette and P&G) to be laid off when sale is complete	~6,000
Massachusetts Employees	
Gillette Headquarters, Prudential Center, Boston	~1100
Gillette Research and Development Center, Needham	~1000
Gillette Manufacturing, (South Boston)	~1600
Gillette Manufacturing (Andover)	600
Gillette Distribution/Warehouse (Devens)	??
Known Contingent Workforce	
Packaging Plant (Andover, MA)	??
Packaging Plant (Devens, MA)	??
Packaging Plant (Hemel Hempstead, UK—scheduled for closure)	450

II. Devens: Expediency Vs. Accountability

In 1997, Gillette's decision to use local labor as a contingent workforce was part of a plan to consolidate packaging and warehouse/distribution operations at a location within the new Regional Enterprise Zone at Fort Devens. A contingent workforce is one in which workers are hired on a temporary basis, in this case in response to Gillette's consumer product demand. It is a just-in-time strategy. A short history of Devens outlines how the state took over Fort Devens after its de-commission and gave overall authority to MassDevelopment. A quasi-state agency, MassDevelopment's main purpose is to use loans, bonds and tax incentives to bring corporations such as Gillette to Devens. Nevertheless, MassDevelopment seems to have overplayed its' authority and has caused surrounding towns to re-examine the disposition of Devens and possible options for re-jurisdiction. As a Regional Enterprise Zone, Devens is a unique location with little public oversight. Gillette's location there creates interest due to the absence of records accounting for economic opportunity incentives or workforce development.

A Short History of Devens

In 1990, the federal government decided to de-commission Fort Devens, a U.S. Army Base. Fort Devens occupied approximately 9,400 acres of land originally taken by eminent domain by the federal government from Shirley, Ayer, Harvard and Lancaster; two million square feet of existing buildings and facilities stood on the base. The decision threatened the surrounding communities with the potential loss of 7,000 to 8,000 military and civilian jobs. This occurred during a deep recession and deteriorating job market for Massachusetts. In an effort to put plans in place for military base re-development and economic sustainability, the state and the federal government agreed to terms in which the state took ownership of 4,400 acres. The original plan provided that the Department of Defense would continue to maintain responsibility for the rest of the acreage and work to remediate areas contaminated by the Army. (Due to the amount of land and water affected by hazardous waste contamination, the Environmental Protection Agency included the former base on its list of Superfund Redevelopment Sites.³⁵) "In 1993, the legislature created the Devens Regional Enterprise Zone (M.G.L. Chapter 498), to be administered by the state through the then Massachusetts Land Bank (now MassDevelopment) and a new entity called the Devens Enterprise Commission."³⁶ Devens was scheduled to remain under the control of MassDevelopment until 2033.

³⁵ U.S. Environmental Protection Agency (EPA) Superfund Redevelopment Program. "Ft. Devens Case Study". Apr 1999, retrieved 3 Apr 2005
<<http://www.epa.gov/superfund/programs/recycle/success/casestud/devecsi.htm>>.

³⁶ Community Design Partnership, Inc. "Tri-Town Five-Year Review of the Devens Reuse Plan," Boston, MA. May 2001, retrieved 8 May 2005 <<http://harvard.ma.us/publicdocs.htm>>.

In 1993, the Massachusetts Land Bank, the Devens Enterprise Commission and the Boston Society of Architects – in conjunction with representatives from Shirley, Ayer and Harvard – prepared the Devens Reuse Plan and Zoning By-Law. In 1994, at a super town meeting the abutting communities agreed to the plan, and eliminated any financial responsibility for services and costs related to land use in Devens. Municipal jurisdiction was given to the Massachusetts Land Bank.

MassDevelopment

MassDevelopment (Massachusetts Development Finance Corporation) was formed in 1995 by consolidating the Massachusetts Land Bank and the Massachusetts Industrial Finance Agency. A quasi-state economic development agency designed to facilitate the governor’s policies, MassDevelopment is the “primary source of public financing for economic development projects... The agency also provides direct loans and loan guarantees for projects with clear community development or job creation/retention potential. It is the Commonwealth’s largest issuer of tax-exempt and taxable bonds for manufacturers, environmental businesses, health and elder-care providers as well as for non-profit and educational institutions.”³⁷ Since it is not possible to get access to a full set of financial information about Massdevelopment, information on revenues and expenditures in this report is incomplete.

By 1996 MassDevelopment took over ownership of the land from the state. MassDevelopment took the lead in the redevelopment of Devens because as a quasi-state agency, it could act in ways that “would have been difficult, if not impossible for the host communities”³⁸. MassDevelopment maintains fiscal control of Devens and sets the tax rates and budget without public review or approval.³⁹ With an office at Devens, MassDevelopment offers the business community land and facilities that are ready for development; loans and tax-exempt bonds for financial ease, tax credits and reductions in utility rates. Excluded from the Massachusetts Restructuring Act of 1997, MassDevelopment achieves below market utility rates for customers by requiring that energy suppliers and maintenance contractors “unbundle” their bids for service.⁴⁰ Suppliers and contractors have to compete with each other resulting in lower bids for Devens-based corporations. Interestingly, the Tri-Town Five-Year Review reports in 2001, utility fees from Devens customers are MassDevelopment’s “largest single source of income (nearly \$5 million in FY 99)”⁴¹.

As reported in Worcester Telegram & Gazette, December 2003, MassDevelopment spends about \$10 million annually at Devens (property development costs) and collects approximately

³⁷ Business Financial Assistance & Economic Development “Commonwealth of Massachusetts Citizen’s Guide to State Service”, retrieved 3 Apr 2005 <<http://www.sec.state.ma.us/cis/ciscig/a/a2a16.htm>>.

³⁸ Recommendations from the “Tri-Town Five-Year Review of the Devens Reuse Plan – Phase II, retrieved 17 Sep 2005 <<http://www.harvard.ma.us/devreusedocs.htm>>.

³⁹ Judi Barrett, Larissa Brown, and Marge Darby “Panel Proceedings from Devens Disposition Forum April 28, 2004”, retrieved 8 May 2005 <<http://www.1wv.harvard.org/Assets/DevensForum2.pdf>>.

⁴⁰ Devens Utilities Home Page, retrieved 2 Apr 2005 <<http://www.devenscommunity.com/residents/utilities.htm>>.

⁴¹ Community Design Partnership, Inc. “Tri-town Five-Year Review Report”.

\$2.5 million annually⁴² in municipal service fees (in lieu of taxes) which is ploughed back in to Devens for police and fire services and infrastructure. Devens plans include expansion beyond the initial commercial center with the development of residential housing and a community center. Costs related to services for its growing resident population add further financial considerations to the governance of Devens. Currently the state provides \$380,000 to Devens in education support⁴³, as Devens sends its 50 or so children to schools in the surrounding towns. (Appendix 1 Devens Zoning Districts)

Devens Enterprise Commission

Under its authorizing legislation, the stated purpose of the Devens Enterprise Commission (DEC) was to “provide an interim governmental structure for Devens which will assume specified local authority and duties.”⁴⁴ The DEC functions as a one-stop permitting agency. Municipal boards such as the Planning Board, Zoning Board of Appeals, Board of Health, Conservation Commission, and Historical Commission, operate within the DEC and are under the direction of commissioners appointed by the Governor. The Commissioners are required to “represent” the host communities, although the Tri-Town Five-Year Review of the Reuse Plan Report states that they “typically do not see themselves as representing the interests of their towns in any direct way. They are perceived by the towns as giving their primary loyalty in Devens matters to the DEC itself.”⁴⁵

The 75-day turn-around of permitting offered by the DEC is actively promoted on the MassDevelopment Home Page⁴⁶ and elsewhere to attract corporations to Devens, but leaves little time for surrounding towns to review or respond adequately to new plans. In addition, local communities have been given very little time in which to incorporate such issues as local traffic control, area utility use, infrastructure, and school district support into their own strategic and financial planning. MassDevelopment and the DEC want to complete the buildout by 2008.

The following table was presented as part of a PowerPoint presentation created by Sasaki Associates, Inc for the Devens Disposition Executive Board Workshop, March 12, 2005 and provides an overview of the current Devens Development status.

Devens Development Status:⁴⁷

⁴² Jim Borod, “Identity Crisis; Will burgeoning Devens become state’s 352nd town?” *Worcester Telegram & Gazette* 7 Dec 2003, retrieved 21 Apr 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=0d61ebf308cba9565007c8106a960272&_docnum=34&_wchp=dGLbVlb-zSkVb&_md5=4ef8c5ca4c3be4d560f8f11846d21b34>.

⁴³ Eriksson, Don. “Devens Committee Considers Criteria Proposals for Success”, *Nashoba Business Chronicle* 28 Jan 2005, retrieved 8 May 2005 <http://extras.sentinelandenterprise.com/nashoba_bus_chronicle.11i.asp>.

⁴⁴ Massachusetts General Laws c. 23G section 3 *The Massachusetts Development Finance Agency*, 1993, retrieved <<http://www.mass.gov/legis/laws/mgl/23g-3.htm>>.

⁴⁵ Community Design Partnership, Inc. “Tri-Town Five-Year Review Report”.

⁴⁶ *MassDevelopment Home Page* “Devens”, retrieved 4 Feb 2005 <<http://www.masdevelopment.com/re/devens.aspx>>.

⁴⁷ Devens Disposition Workshop, 12 Mar, 2005, PowerPoint presentation created by Sasaki Associates, Inc., retrieved May 8 2005 <<http://www.devensdisposition.org/Default.aspx?tabid=106>>.

Total Projected Buildout per 1994 Reuse Plan	8.5 million (commercial) 282 residential units
Total Actual Buildout	3.5 million sq ft. (commercial) 106 residential units
Private Investment	\$435 million
State Investment	\$118 million
U.S. Army Cleanup	\$120 million
New Businesses and Institutions	75
Job Creation	+3,000 new jobs
Annual Payroll	+\$130 million

In 2000, the legislature “instructed the DEC to become financially self-sufficient” and immediately discontinued its funding. DEC’s main source of income has been permitting fees; a source dependent on corporate re-location. In a “Memorandum of Understanding a Joint Plan of Taxation for Devens”⁴⁸ the DEC secured the ability to raise taxes to help cover operating costs. The DEC now receives 2 percent of all taxes and funds from special agreements or taxation/fee programs with existing firms at Devens. MassDevelopment continues to provide a security of \$250,000 cash reserve.

Devens and the Surrounding Towns

MassDevelopment owns the land at Devens but the original 1994 By-Laws protect the towns’ interests in how planning will occur.⁴⁹ The development of Devens has generated an “us-them” division between MassDevelopment and surrounding towns that has been difficult to overcome. In reports in 1999 and 2001 the Devens Reuse Committee identified several examples in which MassDevelopment and the DEC ignored the interests of surrounding towns, for example,

“multiple requests for critical financial information including one filed under the Freedom of Information Act remain unanswered... MassDev and the DEC continue to develop and permit projects without seeking timely town input...DEC proposal to make changes in the regulations [constitutes] actual changes in the bylaws, which cannot be accomplished without the approval of the towns...”⁵⁰

In other examples of disinterest, MassDevelopment was undisturbed by local concerns about a lack of master plan for industrial park zones, or insufficient planning for increasingly congestive traffic patterns. MassDevelopment has also been competitive with the local economy when establishing businesses in the new commerce center. As stated in the Recommendations from

⁴⁸ Devens Enterprise Commission. Annual Report 2004, Retrieved 10 Apr 2005
<<http://www.devensec.com/news/ar-dec2004.html>>.

⁴⁹ Nathan Lamb, “Devens: Towns may get outlying parcels, but will they get control?” *Harvard Hillside* 9 Sep 2005, retrieved 11 Sep 2005 <<http://www.harvardhillside.com/Stories/0,1413,108~5346~3047044,00.html>>.

⁵⁰ *Devens Reuse Committee Report to the Town of Harvard on Devens Five-Year Review*, retrieved 8 May 2005
<<http://64.233.187.104/search?q=cache:OX9SxPUY444J:harvard.ma.us/reusefinal.doc+devens+reuse+committee&hl=en>>.

the Tri-Town Five-Year Review of the Devens Reuse Plan,⁵¹ MassDevelopment has multiple and conflicting roles. MassDevelopment is acting as the municipal planner, landowner and developer. Generally municipal planners are not the landowners; the role of planners is to protect the interests of the public in planning for town development. MassDevelopment, as the landowner needs to maintain confidentiality with buyers; a role which competes with its other responsibility to preserve the community interests in its planning and decision-making.

MassDevelopment has recently proposed building residential units in areas that were not zoned for housing, ignoring the zoning limitations established in the 1994 By-laws. The towns are particularly concerned about additional residential growth being planned—“1,900 – 2,300 new housing units over 20 years”⁵². The question of housing development, projected education costs and municipal control were sensitive issues for the surrounding communities. Harvard, Shirley and Ayer began to consider the re-jurisdiction of Devens in an effort to assert greater control of the issues that affected their citizens.

In 2003, the Joint Boards of Selectmen from the surrounding towns formed the Devens Disposition Executive Board and submitted a proposal to MassDevelopment to move ahead on the Devens disposition issue much sooner than the 2033 date established in the Chapter 498 Legislation that created Devens”.⁵³ The Devens Disposition Executive Board, created a second committee, the Devens Finance and Development Committee, whose purpose was to review and report on the Reuse Plan Assessment and Disposition Process. The Executive Board was thus evaluating the outcome of changing jurisdiction from MassDevelopment to the townships and laying the groundwork for a legal challenge. Some of the issues that are being studied are:

- changes in the legislation affecting tax revenue for land owned by MassDevelopment;
- whether Devens residents have reached a critical mass needed to support the infrastructure and public services requirements of a separate town;
- review of the number of housing units, families and children to be incorporated into surrounding towns.

In 2004 the Devens Financial Committee completed a “comprehensive financial model” looking at the impact of the re-jurisdiction for all three surrounding towns.⁵⁴ Townships are gathering information and informing citizens in preparation for a super town meeting scheduled for the fall of 2006. The disposition of Devens will be initially voted on by surrounding town citizens at this town meeting. Once decided, the disposition will then be forwarded to the six stakeholders members. The six stakeholders are designated representatives from among the residents of

⁵¹ Recommendations from the “Tri-Town Five-Year Review of the Devens Reuse Plan – Phase II,

⁵² Davis Bushnell, “Four towns offer to take students”, The Boston Globe 11 Sep 2005, retrieved 11 Sep 2005 , <http://www.boston.com/news/local/articles/2005/09/11/four_towns_offer_to_take_students/?rss_id=Boston+Globe+---+City%2FRegion+News >.

⁵³ C. David Gordon. “Devens Community Status at Issue”, The Commerce Journal.com 29 Oct 2003, retrieved 8 May 2005 <<http://www.thecommercejournal.com/archives/devcom1030.asp>>.

⁵⁴ Nathan Lamb, “Devens Financial Committee seeks to put price tags on disposition question” Harvard Hillside 12 Dec 2004, retrieved 30 Aug 2005 <<http://www.devenscommunity.com/news/pressreleases/12152004-03.htm>>.

Devens, Harvard, Ayer, Shirley, and from MassDevelopment and Devens Enterprise Commission. A positive vote by 5 by the 6 stakeholder members will result in submission of the disposition report to the state legislature for a decision.⁵⁵ Citizens of Harvard, Ayer and Shirley and Devens continue to organize, analyze and build consensus in response to MassDevelopment's oversight of Devens. In what may be a sea change for MassDevelopment, Governor Romney named a new chairman of MassDevelopment and replaced four board members in March 2005.⁵⁶

Gillette's Devens Operations

According to "Sustainable Regional Development Forum Workshop Notes", from a conference offered by New Ecology Inc. (an environmental advocacy group) in 2000. References were made to an agreement (1997) between Gillette, and Sonoco, and Markson Rosenthal—two subcontractors—to co-locate and collaborate at Devens; a move supported by the Devens Enterprise Commission (DEC).⁵⁷ Sonoco Products Co. a packaging and plastics products company manages packaging services for Gillette at Devens and Hemel Hempstead, UK. Sonoco described the "pack" center at Devens, saying it handles "all blades and razor products for North America ..."⁵⁸ To complete the joint effort, Markson Rosenthal and Company, a company that staffs packaging centers, joins Sonoco as a hiring agency.⁵⁹

In 1997, Gillette contracted the Campanelli Companies, a developer from Braintree, to design and build the 410,000 square foot distribution/warehouse center at 66 Saratoga Boulevard. and a production (packaging) center of 250,000 square feet at 18 Independence Drive, both at Devens.⁶⁰

⁵⁵ Devens Disposition Home Page, "Devens Disposition Process", retrieved 8 May 2005 <<http://www.devensdisposition.org/>>.

⁵⁶ States News Service, "Romney taps Secretary Kimball to chair MassDevelopment Board", 4 Mar 2005, retrieved 10 Sep 2005 < http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=2821ccffcf896d603e824bad9236dcb1&_docnum=33&wchp=dGLbVlz-zSkVb&_md5=4f915a484edc259578df67f5a0e440b8>.

⁵⁷ New Ecology Inc. Retrieved 15 Mar 2005, Sustainable Regional Development Forum 25 September 2000 Workshop Notes

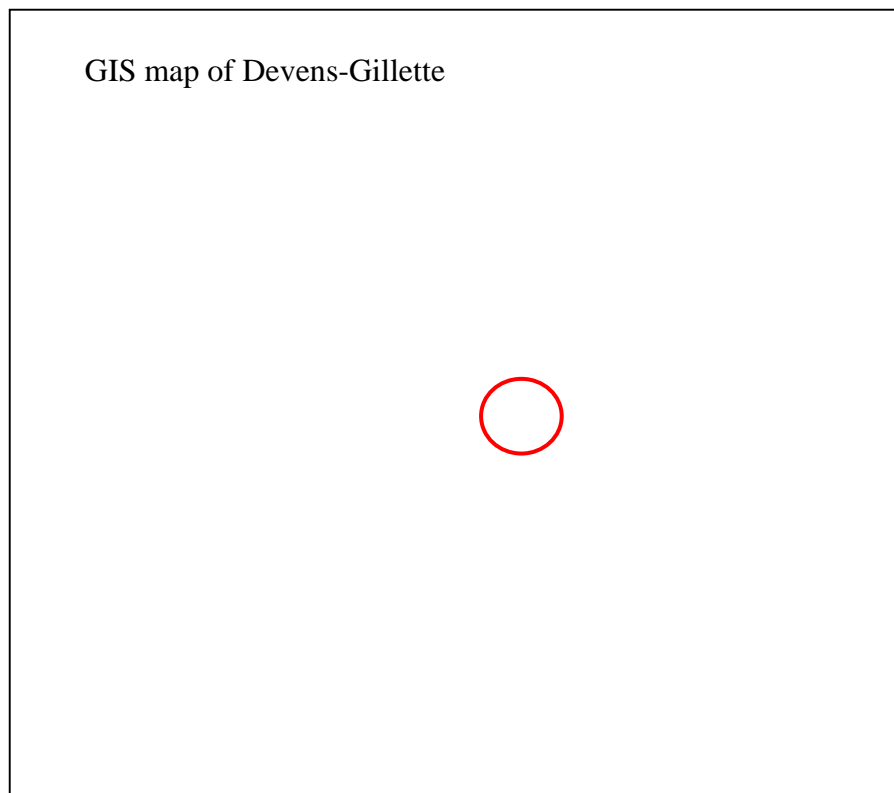
⁵⁸ Ken Cottrill. "Cutting Edge," Traffic World 21 Jul 2003, retrieved 21 Feb 2005 <<http://80-proquest.umi.com.libproxy.uml.edu/pqdweb?index=0&did=373409141&SrchMode=1&sid=1&Fmt=3&VInt=PROD&VType=PQD&RQT=309&VName=PQD&TS=1124031768&clientId=1531>>.

⁵⁹ Markson Rosenthal and Company Home Page. Client and Facilities webpages, retrieved 4 Jun 2005 <<http://www.marksonrosenthal.com/FACILITIES.HTM>>. Markson Rosenthal lists Gillette as one of its clients and the Devens packaging center as a location on their website.

⁶⁰ Mike Elfland. "Addition Planned for Gillette Plant," Worcester Telegram & Gazette 26 February 1997, retrieved 4 Apr 2005 <<http://80-proquest.umi.com.libproxy.uml.edu/pqdweb?index=19&did=57322393&SrchMode=1&sid=1&Fmt=3&VInt=PROD&VType=PQD&RQT=309&VName=PQD&TS=1114948089&clientId=1531>>.

It is the practice of Campanelli Companies to build according to specifications, own the buildings, and lease to the client. (Recent reports indicate that Campanelli sold the buildings to Intercontinental Real Estate in 2004.⁶¹) Gillette leases both buildings and owns the machinery, but only posts its name on the distribution/warehouse center. The physical layout of the two buildings and news reporting suggest that subcontracted employees are working in both areas. The building lots are adjacent. The rear sides of the buildings are joined together by a connector, which appears comparable in width to three 18-wheelers side-by-side.

The image below is a hybrid of a geographic information system (GIS) satellite image and a street map of Devens, MA and was constructed with the aid of Google Maps⁶² The red circle highlights the connector between the two buildings.



Research by the author indicates that Sunoco and Markson Rosenthal have a permanent workforce working at both locations.

⁶¹ Amy Choi, "Two Boston Industrial Buildings sell for \$45.5M" CPNOnline 1 Mar 2004, retrieved 5 May 2005 < http://80-web.lexisnexis.com.libproxy.uml.edu/universe/document?_m=0e499c70674a845ec784305703e0193b&_docnum=2&wchp=dGLbVlb-zSkVA&_md5=6ad3310bb757fbc36613f8428a194b5d>.

⁶² Google Maps. Constructed 30 Jul 2005 <<http://maps.google.com>>

- Gillette Distribution/Warehouse Center: 66 Saratoga Blvd.
- Sonoco, NC (Temp and Mgt. Agent): 18 Independence Dr. (Gillette packaging plant)

In addition, Staffing agencies provide temporary staffing and payroll services for Sunoco and Markson Rosenthal.⁶³ Sunoco currently hires temporary workers through Debbie's Staffing Agency located in Ayer and Markson Rosenthal uses Snelling Personnel which maintains offices in Lawrence, Chelmsford, Worcester, and Boston. The subcontractors have changed staffing agencies over time although key supervisors have remained on location and the workforce remains the same.

The following photographic images were taken by the author at the Devens-Gillette plants.

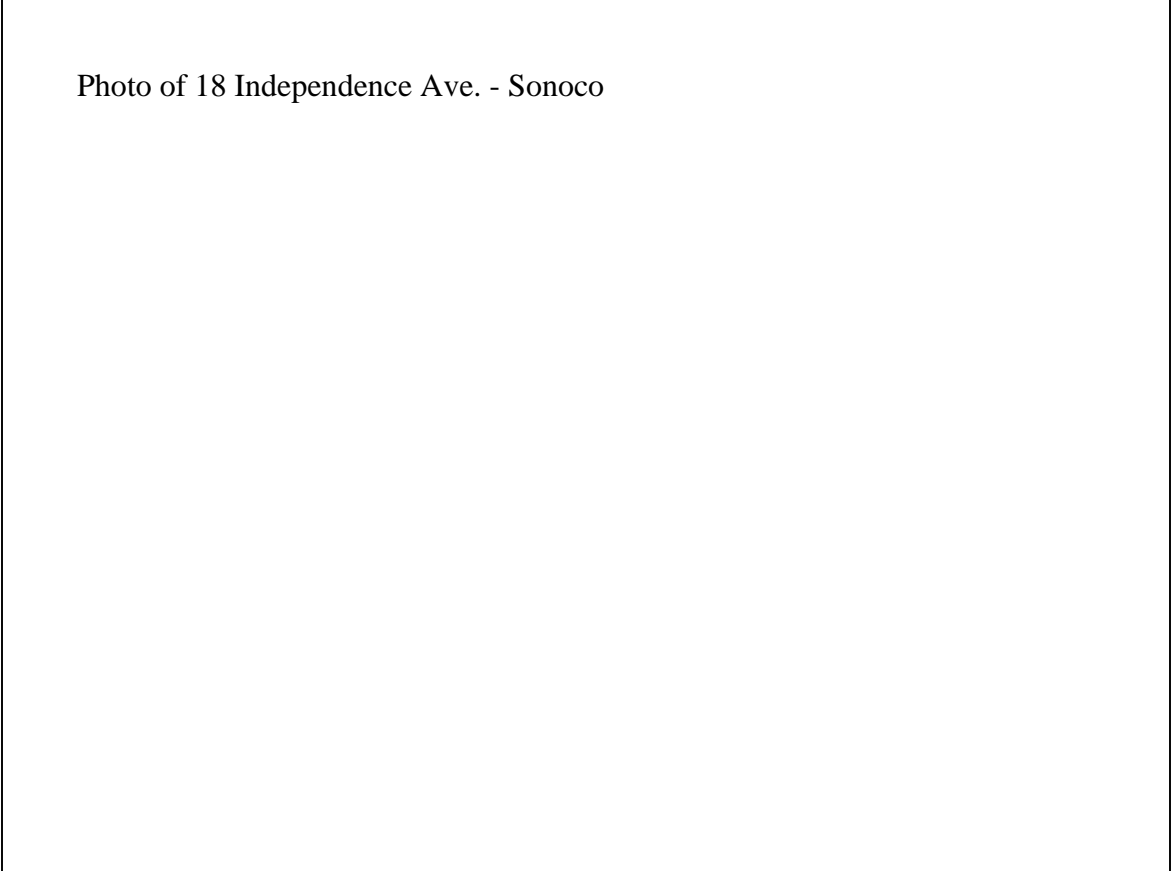
Gillette Distribution/Warehouse: 66 Saratoga Boulevard, Devens, MA

Photo of 66 Saratoga Blvd. – Gillette plant

⁶³ Personal communication with Loren McArthur, December 2, 2005.

Sonoco Packaging Services: 18 Independence Drive, Devens, MA

Photo of 18 Independence Ave. - Sonoco



Number of Workers at Devens

The number of Lawrence workers who are hired to package Gillette products is salient to developing an understanding of Gillette's growing dependence on temp workers, (and continuously so since 1997). In 2000, The Boston Herald reported that Sonoco and Markson Rosenthal were listed as second and third largest employers at Devens. Gillette is also on the list of employers at Devens, but not among the top three.

- “Sonoco – 500 employees
- Markson Rosenthal – 320 employees
- Gillette – 112 employees”⁶⁴

⁶⁴ Susannah Patton. “Devens Army Base Doing Well – 3,000 Jobs Already Created On Site”, The Boston Herald Boston MA 23 Jan 2000, retrieved 7 Apr 2005 <<http://80->

As reported in The Boston Herald, the number of employees is not differentiated by permanent or temporary status. Nevertheless, by 2005, the number of contingent workers hired by Sonoco had risen, Allan Cecil, Vice President of Investor Relations, Sonoco, comments “Sonoco's Devens plant is using 700 temps and 400 permanent workers”⁶⁵. As mentioned above Markson Rosenthal, the other largest employer of contingent workers at Devens, hires some of their temporary workers through Snelling Personnel. Tim Neilson, Regional Vice President for Snelling’s Regional Office reports that the company hires between “40 – 150 employees packaging Gillette products on a daily basis at Devens”⁶⁶. The practice by Sonoco and Markson Rosenthal of hiring other staffing agencies to fill their staffing operations at Devens-Gillette serves to obstruct accurate verification of the numbers of temporary workers at Devens-Gillette.

Best Estimate of Contingent Workforce at Devens-Gillette as Reported by Sonoco and Snelling Personnel - 2005

Hiring Agency	Temporary	Permanent	Total
Sonoco	700	400	1100
Snelling Personnel	95 (avg. of 40 – 150)		95
Total			1195

How many workers are working directly or indirectly for Gillette? How many workers are permanent workers with benefits? How long has the contingent workforce been working without access to benefits? Ideally, Gillette would make public a more detailed report of the number of workers at Devens-Gillette, including two things: 1) an explicit accounting of workers, 2) assessment of the growth of the contingent workforce over time especially relevant to increased production. But, for now, this best estimate can serve the purpose of approximating the Devens-Gillette workforce.

Tax Incentives, Corporate Income Taxes and Public Accountability

One aspect of the author’s research into Gillette’s operations focused on Gillette’s reasons for locating to Devens. The Massachusetts Office of Business Development (MOBD) indicates that

proquest.umi.com.libproxy.uml.edu/pqdweb?index=13&did=48237071&SrchMode=1&sid=1&Fmt=3&VIns=PROD&VType=PQD&RQT=309&VName=PQD&TS=1114947504&clientId=1531>.

⁶⁵ Kathleen Laughlin, “Campaign attaches itself to household name” The Eagle Tribune 13 Mar 2005, retrieved 20 Nov 2005 < http://www.mccormack.umb.edu/csp/press/csp_press_3-13-2005.jsp?printer=1 >.

⁶⁶ Andy Murray, “Group plans rally to Protest Gillette” The Eagle Tribune 4 Apr 2005, retrieved 20 Nov 2005 < http://www.eagletribune.com/news/stories/20050404/BU_001.htm >.

Gillette set up operations at Devens in order to take advantage of tax incentives.⁶⁷ The MOBD provides tax incentives to corporations locating in the 26 Economic Target Areas across the state. Devens, a regional development zone, is considered an Economic Target Area. The following is a list of tax incentives offered by the MOBD to corporations locating at Devens:

- “No personal property tax
- No excise tax
- Utility rate discounts
- Economic Opportunity Area credits for workforce development
- Reduced rates for water and wastewater treatment
- Brownfields Credit for Rehabilitation of Contaminated Property
- Investment tax credits or 5 percent for 10 years
- Additional research and development credit of 10 percent
- Local property tax breaks of between 5 and 20 years, negotiated with the municipality”⁶⁸

Additionally, MassDevelopment provides loans, loan guarantees and tax-exempt bonds for corporations locating at Devens. The following is a list of bonds and loans that MassDevelopment provides specifically to Manufacturers:

“Tax-Exempt Bonds — Used to purchase, renovate, or construct facilities and to finance equipment purchases. Bondholders pay no federal or state taxes on interest earned, resulting in lower interest rates and longer terms.

Real Estate Loans — Provide access to up to \$3 million for facility acquisition, renovation, construction, and permanent financing.

Equipment Loans — Provide below market-rate financing of \$50,000 to \$500,000 for new equipment.

Guarantees — Secure a portion of a private loan for real estate, or equipment, providing lenders with incentives to extend credit.”⁶⁹

A public records request was made (pursuant to Massachusetts General Laws Chapter 66, Section 10) to the MOBD⁷⁰ and MassDevelopment.⁷¹ The request specifically asked for information regarding tax incentives, tax credits, low-interest loans, and workforce development

⁶⁷ Mass Insight, “Made in Massachusetts” posted 1999, retrieved 20 Aug 2005, <[http://www.google.com/search?num=100&hl=en&lr=&safe=off&q="mass+insight"+++Devens&btnG=Search](http://www.google.com/search?num=100&hl=en&lr=&safe=off&q=)>.

⁶⁸ Massachusetts Department of Revenue General Information webpage - Economic Opportunity Area Tax Credits, retrieved 10 July 2005, <http://www.dor.state.ma.us/feedback/EOAC_inst.htm>.

⁶⁹ MassDevelopment – Custom Programs Web Page - Manufacturers, retrieved 5 Feb 2005, <<http://www.massdevelopment.com/custom/manufacturers.aspx>>.

dating from 1997 to 2005 inclusive. The written response from both offices stated there were no records available concerning Gillette. Personal communication with Robert Foley, Program Manager for the Economic Assistance Coordinating Council at the MOBD reiterated their earlier written response⁷². Devens Counsel Lee S. Smith (MassDevelopment) responded:

“I have requested that all MassDevelopment personnel search their records for documents that are responsive to your request. To date, I have neither received nor been made aware of the existence of any responsive documents in the possession of the Agency. In the event that any responsive documents are located, I will promptly forward them to you.”⁷³

After waiting for possible documents to be forwarded, a request was made to the Supervisor of Public Records, Commonwealth of Massachusetts, asking for assistance. The purpose was to verify the existence of records of tax incentives, credits or loans given to Gillette. The attorney assigned to the case by the Supervisor of Public Records reviewed later communications and stated the following:

“By letter dated August 23, 2005, Devens Counsel, Lee S. Smith informed this office that Gillette Company did not seek or apply for any investment tax credit program, nor receive any property tax abatement of financing from MassDevelopment. It is my understanding that Devens performed a diligent search of its files, and has no records responsive to your public records request.”⁷⁴

Does the lack of public records suggest that Gillette moved to Devens but did not take advantage of property tax abatement (available to leasees) or utility rate discounts offered to other corporations? This is surprising since Gillette was one of the first to begin operations at Devens in 1997 and it prefers locations that offer incentives (international examples). Further, as posted on the MassDevelopment – Devens webpage, Eric Kraus, Gillette Spokesman, stated that one reason Gillette decided to move to Devens was to take advantage of these ‘cost savings’.⁷⁵

“Uncommonly convenient highway and rail access and the cost of savings of the low utility rates and personal property taxes were key factors in our decision to lease two facilities at Devens.”

Additionally, the Commonwealth designated regional development zones, like Devens to stimulate workforce development. Gillette has permanent employees at Devens, but we believe

⁷⁰ Appendix 2

⁷¹ Appendix 3

⁷² Personal Communications, Robert Foley, 22 Jul, 2005.

⁷³ Appendix 4

⁷⁴ Appendix 5

⁷⁵ MassDevelopment – Available Real Estate, Devens web page. Retrieved 5 Feb 2005, <<http://www.massdevelopment.com/re/devens.aspx>>.

they have outsourced most operations at Devens to subcontractors. Again, it appears that there are no records of Gillette asking for economic opportunity credits related to workforce development. What is the reason for Gillette to move to Devens, build a plant specifically designed for Gillette’s warehouse and packaging operations, transport the contingent workforce to the site, and not take advantage of possible tax incentives? The situation seems contradictory and deserves further explanation.

Gillette shifts taxable income away from the Commonwealth through other means. This is a common practice for some corporations and allowed by legislature and the governor through a variety of Massachusetts tax incentives and loopholes. The following table indicates Gillette’s tax rate from 2001-2003, excerpted from Robert S. McIntyre and T.D. Co Nguyen’s “State Corporate Income Taxes 2001-2003”.⁷⁶

State Income Taxes for Gillette, 2001-2003, by 3-Year Tax Rate (Dollars in millions)

	2003			2002			2001			3 Years		
	Profit	Tax	Rate	Profit	Tax	Rate	Profit	Tax	Rate	Total Profit	Total Tax	Rate (avg)
Gillette	814	16	1.9%	928	10	1.1%	424	13	3.0%	2,166	39	1.8%

The corporate income tax rate recorded for Gillette in 2003 is 1.9%.⁷⁷ In 2003 corporate incomes tax rates for Massachusetts was 9.5%. Tax shelter schemes are lucrative and allow multinational corporations to shift profits out of Massachusetts and into states where tax incentives or tax law allow for reduced tax liability. During 2001 the recorded total Massachusetts revenue loss due to domestic tax sheltering (503m) was more than twice the revenue loss attributable to international tax sheltering (219m).⁷⁸ Gillette is not alone in its decisions to shield profits from taxes. In an example of how corporations shelter themselves from state corporate income tax nationwide, the Multi-state Tax Commission analyzed data collected in 2001 and reported that the “typical state suffered a corporate tax collection loss of 31.1 percent”⁷⁹. Jeff McLynch and James St. George sum up the lack of political will in Massachusetts in their critique:

“If the state is going to hand out tax subsidies – and in most cases there is little or no economic justification for doing so – state officials should at least ensure that development assistance comes with some strings attached. If businesses are going to use public money to improve their

⁷⁶ Robert S. McIntyre and T.D. Co Nguyen “State Corporate Income Taxes 2001-2003” A joint Project of Citizens for Tax Justice & the Institute on Taxation and Economic Policy, posted Feb 2005, retrieved 20 Apr 2005 <<http://www.ctj.org/pdf/corp0205an.pdf>>.

⁷⁷ Robert Cline, Tom Neubig and Andrew Phillips, Total State and Local Business Taxes, Nationally 1980 – 2004 and by State 2000 – 2004, Ernst & Young LLP posted 12 Apr 2005, retrieved 20 Apr 2005

⁷⁸ Multi-state Tax Commission, “Corporate Tax Sheltering and the Impact on State Corporate Income Tax Revenue Collections” posted 15 Jul 2003, retrieved 30 Apr 2005, <<http://www.mtc.gov/TaxShelterRpt.pdf>>.

⁷⁹ Multi-state Tax Commission, “Corporate Tax Sheltering and the Impact on State Corporate Income Tax Revenue Collections”

bottom line, the public should insist that they meet certain standards such as paying a living wage and providing health benefits. Moreover, tax subsidies should only be granted on the stipulation that if a company doesn't live up to its obligations, it will pay the money back.”⁸⁰

Gillette has its focus on international capital, and will take advantage of state tax incentives, tax loopholes and labor-cost avoidance strategies in order to increase its profitability. The connection between Gillette's low-wage and tax reduction strategies to the state budget and lost tax revenue may remain hidden from public awareness without greater efforts at accountability and greater transparency by the legislature and state agencies that spend public money.

⁸⁰ Jeff McLynch, James R. St. George, “Gone With the Wind Massachusetts Vanishing Corporate Income Tax” Massachusetts Budget and Policy Center, Jan 2003, retrieved 27 Aug 2005 < <http://www.massbudget.org/article.php?id=5> >.

III. Breaking the Social Contract

The social contract between industry and its workforce is one where employers, employees, and society express mutual expectations that the employment relationships will benefit all those concerned. The idea of a social contract between business and society is historically based, but in 1998, Thomas Kochan from the MIT Institute for Work and Employment Research articulated the social contract as including the basic expectation that wages and earnings would rise with increased productivity. Further, Kochan states that “hard work and good performance and loyalty would be rewarded with security, fair treatment, dignity and status”.⁸¹ As multinational corporations extend across nations seeking labor-wage savings, they are expected to fulfill their obligations as good corporate citizens, and demonstrate community and workforce responsibilities to their stakeholders. Gillette created a Policy of Social Responsibility⁸² and publishes it online, addressing codes of conduct and appropriate workplace conduct for its associates and the communities in which they live. Gillette, dependent on the contingent workforce at Devens-Gillette for 9 years, has managed to isolate themselves from the hiring practices of its subcontractors until recently. Survey reports of treatment of the Devens-Gillette contingent workforce would seem to violate Gillette’s policy on appropriate workplace conduct. Perhaps of greater impact is the lack of responsibility to the community in which they live. Choosing its’ workforce from a community with high-unemployment and denying long-term workers permanent employment keeps the worker below the poverty level without healthcare and without the means to maintain a livelihood. The community would benefit if Gillette maintained its social contract. The advocacy of citizens and workers themselves has caught the attention of the Attorney General and the local press, forcing Gillette to investigate.

The Lawrence Workforce

Inquiry into Gillette’s contingent workforce of workers leads to a general understanding of temporary workers and some of the obstacles they face. Subcontractors, Sonoco and Markson Rosenthal use day laborers among the Hispanic immigrants living in Lawrence, including many from the Dominican Republic, to work in Gillette’s operations at Devens. These workers are transported to Devens and work as “perma-temps” although many have been at Devens for as much as two years, some longer. The workers themselves are often disadvantaged in asserting their rights by language, lack of information, fear of job loss, and an informal system of worker selection that discourages speaking out. Vulnerable workers rarely like to self-identify and some temporary staffing agencies take advantage of these vulnerabilities. Workers at Devens have

⁸¹ Thomas A. Kochan, “Restructuring America’s Social Contract in Employment The Role of Policies, Institutions and Practices” MIT Institute for Work and Employment Research, posted June 1998, retrieved 20 Jul 2005 <<http://mitsloan.mit.edu/iwer/piperlecture.pdf>>.

⁸² The Gillette Company, “Gillette Corporate Social Responsibility Report 2004”, retrieved 6 Feb 2005 <http://www.gillette.com/community/Corporate_Social_Responsibility_Report_2004.pdf>.

reported employer abuses which are being investigated by the Massachusetts Attorney General and by Gillette as well⁸³. Greater detail on worker experiences follows.

To gain more complete information regarding the workforce and to ensure an opportunity for multiple views to be represented, a survey was developed and distributed to a sample of Lawrence workers who have current or had previous experience as temporary workers at the Gillette's Devens packaging plant. It was challenging to gain access to the workers. The temporary nature of the job also meant that fewer current workers responded. Moreover, it is a difficult task to capture how many workers actually work at Devens, because as mentioned above, conflicting information and lack of detail obscure verifiable information. A description of the methodology used to distribute the survey sheds some light on the efforts undertaken to collect information from this workforce. The results from the survey provide direct information regarding characteristics of the workers, their employment status, their work experiences and their use of state and government services to supplement their economic needs.

Methodology

The survey was developed jointly by the University of Massachusetts-Lowell, Regional Economic and Social Development graduate program and Loren McArthur, Lead Organizer and Staff Director of the Merrimack Valley Project, Lawrence, MA. The Merrimack Valley Project collaborated on development and distribution of the worker survey component of this study in order to help document the social impact of Gillette's heavy reliance on low-wage temporary workers. As the anticipated audience was primarily Spanish-speaking, the surveys were created in Spanish. Mr. McArthur was instrumental in distribution and collection, but, he believes unfamiliarity with survey processes may have contributed to low survey response.⁸⁴ Distribution occurred in Lawrence area church settings, where temporary workers were likely to congregate. Surveys were made available at after-church gatherings, and individuals responded voluntarily. Survey distributors made clear that respondent identities were to be kept confidential. Surveys were collected during the period of February to June 2005. A professor and student intern of the Regional Economic and Social Development Department provided verbatim translation of the surveys. The data collected is summarized below.

This is not a true random sample, because surveys were available at selected sites and respondents self-selected. The number of respondents comprises a small sample, but it is the best estimate we have a present. Researchers at the University of Massachusetts would be very pleased to analyze a more complete set of data if Gillette would provide it.

The Contingent Workforce Respondents

The number of current and past workers from Lawrence who responded to the survey was 27. Of the survey respondents, only seven or 26% are currently working at Devens-Gillette. The other

⁸³ Andrew Caffrey, "Gillette will investigate temp workers complaints", *The Boston Globe* 7 Apr 2005, retrieved 8 Apr 2005 < http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=56d8fe0b5018c7b3202f765cf95e2763&_docnum=3&_wchp=dGLbVlb-zSkVA&_md5=a2fd767f1425ce55b5ee600f438c53e7>.

⁸⁴ Personal communication, Loren McArthur, 6 Mar 2005.

20 respondents, or 74% are reporting on past work experiences at Devens-Gillette. All respondents in the sample indicated that they are currently working as a temp worker at Devens-Gillette, or have worked in the past as a temp worker at Devens-Gillette. Of primary interest was determining employment status and current and past work experience among the respondents.

N=27

Number of respondents and employment status

Total Permanent	8
Total Temporary	9
Total Unemployed	10

Number of respondents currently employed at Devens-Gillette

Permanent worker	2
Temporary worker	5

100% of respondents indicated current or past temporary work experience at Devens-Gillette.

Respondents	# of Respondents
Those with <i>current</i> and <i>past</i> work experiences at Devens-Gillette	27
Those with <i>past</i> experiences only	20

While this may lead some to argue that the majority of survey respondents does not reflect a current workforce, it is important to remember that Gillette controls the temporary-hiring criteria on a weekly, seasonal and yearly basis for its workforce; “current workforce” may be a variable target. Three compelling factors support the rationale for the inclusion of past-workers experiences. First, our assumption is that the contingent workforce “system” at Devens-Gillette has not changed significantly since operations began and the experience of current and past workers are therefore similar. Secondly, the conditional hiring and firing practices by subcontractors may have led to decisions by current workers not to participate in this survey. Finally, past experiences from some respondents offer reasons why some temporary workers do not return to work for Sonoco, Markson Rosenthal and Gillette. Understanding those reasons may provide insight into the kind of workplace environment that some face at Devens-Gillette.

Who are Gillette’s Contingent Workers from Lawrence?

The survey was designed to understand who the Lawrence workers are within the context of contingent work, and addresses areas of interest. Responses for general characteristics, length of

employment, annual household income and hourly pay, work experiences and workers' use of state and government services follow.

General Characteristics

The following is a breakdown of survey demographic and household information:

Gender

- 70% of respondents were female

Age

- Age range of 23 – 64, with 69% between the ages of 34 - 56.

Marital Status

- Option categories were limited to: “Married” and “Other”. 89% of respondents reported their marital status, 30% of these indicated they were married.

Supporting Children

- 74% of respondents, (including grandparents)
- 90% of these respondents have children under the age of 15.

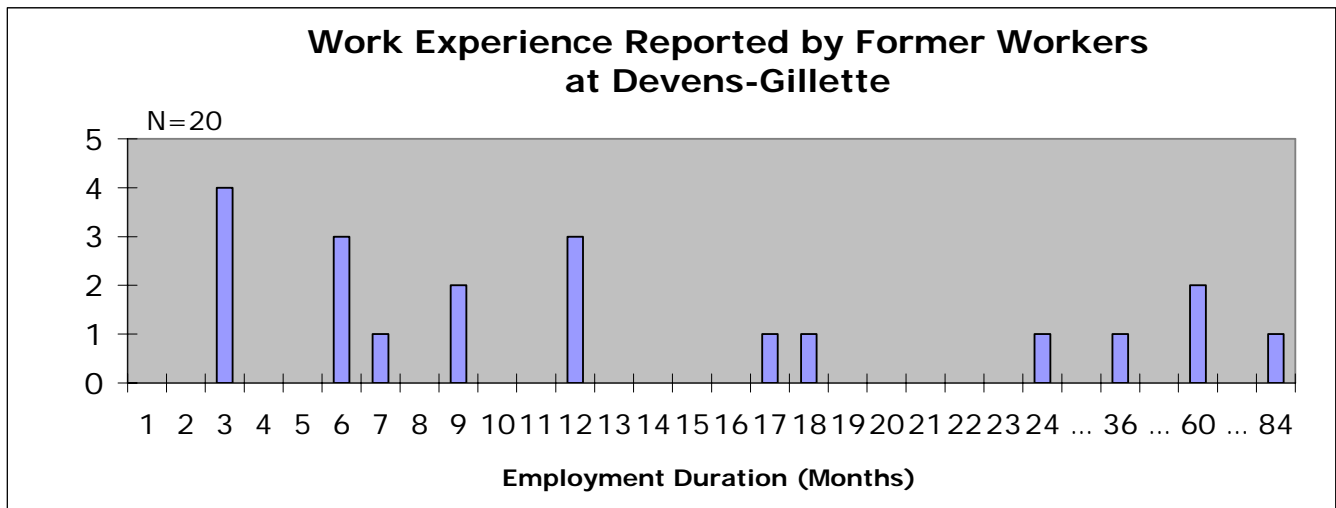
How Many Adults Living/Working in the Household?

- 30% lived in single adult households, and all were working except one respondent
- 37% lived in households with two adults, in half of those homes, both were working
- 33% of households had between three and five adults living in the same home, employment status varied

Length of Time Employed at Devens-Gillette

The nature of temp work is more readily understood when following the duration of employment with a subcontractor or at a specific location.

- Of seven **current** workers:
 - two temp workers have been hired in the last year (5 months, 8 months)
 - two other temp workers previously worked at Devens-Gillette (2 months, 9 months) became unemployed, and are now working again at Devens-Gillette
 - one temp worker did not indicate the length of time at Devens-Gillette
 - One permanent worker hired by Sonoco has been working for four years and reported four years of prior temporary work at Devens-Gillette.
 - One permanent worker has been working for 5 years.
- The twenty workers **not currently working** at Devens-Gillette report of range of two months to seven years of previous work experience at Devens-Gillette



Past workers reported that staffing agencies include: Adecco, Endicott & Colby, Markson Rosenthal, Staffing Group – Billerica, Snelling Personnel, Sonoco and Talent Tree.

It is apparent that 7 out of 20 of the respondents formerly worked at Devens-Gillette over a period ranging from 17 months to 7 years without the advantage of permanent employment status. We do not know the actual reasons for separation from Devens-Gillette, but some verbatim comments included in the section below (*Reports of Subcontractor Abuses*) may suggest workers' reasons for leaving. Nevertheless, to use temporary labor under long-term employment conditions but without benefits suggests that Gillette's plans to reduce labor costs have worked effectively at Devens. To Gillette's advantage, experienced labor will work for menial wages.

Annual Income

Of the 27 respondents, 24 reported annual household income. Of the seven who are *current workers* at Devens-Gillette, the following characterizes their annual household income.

- Five temporary worker/respondents reported an annual household income between \$10,000 - \$15,000
- One permanent employee/respondent reported annual household income between \$15,001 - \$20,000
- One temporary worker/respondent reported an annual household income between \$40,001 - \$50,000. This household contains four working adults.

Hourly Pay and Travel Costs

Gillette's subcontractors pay \$6.00 - \$7.00 per hour⁸⁵ for packaging work. They charge workers for the cost of transportation. Workers have anecdotally reported⁸⁶ arriving at the plant only to have no work to do, saying, in these circumstances they must wait hours for transportation home. The cost of travel is still incumbent on the worker whether there is paid work or not. All respondents are required to pay the cost of transportation to Devens-Gillette. The range of payments to contracted van drivers were between \$20 and \$35 per week; most paid \$30 per week for transportation.

Notably, the Fair Transportation Act of 2002 caps transportation fees at 3 percent of worker pay.⁸⁷

Reports of Subcontractor Abuses of Temporary Workers

In response to verbal reports of employer abuses, this section of the questionnaire was developed to elicit greater details. Given the sensitive nature of reporting employer abuses, the following replicates the questions and provides response categories and response rates as well as verbatim (translated) responses.

*For the following list of problems at work: If you work at Gillette (including its suppliers, Sonoco and Markson Rosenthal) as a temporary worker now, or worked there in the past, please answer these questions **about your job at Gillette**. If not, please answer about your current or last job.*

I am answering the following questions about (check one) Gillette ____, My current or last job ____

100% of respondents answered the following questions about Gillette

Did you ever receive pay for fewer hours than you worked? Yes/No ____

Yes	42%
No	52%
No Response	6%

If yes, how many times? _____

⁸⁵ Andrew Caffrey, "Gillette will investigate temp workers complaints"

⁸⁶ Workers' Testimonials during the Merrimack Valley Project Action 6 Mar 2005.

⁸⁷ Jennifer Jordan "New law will help temps" Eagle -Tribune 15 Feb 2002, retrieved 21 Aug 2005
<http://www.eagletribune.com/news/stories/20020215/LN_004.htm>.

Of those who responded yes, some indicated the number of occurrences. Those responses follow:

- 1 time (three people)
- 2 times
- 5 checks
- 5 or 6 times
- 17
- But, I worked it out

Were you sent home without pay when business was slow? Yes/No _____

Yes 82%

If yes, how many times?

- 1 time (2 people)
- 2
- several times (4 people)
- 3 times
- 4 times (2 people)
- 5 times (2 people)
- 8 times
- 10-12
- 11
- 20
- 30 times
- 50 times
- almost every week
- many times
- many (more than 100 times)

Do you feel secure/safe at your worksite? Yes/No _____

Yes 48%

No 48%

No Response 4%

If No, please explain why not

- Because they wouldn't have work when I arrived at the company, and were always sending me home. For that reason, it's not so secure.
- If I am going to work and there is no work, how can I feel secure?
- Because a lot of the time they were not responsible in providing work or paying me.
- Because it's not secure in any way.
- Because there are a lot of people who have been working a long time and still haven't become steady/permanent employees.
- Because I feel used.
- Because of arguments and conflicts.
- Because we temporary workers don't have [health] insurance.
- Temporary work doesn't give health insurance.
- I had an injury.
- Due to the famous 12 points/rules that govern the company.

Are you being treated fairly and respectfully? Yes/No _____

Yes	41%
No	52%
No Response	7%

If No, please explain why not

- I felt discriminated against.
- They discriminated against me.
- Because there is a lot of favoritism.
- Because there is favoritism.
- Favoritism, inappropriate words, going to the bathroom. They threatened me if I didn't do the job well.
- In Gillette there was mental and physical abuse.
- Never. Abusive supervisors.
- I felt beaten down and ashamed.
- No, because even though I wasn't sick they canceled me, then I got sick at work, and they didn't give me my pay.
- Because they didn't pay me, they treated me badly
- Because they weren't paying me my money, and we couldn't talk [about it].
- Because I asked to be made permanent and never got an answer.
- Because I don't have a secure job.

Please describe any other problems you have encountered at work.

- A lot of discrimination against Hispanics.
- They choose workers based on favoritism.
- I don't have permanent work. I was there all that time and they never made me steady. Lots of favoritism.
- Unfairness at the time when they pick the work crew, and you don't have a stable, secure job.
- It's not a steady job, sometimes you're prepared to go to work and they don't take you. [Has worked 10 years as a temp.]
- Was injured on the job. They brought me to a doctor. The next day they told me to work or I'd lose the job.
- An issue of problems with the agency; later they paid me. I don't have permanent work. I was there all that time and they never made me steady. Lots of favoritism.
- Psychologically impacted, not knowing whether I would get there and have work.
- One day I came in and they wanted me to clean the bathroom. And since I have problems with chemicals, I believe that since that time, they have been sending me home. I had [undecipherable]
- They promised me a raise when I was a machine operator, and they didn't [give it to] me, and they suspended me from work unfairly.
- Lack of benefits. [worked as a temp worker for 4 years before separation from Devens-Gillette]
- No benefits and no possibility of getting a permanent job. Over a period of five years, they never made me permanent.
- I don't have a steady job that allows me to meet my expenses.
- They charged me taxes and didn't make the necessary payments [undecipherable].

This section of the survey is of interest because respondents have an opportunity to freely tell their experience. One issue that generated strong reactions was the issue where workers arrive at work and are given no work to do. Most respondents experienced this situation at least once, and many experienced it multiple times. The repeated lack of coordination between work assignment and staffing might be explained by inefficient organization except that through this neglect, workers are penalized, waiting hours for return transportation and having to pay for transportation when they themselves are not getting paid. Several respondents expressed feeling insecure and related it to the lack of certainty about work after arrival.

For some the psychological impact of working at Devens-Gillette was critical. Two respondents stated discrimination [existed at the workplace], and six reported occurrences of favoritism by hiring agents. One was injured on the job and reported being threatened if they were unable to continue working. One who is sensitive to chemicals was told to clean the bathroom after arriving at work, the respondent resisted and has not been chosen to work again. One who got sick at work did not receive pay for that day. One reported being threatened for not doing the work well. One respondent mentioned abusive supervisors, one stated mental and physical abuse, and one described being “beaten down and ashamed”. Two respondents commented on not receiving pay and being treated badly. One respondent identified language differences which led to an inability to talk about the lack of pay for work . One was promised a raise and then fired “unfairly”.

The duration of employment without permanent status or benefits was contentious for some respondents. Under conditions of continuous hiring, workers develop hopes for permanent status and benefits. Five respondents noted that they had been working for many years and were not offered permanent work. Two respondents specifically mentioned no health insurance as an issue and had been working for four years and seven years respectively before separation from Devens-Gillette.

The intention to hire workers without securing basic payroll methods and designated work schedules, suggests that subcontractors and Gillette are demonstrating opportunistic behaviors in their just-in-time strategies. Continuous employment of workers over years without benefits of permanent status neglects the worker, and ultimately is connected to the economic instability of the community. The reports of abuse, threat and psychological mal-treatment are serious accusations and deserve attention from Gillette and possibly law enforcement. On-site advocacy would target discrimination, and abuse, and alert Gillette that their contingent workers have civil rights even if they are not “associates” protected by Gillette’s Policy of Social Responsibility.

Gillette’s Contingent Workforce Use of State and Federal Subsidies

Part of the survey was designed to discover if the contingent workforce used state and government services.

The following information indicates how the respondents use government services:

Government Services	Yes	No	NR
Use of state subsidy to help pay for utility/heat	6	19	2
Member of household receives Food Stamps	10	15	2

Twenty families reported having children, some sought government services and support:

Government Services	Yes	No	NR
Woman of household enrolled in Women-Infants-Children (WIC) program	5	20	2
Family receives community financial support to help with childcare	1	25	1
Children who eat lunch at school for free or reduced prices	13	8	6

Generally speaking, the majority of contingent workers do not report using federal/state services to augment their income. Notable exceptions were the following:

- 10 of the 27 respondents used Food Stamps
- Children of 13 families eat lunch at schools for free or reduced prices

Healthcare

Few respondents had health care or access to health care through jobs (their own or their spouses).

Of the 27 Respondents:

- Two permanent workers at Gillette-Devens have healthcare coverage from their employment
- two temp worker has healthcare coverage from spouse's employment
- One unemployed worker has healthcare coverage from spouse's employment

A number of respondents enrolled in MassHealth (Medicaid) for themselves and/or their children.

Of the 27 Respondents:

- 12 have MassHealth for themselves and/or their spouse

Of the 20 families with children:

- 14 have MassHealth for their children.

Without a Livelihood, the Contingent Workers Struggle

A table (below) was constructed to evaluate whether the Devens-Gillette workforce have income levels that are consistent with the classification "working poor" as designated by the U.S. Department of Labor and U.S. Bureau of Labor Statistics. In "A Profile of the Working Poor,

2003” the US Department of Labor and U.S. Bureau of Labor Statistics defined “the ‘working poor’ as those children and adults who spent at least 27 weeks in the labor force (working or looking for work).”⁸⁸ The constructed table uses the most recent poverty thresholds data (2004) presented by the U.S. Census Bureau from the “Current Population Survey, 2005 Annual Social and Economic Supplement”⁸⁹. Poverty thresholds are classified according to family makeup. The Census Bureau attributes 48 values defined by family membership. The constructed table relates data from the Contingent Worker survey that corresponds (as closely as possible) with those U.S. Census Bureau poverty threshold values; only those values that match survey respondent family descriptions are included here.

Table Comparing Poverty Thresholds from the US Census Bureau and annual household income reported in the Devens-Gillette Contingent Workforce Survey Responses

US Census Bureau Family Classification	Devens-Gillette Contingent Workforce N = 24	US Census Bureau Poverty Thresholds	Annual Household Income Reported by Survey Respondents
Single adults	1	\$9,827	<\$15,000
Single adult + one child	3	13,020	<\$15,000
Two adults, no children	3	\$12,649	<\$15,000
Two adults, no children	1	\$12,649	\$15,001 - \$20,000
Two adults + one child	6	\$15,205	<\$15,000
Two adults + one child	2	\$15,205	\$15,001 - \$20,000
Two adults + two children	4	\$19,157	<\$15,000
Three adults + two children	1	\$23,108	\$40,001-\$50,00
Four adults, no children	1	\$19,484	\$40,001-\$50,00
Four adults + one child	1	\$23, 838	<\$15,000
Four adults, two children	1	\$26,573	<\$15,000

- Thresholds do not vary geographically
- Poverty thresholds uses money income before taxes and does not include capital gains, public housing, Medicaid and Food Stamps

Of the 27 respondents, 24 provided annual household income information; seven are permanent workers and ten are currently unemployed. Of the 24 who responded to the question on income, thirteen are living at or below the poverty threshold; eighteen are living with children. The two

⁸⁸U.S. Department of Labor, U.S. Bureau of Labor Statistics, “A Profile of the Working Poor”, 2003, posted March 2005, retrieved 5 Apr 2005 <<http://www.bls.gov/cps/cpswp2003.pdf>>.

⁸⁹ U. S. Census Bureau “Poverty Thresholds 2004”, retrieved 23 Oct 2005, <<http://www.census.gov/hhes/www/poverty/threshld/thresh04.html>>.

current employees of Devens-Gillette who are permanent workers are earning less than \$20,000 annually. From the survey response categories we can extrapolate as to the reality of four adults living on an income of less than \$50,000 (an income of approximately \$10,250 per adult) or two adults and a child living on less than \$20,000 annual household income (an income of approximately \$6,666 per person). Some of the workers reported annual household income at levels above the poverty threshold, but survey categories were limited, and do not exactly match the poverty threshold values. even so only one or two respondents could be said to earn wages that could be called adequate or above poverty level.

From “A Profile of the Working Poor, 2003”, the U.S. Department of Labor also indicated that:

- “3 in every 5 of the working poor who worked during 2003 usually worked full time.
- Of all the individuals in the labor force for at least half of the year during 2003, more women than men were poor.
- Black and Hispanic or Latino workers were more than twice as likely as their white counterparts to be among the working poor.”⁹⁰

The U.S. Census Bureau concluded in the 2004 Highlights from the 2005 Annual Social and Economic Supplement that “poverty rates remained unchanged for Blacks... Hispanics... and children under 18”⁹¹ from 2003.

State and Government Benefits

The issue at hand is that the working poor can end up working full time for years without benefits or enough income to feed their family, an impoverishing and unstable situation. Corporations strategize to limit the impact of labor costs in order to fuel their own growth. The consequences for not providing a livable wage falls to the state and public. It appears that the public subsidizes Gillette (1.69 billion net profit in 2004) by providing benefits for its contingent workforce such as: Medicaid (MassHealth), Food Stamps, local utility cost-reduction programs, and other community services.

The major cost to the public/state is health care. Using the table constructed from data reported by Sonoco and Snelling Personnel and duplicated below for the reader’s convenience we can roughly estimate the cost that the public pays to support the working poor from among the contingent workforce.

Estimate of Contingent Workforce at Devens-Gillette as Reported by Sonoco and Snelling Personnel - 2005

Hiring Agency	Temporary	Permanent	Total
Sonoco	700	400	1100
Snelling Personnel	95		95

⁹⁰ U.S. Department of Labor, U.S. Bureau of Labor Statistics, “A Profile of the Working Poor”,

⁹¹ U.S. Census Bureau “Poverty: 2004 Highlights” posted 30 Aug 2005, retrieved 23 Oct 2005
<http://www.census.gov/hhes/www/poverty/poverty04/pov04hi.html> >.

	(avg. of 40 –150)		
Total	795	400	1195

From the Contingent Worker Survey Data, regarding health care:

Current Workers at Devens-Gillette (N=7)

- Of the two current respondents who are permanently employed, both have healthcare coverage through their employment.
- Of the five current respondents who are temporary workers, none have MassHealth for themselves.
- Four of the five current temporary workers report having MassHealth for their children. They report 6 children in those families, for an average of 1.5 of children per family.

By using the MassHealth value attributed to per-member per-month costs along with the number of current temporary workers who have MassHealth for their families multiplied by the total temporary workers employed at Devens – Gillette we calculate:

1. The current projected FY06 budget for MassHealth cost per month per non-disabled child-recipient is \$244⁹².
2. We estimate 4/5 (from our sample) of current temporary workers claiming benefits for their children.
3. We multiply 4/5 x the value of total temporary workers (795)
4. We multiply this total by the average number of children in those households (1.5).
5. And calculate the estimated monthly costs to the public for MassHealth coverage of the contingent workers at Devens-Gillette:

(\$244/month/MassHealth cost per non-disabled child) x (4/5 temporary workers claiming benefits for their children) x (795 total temporary workers) x (1.5 children/worker) = **\$232,776.00 MassHealth per month.**

Another major cost that the public undertakes to support the contingent workforce is the federal Food Stamps program. Permanent employment at Devens-Gillette does not ensure a livable wage, as evidenced by one of the permanent workers who receives Food Stamps. Food Stamp benefits are paid on a per person basis.

From the Contingent Worker Survey Data, regarding Food Stamps:

Current Workers at Devens-Gillette (N=7)

⁹² Personal Communication, Jose Ojeda, Caseload Manager, MassHealth, Department of Health and Human Services. 10 Nov 2005.

- Of the two current respondents who are permanently employed, one indicated that their family receives Food Stamps.
- Of the five current respondents who are temporary workers, two indicated that their families receive Food Stamps
- Total number of respondents who receive Food Stamps = 3. The average number of children per family is 1.5

By using the Federal Food Stamps value attributed to per-recipient per-month cost along with the number of current permanent and temporary workers who have Food Stamps for their families multiplied by the total permanent and temporary workers employed at Devens – Gillette we calculate:

1. The most current posting of the annual Food Stamps benefit indicates that for Massachusetts the average monthly benefit per person = \$75.74⁹³
2. We estimate 3/7 (from our sample) of current permanent and temporary workers.
3. We multiply 3/7 x the value of total permanent and temporary workers (1,195).
4. We multiply this total by the average number of children (1.5).
5. And calculate the estimated monthly costs to the public for the federal Food Stamp benefit for the contingent workers at Devens-Gillette:

(\$75.74/month/food stamp recipient) x (3/7 permanent and temporary workers) x (1,195 total permanent and temporary workers) x (1.5 children/worker) = **\$58,184.55 per month**

The estimated total cost to the state for MassHealth, Food Stamps benefits provided to the contingent workforce at Devens-Gillette is rudimentary at best and dependent on data reported by only a partial list of staffing agencies.

Estimated Total cost of the state of MassHealth and Food Stamp recipients from the Devens-Gillette contingent workforce.

\$232,776.00	per month – MassHealth
\$ 58,184.55	per month – Food Stamps
\$ 290,950.55	per month

	\$290,950.55	x 12
The annual cost to the state:	\$3,491,406.60	

⁹³ Food Stamps Average Annual Benefit (by State) posted 25 Oct 2005, retrieved 11 Nov 2005
< <http://www.fns.usda.gov/pd/fsavgben.htm> >.

This figure is a low-end estimate, since it does not include other subsidies, such as heating fuel assistance and the National School Lunch Program. However, taking into account the frequency of use and the costs of the various benefits, this probably represents the bulk of the public expense imposed by low wages and limited or no benefits at Devens-Gillette. It is important to emphasize that the figure is very much an estimate. As previously noted, the sample of current Devens-Gillette workers is small and not necessarily representative, and the estimate of total contingent and permanent employees is approximate. Nonetheless, this is the best estimate available. University of Massachusetts researchers would be happy to repeat this analysis with a more complete survey, were Gillette to make it available.

The bottom line is that the lack of permanent employment status for long-term contingent workers at Devens-Gillette combined with low wages creates an insidious relationship between the highly profitable Gillette corporation and the state. The contingent workers do not experience the legitimacy of self-dependency and must rely on the state and public support for preventative healthcare and nutrition support.

It is noted that none of the current temporary workers have MassHealth for themselves (only for their children) and few used Food Stamps. In order to understand why a population with little ability to sustain a livelihood did not use more of available federal and state support, the author sought possible answers.

We do know that in 2004 the Commonwealth cut MassHealth benefits for almost 10,000 “special status” immigrant workers.⁹⁴ “Special status immigrant” is defined as “lawful, tax-paying non-citizens who are residing in the country legally but do not qualify for Federal Medicaid.”⁹⁵ Being cut from MassHealth enrollment is only part of the problem that may affect our survey respondents. “17,000 households will be affected by the new MassHealth premiums, including a significant number of individuals and families who earn between \$9,000 - \$25,000 a year”⁹⁶. Barriers to receiving health care are mounting for immigrant workers. The instability of the system, and increasing demand on family resources may lead to the inability to get (or pay for) health care coverage.

In an effort to look at other possible reasons for non-enrollment in benefit programs, studies were reviewed. In 2003 the Department of Health and Human Services commissioned a study from Johns Hopkins University to look at why low-income families do not take advantage of TANF (Temporary Assistance for Needy Families). “A Study of TANF Non-Entrants”⁹⁷ suggests

⁹⁴ Alyssa Na'im and Christina Legg Greenberg, “Cuts that Hurt” posted 27 Jan 2004, retrieved 23 Jul 2005 <http://www.massbudget.org/cuts_that_hurt.pdf>.

⁹⁵ Massachusetts Immigrant and Refugee Advocacy Coalition, “10,000 Adult Legal Immigrants Without Health Coverage”, posted 4 Mar 2005 retrieved 10 Aug 2005, <<http://www.massjwj.net/hcadfact.pdf>>.

⁹⁶ Alyssa Na'im and Christina Legg Greenberg, “Cuts that Hurt”

⁹⁷ Robert Moffitt, Katie Winder and Johns Hopkins University, “A Study of TANF Non-Entrants” Department of Health and Human Services 14 November 2003, retrieved 15 Jun 2005 <http://www.jhu.edu/~welfare/moffitt_final1.pdf>.

several reasons for non-entry to the “welfare system “which may be useful in understanding our survey population. Data was collected from 256 low-income and poor families living in three cities: Boston, Chicago and San Antonio. The “Three-City Study Ethnography” does not represent a random sample and may not be statistically significant.

The findings from the ethnography summarize and offer insight into rationales for non-entry by the black, Hispanic or Latino and white families who participated in the study. The findings provide interest as to the character of the participants. For example, study participants were substantially influenced by attitudes and beliefs rather than financial need. The findings identify the following attitudes that prevented survey respondents from seeking financial help:

- 1) “self-reliance
- 2) altruism
- 3) stigma
- 4) perceived need to differentiate one-self socially and morally
- 5) personal experiences with welfare agencies.”⁹⁸

Choices for non-entry into TANF also had other influences. Families were given misinformation or diverted from receiving TANF by caseworkers acting as gatekeepers. Sometimes family members (husbands, boyfriends, parents) diverted primary caregivers from spending time and effort going to the TANF office.

Non-entrants survived by creating a resource network, cobbling together different sources of support in order to make ends meet. Elements include intermittent sources of cash, part-time or additional jobs, some services (Food Stamps, MassHealth) and family support. One finding from the report discussed a common myth, and is stated below:

“Contrary to the assumption that if a family is not using TANF, they must be making ends meet or getting by, the ethnographic data reveal this is not always the case.....while some families got by with minimal costs to themselves, others put themselves at risk of experiencing negative consequences in their attempts to make ends meet. For example, mothers jeopardized their own health and well-being when trying to provide for their families by taking on second, third, and fourth jobs, working odd hours, or commuting long distances via public transportation.”⁹⁹

We do not know if the Lawrence workers are similar to the families in the ethnography. The value of this study is to suggest that workers working (some full-time) without a livable wage are not necessarily making ends meet and may be putting themselves and their families at risk. The findings in the ethnography also suggest a need for further research of the contingent workforce living in Lawrence to discover if attitude or deterrence by caseworkers or family members play a part in why more of the workers choose not to participate in available services.

⁹⁸ Robert Moffitt, Katie Winder and Johns Hopkins University, “A Study of TANF Non-Entrants”

⁹⁹ Robert Moffitt, Katie Winder and Johns Hopkins University, “A Study of TANF Non-Entrants”

Whether by restrictions from MassHealth enrollment, lack of ability to pay, or choice, the Lawrence workers are limited in their options to use public benefits. The survey respondents give us insight into a population where wages do not lift them above poverty, and they are not accessing preventative healthcare or nutritional support for themselves. The health of such a population is likely to decrease projected over time. Notably, time is a salient feature of the hiring practices at Devens-Gillette and Gillette. Long-term workers have complained of working for years without benefits from Gillette; separation from their job was the only outcome. Gillette and their subcontractors take advantage of workers continuously working over time without accounting for the added value experienced workers bring to the plant operations. Meanwhile the public and the state must subsidize Gillette's practices.

Gillette and Citizen/Worker Resistance

According to the survey and news reporting, some of the contingent workers from Lawrence experienced psychological and physical abuse, loss of pay, and were burdened by lack of opportunity to become permanent employees even though some worked for years. Gillette's hiring of subcontractors at Devens served to distance Gillette from its contingent workforce. Nonetheless, Gillette, was controlling the worker and worker output. For example, packaging demands must have increased due to increased product sales. Gillette demands to increase production must have been communicated to the subcontractors and therefore the contingent workers. The corporate strategy was to plan for production levels but not deal with the workers. By leaving all workforce oversight to the subcontractors, the outcome for some workers was neglect and abuse.

Workers from Devens-Gillette began contacting a local Lawrence organization: the Merrimack Valley Project¹⁰⁰ (MVP) with serious allegations. Located at 35 Jackson St. Lawrence, MA, MVP is a regional coalition of religious groups, labor organizations and community groups, dedicated to helping to improve jobs, housing and public services for Lawrence citizens. In 2002, it was successful in campaigning for the Fair Transportation Act¹⁰¹ designed to prevent unfair gouging of transportation fees by staffing agencies.

By November 2004, the MVP had gathered worker evidence and built support from among the local religious community. MVP contacted Gillette and asked to meet concerning the contingent workers complaints.¹⁰² The MVP went directly to Gillette because they wanted Gillette to acknowledge their relationship to their workforce. (The Code of Conduct from the Gillette's Policy of Social Responsibility applies to vendors and suppliers).¹⁰³ The Eagle-Tribune stated

¹⁰⁰ Merrimack Valley Project Home Page, retrieved 8 Jun 2005 <<http://www.merrimackvalleyproject.org/>>.

¹⁰¹ Merrimack Valley Project, History Page retrieved 8 Jun 2005
<<http://www.merrimackvalleyproject.org/history.htm>>.

¹⁰² Kathleen McLaughlin "Coalition: Gillette abuses workers" The Eagle-Tribune 21 Dec 2004, retrieved 20 Apr 2005 <http://www.eagletribune.com/news/stories/20041221/BU_001.htm>.

¹⁰³ Kathleen McLaughlin "Coalition: Gillette abuses workers"

that allegations were previously unknown to Gillette, and the subcontractors had not heard of complaints being made. Gillette wanted more details before they met with MVP. In a letter, the board of directors of MVP provided greater details of the complaints without revealing identifying information.¹⁰⁴ The risk of job loss was too great for workers to feel safe enough to self-identify when making formal complaints. Nevertheless, Gillette and its subcontractors would not meet with MVP without first receiving “formal or specific complaints”.¹⁰⁵ For the Merrimack Valley Project leaders, the lack of early investigation and continuing refusal to meet spurred on the development of community action. Additionally, the sale of Gillette announced early in the year, led to concern over the continued operation of Devens-Gillette.¹⁰⁶

The Merrimack Valley Project planned for a series of political actions beginning with a community rally on March 6, 2005 in Lawrence¹⁰⁷. At the rally, workers, religious leaders, and politicians spoke out generating greater public support for the workers’ cause.¹⁰⁸ The Lowell Sun quoted Lead Organizer and Staff Director Loren McArthur as saying, “We feel Gillette has a responsibility to monitor and oversee its contractors who are reportedly exploiting workers in pretty profound ways.”¹⁰⁹ MVP’s demands on behalf of the workers were:

- “Resolve worker grievances
- Provide time cards and worker contracts
- Create a system for anonymous reporting of a complaint
- Establish a monitoring system to enforce workplace standards among its subcontractors
- Provide affordable transportation
- Stop abusive treatment”¹¹⁰

Gillette’s press coverage was already heightened due to the sale and challenges by the Attorney General, and now the press began to cover the political actions. Feature journalists in the Boston

¹⁰⁴ Rebecca Lipschitz, “Temp workers turned away at Gillette Co. The Lowell Sun, 11 Mar 2005, retrieved 12 Aug 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=4ec92a79ae1b567ea7bc4c6bc78929e4&_docnum=1&wchp=dGLbVzb-zSkVb&_md5=93fb2071dff83eab8d1b3c2b5f1b7736>.

¹⁰⁵ Andrew Caffrey “Gillette will investigate temp worker complaints” The Boston Globe, 7 Apr 2005, retrieved 8 Apr 2005 <http://www.boston.com/business/articles/2005/04/07/gillette_will_investigate_temp_worker_complaints/?rss_id=Boston+Globe+--+Business+News>.

¹⁰⁶ Personal communication, Loren McArthur 4 Feb 2005.

¹⁰⁷ Scott Allen and David Abel, “Labor rally urges Gillette to protect temps” The Boston Globe 7 Mar 2005, retrieved 8 Mar 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=abc3ef3867b0802cfca1533d41a871b1&_docnum=1&wchp=dGLbVzb-zSkVb&_md5=e310177069545d8384f2deae54542a93>.

¹⁰⁸ Merrimack Valley Project 2005 Delegates Assembly and Public Action 6 Mar 2005, Lawrence, MA

¹⁰⁹ Rebecca Lipschitz, “Temp workers call on Gillette to monitor contractors” The Lowell Sun 8 Mar 2005, retrieved 9 Mar 2005 <http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=6e29f066e420f9a6c1efe06212267e4d&_docnum=1&wchp=dGLbVzb-zSkVb&_md5=04d936b9be7082caacddcba199a7851>.

¹¹⁰ Rebecca Lipschitz, “Temp workers call on Gillette to monitor contractors”

and area papers wrote sympathetically about the workers. Over the course of the next month, the Attorney General became interested in the workers' complaints and met with the Directors of MVP promising to investigate. On April 7, 2005, Gillette announced it would also investigate.¹¹¹ Gillette continued to feel public pressure at the last annual shareholders meeting on May 12, 2005, where the sale of Gillette was not the only topic for discussion before the shareholders. The Merrimack Valley Project brought a delegation of leaders, clergy and workers to testify before Kilts. At this meeting Kilts agreed to arrange negotiations between Gillette management and the MVP. Also conspicuous, were the members of the contingent workforce from Devens, and the Hemel Hempstead plant in England who traveled to the meeting (despite financial hardships) in order to protest the closure.¹¹² Since that time, Gillette has met with MVP and discussions have centered on practices and procedures at Devens-Gillette. The MVP community was successful in this case generating public awareness and pressure through political action. Lawrence Mayor Michael Sullivan and Senator Susan Tucker, ((D) Andover) as well as the Attorney General's Office contributed to bringing Gillette to the table. Press coverage of the Devens-Gillette labor resistance kept the public informed as to injustices reported by members of the contingent workforce. The next issue for MVP is to keep continuous pressure on Gillette and Procter & Gamble so as to secure jobs and fair treatment for the contingent workforce.

¹¹¹ Andrew Caffrey "Gillette will investigate Temp worker complaints"

¹¹² Andrew Caffrey, "Workers give Gillette an earful" The Boston Globe 13 May 2005, retrieved 14 May 2005

<http://80-web.lexis-nexis.com.libproxy.uml.edu/universe/document?_m=d5c731bcc452981b83cdb25cd82d4a1f&_docnum=1&_wchp=dGLbVzb-zSkVb&_md5=01c6e655f361e9dd2dcac5b200b234e4>

IV. Conclusion

The Boston Globe announced on October 1, 2005 that federal regulators approved Procter & Gamble's takeover of Gillette¹¹³, closing the final chapter on Gillette's century-long corporate history. In 1997, Gillette took part in an experiment, moving distribution and packaging operations to a new regional development zone. Its own strategies to outsource plant operations to a contingent workforce were initiated in the U.S., with operations in Devens, and in Europe. Redefining labor's role has paid off for Gillette, But for the Commonwealth, corporations who use low-wage workforce strategies to bring "needed jobs to the area" are not benefiting the state nor the individual with a livable wage or health benefits. Giving corporations tax incentives and allowing corporate tax loopholes while they break their social contract is the fault of the legislature, policy deficiencies, and the public for not holding corporations responsible.

The elements that increase economic development in a region is a well-educated workforce, a corporate/labor structure that preserves the social contract, and well-maintained infrastructure. The state budget continues to bleed, partially depleted from the loss of corporate incomes taxes. As stated by Jeff McLynch and James St. George, "the [Massachusetts] Department of Revenue estimated [in] February 2003 that changes in corporate tax law [would] reduce state tax revenue by \$382 million in FY2004".¹¹⁴ Cuts in state budgets inevitably affect the public in ways that do not directly affect corporations. The FY 2004 Budget included cuts in child care and early childhood education funding and reductions in education affecting children. MassHealth spending rose, but benefits were reduced; budgets for public health and housing, human services and income support programs were cut. Elements that directly affect corporations as they choose to locate or remain in Massachusetts are transportation and infrastructure expenditures (both of which saw budget cutbacks) and the future workforce whose access to public higher education is lessened with yearly budget cuts.

A tradeoff exists for the Commonwealth; in order to provide tax subsidies and incentives to corporations, it must make draconian budget reductions that places its citizenry at risk and reduces the potential for economic development. Reversing this costly tradeoff means moving

¹¹³ Jenn Abelson "An era ends as another begins for Gillette" The Boston Globe 1 Oct 2005, retrieved 1 Oct 2005 <[http://www.newslibrary.com/nl-search/we/Archives?p_action=doc&p_theme=bg&p_topdoc=1&p_docnum=1&p_sort=YMD_date/D&p_product=BG&p_text_direct-0=document_id=\(%2010D08499C92D49F8%20\)&&s_accountid=AC0105101614133002550&s_orderid=NB0105101614130802527](http://www.newslibrary.com/nl-search/we/Archives?p_action=doc&p_theme=bg&p_topdoc=1&p_docnum=1&p_sort=YMD_date/D&p_product=BG&p_text_direct-0=document_id=(%2010D08499C92D49F8%20)&&s_accountid=AC0105101614133002550&s_orderid=NB0105101614130802527)>.

¹¹⁴ Jeff McLynch, James R. St. George, "Gone With the Wind Massachusetts Vanishing Corporate Income Tax", Massachusetts Budget and Policy Center, posted Jan 2003 retrieved 5 Sep 2005, <http://www.massbudget.org/gonewithwind_final.pdf>.

the agenda through the legislature to close the corporate tax loopholes and re-assess tax incentives which negatively influence the state's fiscal capacity. Additionally, the case is being made that the public and legislature should act to hold responsible those corporations who undermine their own workforce and community through hiring practices that 1) reduce workers capacity to sustain themselves and 2) abuse workers without recourse.

Economic Health and Policy Deficiencies

This paper highlighted the following two deficiencies in current policy structure as they affect the economic health of the state.

- A. Absence of state policy that promotes economic growth and maintains a viable social contract.
- B. Absence of information that would inform general policy and support enforcing the existing laws.

Currently, state policy regarding economic growth appears to operate in favor of corporate strategies at the direct expense of the public and state-wide economic capacity. Massachusetts could learn from its own recent examples of giving corporations lucrative tax advantages only to watch the jobs leave the state (Raytheon and Fidelity). Legislating a new trend in public policy would require the political will to repair the social contract between corporations and workers and to challenge the assumptions of corporations who lobby for tax relief. Without support for these policies, Massachusetts' economic strength will continue to be controlled by corporate mobility strategies within and beyond state borders.

Information is only as important as the need to understand. The absence of information in this case specifically related to issues concerning the contingent workforce, Gillette and Devens. There were two difficulties: 1) gaining information regarding workers, and 2) gaining information controlled by MassDevelopment and Gillette. Even though Gillette is publicly held, its operations at Devens serves to create a barrier to information by virtue of the subcontractors and staffing agencies (private companies) and by MassDevelopment (quasi-state agency). In this case, the lack of transparency could affect information needed by law enforcement or government legislation as questions of civil rights violations surface. The reason this matters is that people's lives are being affected, and for some the affect is severe. Prohibiting general information from reaching the public about the contingent workforce only leads to speculation about the nature of the work environment, the condition of the workers and whether the situation is unjust.

The next step is for the public and the legislators to support regional growth by protecting the workforce and the public trust. The trend in corporate mobility in which corporations divest themselves of the social contract leads to a downward budgetary spiral and makes the state dependent on the demands of the corporation instead of the two acting as mutual partners in economic growth.

V. Appendix