

Is There (Middle Class) Life After Maytag?



Matthew Holst for The New York Times

Lisa and Guy Winchell will lose their jobs at the Maytag plant in Newton, Iowa, when it shuts down on Oct. 26. Above, they worked on his bus, converted into a recreational vehicle.



Tootie Samson was laid off from Maytag but later recalled to help wind down the plant. She will go back to school with federal aid.



Steve Schober, who was an industrial designer for Maytag, and his wife, Sarah. He now has his own design business.

THE last of the Maytag factories that lifted so many people into the middle class here will close on Oct. 26. Guy Winchell and his wife, Lisa, will lose their jobs that day. Their combined income of \$43 an hour will disappear and, soon after, so will their health insurance. Most of the pensions they would have received will also be gone.

The Winchells are still in their 40s. They can retrain or start a business, choices promoted by city leaders in a campaign to “reinvent” Newton without its biggest employer. But as they ponder their futures, the Winchells are uncertain about how to deal with a lower standard of living. “I’m not wanting to go waitress,” said Mrs. Winchell, who, at 41, drives a forklift and earns \$19 an hour, “but I can do what I have to to make money.”

Mr. Winchell, 46, having earned \$24 an hour as a skilled electrician, seems paralyzed by the disappearance of his employer. He imagines that there is work for electricians in central Iowa but he hasn’t looked. “Lisa is always on me because I’m so angry,” he said. “She says, ‘What would your mom have said?’ My mom would have said, ‘Worrying is not going to help.’”

Newton's last day as a manufacturing mecca comes a century after Fred L. Maytag built his first mechanical washing machine here. Over time he also located his headquarters, research center and most production in Newton, changing it from a rural county seat into a prosperous city of 16,000. Absent Maytag's high pay, overall hourly earnings last year for other workers in the county would have been \$3 an hour less, according to Iowa Workforce Development, a state agency.

And then the [Whirlpool Corporation](#) bought Maytag in the spring of 2006 and began shutting down its operations here, eliminating jobs and depressing wages. Those caught in this process around the country are gradually swelling what Katherine S. Newman, a Princeton sociologist, describes as "The Missing Class," the title of a soon-to-be-published book (Beacon Press), of which she is co-author.

Ms. Newman calculates that 54 million adults and children occupy a "nether region" of family incomes well above the poverty line — but well short of the middle class. Either they fall out of the middle class, as the Winchells are in danger of doing, or they have never earned enough at one job to get a family of four into the middle class.

"We are caught in a never-ending cycle of de-industrialization in which the best jobs disappear," Ms. Newman said. "It is amazing to me how much we have come to accept that there is nothing to be done about this loss of income."

HERE in Newton, Maytag's fortress-like headquarters building, its beige-colored bulk looming over the downtown, has been emptied of 1,200 white-collar workers. Of nearly 900 unionized blue-collar workers still left last December in the sprawling factory, 400 were laid off and the rest got a reprieve, including the Winchells.

But theirs is a dead-end task: keeping retailers supplied until Whirlpool can start production of redesigned Maytag models built on the chassis of Whirlpool machines at the company's existing factories in Monterrey, Mexico, and Clyde, Ohio. In Clyde, top pay for nearly all of the 3,700 non-union blue-collar workers is \$17 an hour, several dollars less than Maytag

paid in Newton. But as Bill Townsend, the plant manager, put it, “whenever we advertise for employment, it is not difficult finding folks.”

Nor is it difficult to recruit workers in Newton anymore. Absent Maytag, a good wage in central Iowa is \$12 or \$13 an hour. The trick is to get that much as well as health insurance — and if not the wage, then at least the health insurance, even if that means commuting 40 to 50 miles, as more than a few ex-Maytag workers are now doing.

The downshift is reflected in the Labor Department’s national data. Median family income has risen at an average annual rate of only six-tenths of a percent, adjusted for inflation, since the mid-1970s — in sharp contrast to the 2.8 percent growth rate in the preceding 26 years.

Hardship, however, is initially postponed in Newton. Local 997 of the [United Automobile Workers](#), representing Maytag’s blue-collar staff, negotiated a severance package with Whirlpool last fall that extends each departing worker’s health insurance for five or six months and pays at least \$850 for each year worked, up to 30 years.

For the Winchells, who have five children, all but one from previous marriages — their smiling faces on display in oval-shaped photographs grouped together on a living-room wall — the severance packages translate into more than 20 weeks of pay for the couple. The delayed impact helps to explain, as Mr. Winchell put it, why he and his wife won’t be forced until early next spring to face the inevitable distress of shrunken incomes and uncertain health care.

“I’ll find work,” he declared, “but I really don’t know what I am going to do. I’ve thought about applying to hospitals because they have health insurance. One of us will have to take a job with health insurance.”

Whatever the damage to living standards, from Whirlpool’s point of view, its strategy in acquiring Maytag was impeccable. Make the same number of washing machines in two plants — Clyde and Monterrey — instead of three, achieving economies of scale. Add 1,000 workers in Clyde to accommodate

the increased output, but non-union workers earning less, with fewer benefits, than the unionized work force in Newton.

The State of Iowa offered numerous incentives to Whirlpool to stay in Newton. Gov. [Tom Vilsack](#) suggested publicly that he would build for Whirlpool “the most energy-efficient plant in the world.” As a lure, the city said it would give full college scholarships to children who went through the public schools. “It was part of a retention strategy; here’s the benefit we can provide if you stay,” said Kim Didier, executive director of the Newton Development Corporation.

But for Jeff M. Fettig, Whirlpool’s chairman, leaving Newton was, in the end, a no-brainer. Staying, he said in an interview, was “not economically viable.” He explained: “It was two companies doing the same thing that you needed one company doing very well.”

Given such realities, Steve Schober, an industrial designer at Maytag for 25 years, with a fistful of patents to his credit, applied to Whirlpool’s research department in Benton Harbor, Mich., and was turned down, partly because he acknowledged in a job interview that he was unhappy about moving his family from Newton.

So, at 52, with six months of severance as a cushion, he went out on his own last year, starting Schober Design and working from his home — a large, handsome Tudor-style with a sloping front lawn in an elegant neighborhood, a few blocks from the brick mansion where Fred Maytag once lived. As a freelancer, however, Mr. Schober’s annual income plunged in the first year from the low six figures he had earned at Maytag to \$25,000.

Half now goes to pay for health insurance for himself and his children, Katie, 18, and Ben, 16. His wife, Sarah, 51, a special education teacher earning \$30,000 a year, has coverage for herself from the public school system. Adding the family would cost \$800 a month, slightly less than Mr. Schober now pays, so the couple will probably drop his coverage for hers.

“Health insurance was one of those invisible benefits of working for a corporation,” he said. “You didn’t have to think about it.”

He and his wife invited a reporter to their home on a summer afternoon, offering refreshments and describing their situation matter-of-factly, as if talking of a less fortunate family’s situation, not their own. Their children were present at first, but soon Katie, who will be a college freshman in the fall, partly on scholarship, drifted out of the living room, and then Ben, a strapping high school athlete, abruptly excused himself, departing to meet his friends, his parents explained.

“I have three options,” Mr. Schober said. “I could get a job in a different field that doesn’t approach what I made at Maytag, but has a benefits package. I’ve thought about working for the post office. Or I could send out my résumé to design studios. One of the issues in doing this is my age, which works against me. Or I can continue to do what I am doing, building a client base from Newton.”

He is embarked on the third option. While the pay is still sparse, the work is interesting, he said, citing as an example a contract with a winery to design small utensils to open wine bottles. But each month to cover expenses, including a \$1,000 mortgage payment, the family cuts into its savings. “We never did that before,” Mrs. Schober said.

The Schobers think differently now about money. They shop more cautiously. As a family, they organized a garage sale, taking in \$580 by selling castoffs that would have accumulated in the basement. And the couple have taken part-time weekend jobs.

They work at Newton’s recently opened auto speedway. On race weekends, Mrs. Schober is at an information booth, answering questions, and he shuttles handicapped patrons in a six-passenger golf cart. Each job pays \$10 an hour.

“It helps the cash flow,” Mrs. Schober said.

Tim and Rhonda Saunders, in their mid-40s, have taken a different route. He went back to school, while she took a full-time job.

While Mr. Saunders put in 20 years at Maytag, mostly shaping sheet metal into cabinets and doors, she raised their two children and worked part-time as a bookkeeper. His layoff last December forced her into the full-time job, at \$12 an hour in the accounts-payable department of a small manufacturer, so the family could have health insurance. She took the new job without giving up the part-time work and the \$220 a week it brings in. That work is now done at home on evenings and weekends.

“We have to pay more for her health insurance than I did at Maytag: \$300 a month versus \$50,” Mr. Saunders said. “And the coverage is not quite as good. But without it, I could not have gone back to school.”

What pushed him into school was the job market. He found that he could not replace, or even approach, his \$23-an-hour Maytag wage, not with only a high school diploma. A cousin steered him toward computer programming as a good source of future income, and he enrolled at the Des Moines Area Community College, attending classes full-time on the Newton campus. He turned out to be an A student.

More than 450 other ex-Maytag employees are also enrolled in full-time schooling, their expenses paid by the federal government as part of its Trade Adjustment Assistance program.

Maytag first qualified in 2003. The company was faltering then, losing market share to imports and whittling down its blue-collar staff from a high of 2,500 in 2000. The Labor Department ruled that the import competition qualified the laid-off workers for up to \$15,000 each in tuition, along with book and transportation subsidies, and unemployment insurance for two years.

The extended unemployment pay has been a lure. For a number of ex-Maytag workers, it comes to about \$360 a week, or \$9 an hour -- not much below what many jobs pay in Iowa. In his own initial effort to land work, Mr. Saunders found that the best he could do was \$11 an hour.

So he went to school, and the family tightened its belt. He listed the economies he and his wife have imposed: no more weekend camping trips, cooking hamburgers instead of steaks on the grill, paying less of the college tuition for their children, who are turning more to [student loans](#).

But then he inadvertently mentioned a planned excursion to New York with their daughter, and acknowledged that the \$3,000 trip was hardly belt-tightening.

“My son always wanted a used racing car,” he explained. “And when he turned 18 a couple of years ago, we gave him one, knowing then that my daughter would want to go to New York when she was 18 and see a couple of shows. So we saved the money and it was put away before this ever happened. It was something I wanted to do for her. She was so easy to raise and she worked so hard in school.”

Tootie Samson, a 47-year-old mother of three, and a grandmother, is also going back to school with federal aid, but with a different goal in mind. Having already earned a two-year degree in interior design on her own, she'll now go for a bachelor's and maybe open her own shop.

Ms. Samson joined Maytag on the assembly line in 1997 after working 20 years as a bookkeeper at less than \$10 an hour. She came for the wage, \$20 an hour today, and to qualify for a pension, lost now in the buyout. She was laid off in 2003, allowing her time to study interior design. Then, to her surprise, she was called back last March. Whirlpool had underestimated how many workers it would need to keep the plant running through October.

“For me, it is fortunate to be back at Maytag as it closes,” she said. “You need that closure. It's done. It's over. You always think that maybe you'll get called back and now you know it is over and you can move on with your life.”

With Maytag gone, the Newton Development Corporation scrambled to find buyers for the headquarters building and the factory — the great concern being that once shuttered, these buildings would become giant

eyesores. Iowa Telecom finally bought the headquarters building, and the Industrial Realty Group of Los Angeles, the factory, with Whirlpool subsidizing both purchases as a goodwill gesture.

BUT Maytag fulfilled one function that can't be finessed. As the biggest employer paying the best wages, it put upward pressure on the pay of other employers, who sought to prevent their best workers from jumping to Maytag. Now that pressure is gone. The loss is seen in the development corporation's effort to persuade a fiberglass company to put a plant here employing 700 people at \$12 to \$13 an hour, and health insurance.

Ms. Didier, an ex-Maytag employee earning less herself as the development corporation's executive director, put the best face on it she could. "With Maytag," she said, "it was difficult for companies to get good people at a lower wage, and now they can."