

**Chapter 1 : Formats and Editions of Plant closings and worker displacement : the regional issues [www.nxg.com]**

*workers seem to be the victims of plant closings and permanent layoffs in regions and industries where employment opportunities are limited. The aggregate numbers show that in recent years, job loss in some.*

Hansen Utah State University Pervasive economic changes in America during the past decade have generated severe structural adjustment problems for millions of long-service blue-collar workers. Public and private efforts to help these workers are inadequate and tardy in delivery. This article examines the severity of the displaced worker problem, reviews what is currently being done, and argues that America needs a new displaced worker adjustment program. During the past decade, the United States has experienced severe economic problems due to a variety of reasons: One of the major consequences of the economic problems convulsing America is the restructuring of major sectors of the economy, which causes widespread plant closings and dislocates millions of workers. While major sectors of the economy suffer severe job losses, the economy continues to generate many new jobs—approximately 9 million. Correspondence regarding this article should be addressed to Gary B. As a result, the share of total jobs in manufacturing has declined from almost one-third of nonagricultural employment in 1970 to less than one-fifth today. In 1990, services accounted for 55% of the economy. In July 1991, services accounted for 56% of the economy. The United States was one of three major industrialized countries the other two were Canada and Italy that managed to increase manufacturing employment during the 1980s. Unfortunately, the modest gains were reversed by the severe recession in the early 1990s and intense foreign competition in the traditional capital-intensive industries like steel, autos, and textiles. Consequently, jobs in manufacturing were about 1 million less by the end of 1991 than the prerecession peak. Recent productivity data reinforce the sobering employment picture for manufacturing workers in America. Even though manufacturing productivity has increased in the past two years, suggesting that manufacturing industries are becoming more productive and more competitive, productivity increases are being made without hiring additional workers. Since the current business expansion began in late 1991, the manufacturing sector has generated relatively few new jobs. At the same time the economy was undergoing severe stress and shocks, the political climate was changing as well. The election of Ronald Reagan as U.S. President in 1981 the Reagan administration began curtailing federal spending for domestic social programs. Responsibilities for a number of public services were shifted to state and local levels, and government regulation of business and industry was reduced, creating a much more competitive environment in the airline, trucking, and telecommunications industries. Finally, there was a concerted effort to shift the delivery of some traditional public services to the private sector. The Employment Effects of Structural Change Because many different types of changes affecting workers are taking place simultaneously, it is difficult to determine what each of their effects is. It is also difficult to determine the magnitude of the changes occurring today. Have the pace and pervasiveness of the changes accelerated? Is there a serious worker displacement problem in America, and what are the consequences of displacement? Can the problem be resolved satisfactorily by private means or does it require a coordinated effort by business, labor, and government? The available data suggest that the structural changes occurring in the economy are negative for a substantial number of mainstream long-service workers and that private responses are inadequate relative to the need. Mainstream workers have stable work histories and a significant attachment to their jobs. Displaced workers may be defined as those who 1 had stable employment in jobs with satisfactory pay and every reason to expect continued employment up to retirement, 2 have been laid off with little chance of recall, and 3 are unlikely to find new employment at or near their customary rates of pay using their familiar skills. Using these definitions, the impacted group are primarily operatives in capital-intensive basic manufacturing industries. Recent surveys and research have provided a clearer picture of the nature and extent of the displaced worker problem. During the five years from 1986 to 1990, 1.5 million workers were displaced. A second survey covering the five-year period from January 1986 to January 1991 again counted 1.5 million workers displaced in any given year ranged from 1.2 million to 1.8 million. Other definitions produce different totals. Adult workers whose jobs were abolished, regardless of length of service, in the period 1986 to 1991 totaled 1.5 million. Currently unemployed adults whose jobs were permanently abolished and who had been unemployed for more than 52 weeks were estimated at 1.2 million.

in Occupationally, displaced workers were disproportionately blue-collar workers, both skilled and unskilled, especially operators, fabricators, and laborers. More than one-half of the displaced workers who were reemployed were no longer in the industry or occupational group from which they had been displaced. Millions of new jobs help employ the structurally displaced workers, but how do they compare with the jobs that were lost? What kinds of jobs are being created, and what wages do they pay? Most of the new jobs are in the service industries. As in manufacturing, service-producing industries cover a broad spectrum of jobs ranging from fast-food restaurants and health care to personal services, business services, and banking. Some of these jobs are unskilled and low paying; others are highly skilled and highly paid. It is difficult to compare the value of manufacturing jobs lost through structural change with the service jobs being created. Comparing the average of hourly earnings and weekly earnings suggests somewhat different amounts of disadvantage for the service jobs. The first Bureau of Census and Bureau of Labor Statistics survey of dislocated workers covered the period from 1980 to 1984. Older and higher tenure workers and less educated workers experienced the highest percentage of earnings losses. Finally, workers who were reemployed in a new occupation or industry, especially blue-collar males, generally suffered greater earning losses. Concern over the lower quality of replacement jobs during the past decade for structurally displaced workers is heightened by the study conducted for the Joint Economic Committee of Congress JEC; Seaberry, Low-wage employment increased by 4. Total middle-income employment rose by 3. Since the release of the JEC report in December 1984, there has been some debate over the job replacement issue. The Reagan administration has argued that high-quality jobs are being created in services, but some labor economists note that most of the new jobs are part time with few benefits Hershey, ; Nash, What have been the private and public responses to the dramatic rise in the number of permanent jobs lost by high-wage long-service workers in basic manufacturing industries and the corresponding decline in federal support and involvement in the economy? Private Sector Responses to Worker Displacement Private employers throughout America have responded to these problems in a variety of ways. Unionized employers negotiating with employee representatives through collective bargaining have developed a variety of contractual provisions to deal with the dislocated worker problem. When employers are involved, more workers take advantage of readjustment services and successfully complete education and training programs. Workers participating in adjustment programs and completing training programs experience significantly lower rates of unemployment, have less income loss, and suffer fewer social pathologies suicide, drug abuse, spouse abuse, etc. Hansen, ; Ashton 8z Iadicola, A recent General Accounting Office GAO survey of a stratified random sample of 2, business establishments with or more employees found that during and over 1 million workers lost their jobs due to plant closings or mass layoffs. Employers were also more likely to offer financial and placement assistance to white-collar workers than to blue-collar workers GAO, a. A common concern of the business community is that employers are not financially able to assist workers affected by closures and permanent layoffs. It would seem reasonable that businesses experiencing financial difficulties such as bankruptcy or financial reorganization could not financially assist their employees. Many employers, particularly the larger ones, appear to feel an obligation to provide assistance to displaced workers and may have the capability to do so. On the other hand, many employers appear to do little or nothing before, during or after a closing or permanent mass layoff. JTPA legislation provided training and job-search services for both disadvantaged and dislocated workers, but it eliminated public service employment and cash stipends for workers receiving training. The JTPA legislation also attempted to obtain greater private employer involvement through the creation of employer-dominated Private Industry Councils. As part of its deficit-reduction efforts in the early 1980s, the Reagan administration reduced the JTPA Title funding and tried unsuccessfully to eliminate TAA benefits. The federal government sets broad standards, and monitors and contributes to the financing system. Currently the FUTA imposes a 6. As long as a state system complies with basic federal UI standards and is not in debt to the federal government, its employers Hansen receive 5. State UI taxes differ; in the average state tax rate as a proportion of taxable wages was about 3. Only workers with lengthy periods of uninterrupted employment with covered employers i. Eligibility requirements, benefit levels, and other program aspects vary from state to state, although most state programs are similar. The number of weeks of UI benefits a displaced worker receives

depends on state laws. Most states vary the duration of benefits according to the amount of earnings or employment the worker had in his or her base period. Typical ranges of potential weeks are weeks. When the insured unemployment rate in a state rises to a certain level, the extended benefits provision comes into force. Extended benefit costs are shared by state and federal UI taxes. The UI system was designed to prevent workers from seeking career changes or upgrading their skills. A worker who decided to use his idle time for retraining risked losing UI benefits. The UI system encouraged workers to exhaust their benefits before beginning serious job searches. At the state level, unemployment insurance policies were dominated by employers and unions who were concerned with getting the worker back in the same job and paying the same union dues. For seasonal industries, UI was factored into annual income. For cyclically sensitive ones, it was assumed that the work force would be waiting for recall. Beginning in the 1970s, major industries like autos and steel adopted supplemental unemployment benefits (SUB) as part of their collective bargaining agreements to further ensure that workers could ride out the temporary periods of unemployment in such cyclically sensitive industries. However, beginning in the 1980s, after repeated recessions, high inflation, and the refusal of states to raise employer UI taxes, financing for the system deteriorated. The rise of structural unemployment in the late 1970s and early 1980s, and the dramatic increase in the numbers of displaced workers needing income assistance for extended periods of time, increased pressure on the UI system and raised questions about its design. Structural unemployment and worker dislocation cause serious problems for the UI system: The UI system of providing temporary income support to workers during business cycles seems dysfunctional for structurally dislocated workers. A rational dislocated worker system would use the income-maintenance period as a time for workers to prepare for and seek reemployment. Both government and private sector responses to worker dislocation have been spotty and narrowly focused. State Responses to Worker Displacement The substantial gap between private sector responses, the minimal federal efforts to assist dislocated workers during the past decade, and the growing need for assistance have placed greater burdens and responsibilities on states and local communities. What have states done to cushion the impact of job loss due to plant closings and layoffs? Some states have been remarkably creative in their efforts to fill the gap and to aid their displaced workers and impacted communities. Unfortunately, most of them do not have sufficient resources or suitable organizations to deal effectively with the increasing problems. Some of the more innovative recent actions by states include Balderson, Efforts to institutionalize a process of managing change.

**Chapter 2 : Plant Closings, Mass Layoffs, and Worker Dislocations: Data Issues**

*Neither does regional economic growth seem to significantly alter the likelihood of future plant closings in a region. These data argue against industrial policy as a means of slowing the pace of worker dislocation and against concession in wages, utility bills, and taxes as a strategy for retaining local jobs.*

The DOL response was somewhat limited in providing comprehensive responses to the subcommittee, both in terms of providing complete reports and in terms of providing detailed information on material in the data bases that is not reflected in published documents. Because of this, the analysis below draws on some additional information from CRS files and previous CRS research on the data bases. The MLS program obtains reports on layoffs involving at least 50 workers and lasting more than 30 days. The State agencies then contact these establishments by telephone for additional information. Collection of the data for the program by States ended in November of . Despite the specificity of the JTPA requirement, that the Secretary of Labor publish an annual report including the number of permanent plant closings, the MLS falls short of the mandate in two ways. Department of Labor, Bureau of Labor Statistics. Mass Layoffs in . The Secretary of Labor agreed to fund the program in FY , as directed. She subsequently notified Congress that she did not intend to be bound by report language for FY if she were directed to use JTPA national account money for the MLS again which she was. What will happen to the MLS under the new Administration is unclear. Information for this paragraph was taken from letters exchanged between the Secretary of Labor and chairmen of several committees, and from discussions with the DOL office producing the MLS survey. First, it fails to count and tabulate many of what are generally considered to be plant closings, even though they may involve 50 or more workers. This is because DOL defines permanent plant closings to include only those closings which represent the final termination of the entire physical plant. According to the DOL letter submitted to the committee, "if parts of the establishment " a branch or department " were closing, the establishment was considered to be staying open. Thus, the DOL counting of plant closings may significantly underreport the actual number of plant closings occurring in the United States. Second, the MLS fails to report on, or even to mention plant closings in any of its published tables, even though tabulation of plant closings was the stated requirement in the congressional mandate included in the JTPA. Only one sentence in the lengthy annual reports generally over pages each even addresses the issue of plant closings. In the report issued in , for example, that sentence reads p. Even though the MLS reports contain no data on plant closings except for the one summary sentence discussed above, they do include line item counts for relocation events -- both domestic and overseas, and total number of workers affected for the country as a whole, as well as by State. The MLS does not include any indication of industries represented by the plant relocations, geographic areas from which the relocations are sourced, or to which the relocations are targeted. The DOL letter responding to the subcommittee inquiry notes that in information was obtained from employers specifying the country to which the establishment was relocating, when out-of-country moves were reported. DOL also included two supplemental unpublished sheets which reported a number of relocations to Mexico for and the first half of , and the number of workers<sup>4</sup> affected. The sheets did not identify industries represented in the relocation to Mexico, although they reported on overseas relocation for two industries without<sup>5</sup> regard to target country. The DOL did not give any indication of industry or geographic identity for any relocations within the United States. It is possible that such data does not exist in the data base. However, it would be useful to track relocation within the United States. The DOL letter responding to the subcommittee inquiry indicates that data on actual downsizing of corporations are not available. However, DOL may have in its data base, such data by companies, since it includes a line item tallying events and workers on one aspect of initial downsizing -- automation. However, perhaps data in the database at the company level could be aggregated to the industry level to protect the privacy of individual companies. While the MLS report provides only sketchy results for plant closings, it provides detailed aggregate information on the number of layoff events and the number of workers affected: The survey provides layoff data by industry but not by occupation by State, and by reasons for the event. There are two weaknesses in the reported data on layoff events. First, the data do not provide geographic or

industry detail on the reason for the separation or layoff. Temporary layoff events could be grouped together and data could be published by industry and by region. Such data may be available in the data base, although the DOL letter responding to the committee inquiry gave no indication on this one way or the other. Second, MLS data from early years are not comparable with MLS data from more recent years because between and , the survey coverage expanded from its original 26 States to 46 States plus the District of Columbia. California is a major State not included. Jobs Lost from Import Penetration. The Trade Adjustment Assistance TAA data discussed below reflect the number of workers for whom imports "contributed importantly" to their job loss. Data on the number of workers for whom imports contributed somewhat to their unemployment is harder to find. The DOL letter responding to the subcommittee inquiry reports that both conceptually and empirically the measurement of job loss due to import demand is difficult, and that at present no official data series fully identifies the extent of such activity. The MLS survey does, however, contain a line item called "import competition" noting the number of layoff events and related worker separations. This number purports to reflect jobs lost from import penetration. What is notable about these figures is that they show fewer workers dislocated from import penetration than do TAA data. The reason for this discrepancy is unclear. One possibility is the fact that the MLS data only included 26 States in , and a larger but still incomplete list of 45 States in . Another possibility is that the MLS survey counts jobs lost to import penetration only when this is the single most important reason for dislocation, 6 For , the MLS survey reports 16 percent as many workers dislocated from import competition as the TAA figures show; for , the MLS survey reports 48 percent as many workers. There are no data reported for the number of workers affected by WARN notices, for type of layoff event permanent or temporary , or for industries or geographic areas affected. Yet, according to DOL, a covered employer contemplating a qualifying plant closing or layoff event must report a minimum of information to the State dislocated worker unit including the name and address of the employment site, the name and telephone number of a company official, and the number of workers affected. The employer must keep additional detailed information, including the nature of the layoff event temporary, permanent, and if permanent, whether it is a plant closing, etc. The WARN system is certainly a potential source of data on closings, layoffs, and relocations among plants with or more workers thus potentially capturing data on layoff, closing, and relocation activities of multinational corporations. Displaced Worker Survey The displaced worker survey, is conducted every other year as a survey of households as opposed to establishments. The DOC, as part of its Current Population Survey, inquires door-to-door whether any member of the household was displaced from his or her job at any time during the past 5 years because of a plant closure or relocation, abolition of shift, or slack work. If the answer is "yes," a series of questions then are asked. A survey such as the displaced worker survey, is not as precise a sampling tool as an actual count of workers and events, as reflected in the MLS and the WARN data systems. Errors in surveys can result from self-reporting as well as from 7 Businesses of or more workers constitute about 2 percent of all businesses in the United States, but employ about 45 percent of all private workers, according to the U. Department of Commerce publication County Business Patterns, They can also result from sampling variability " that is, variations that occur by chance because a sample rather than an entire population is surveyed. The displaced worker survey is notable in that it is the only Government survey to report, by industry, the number of workers who report themselves to be specifically dislocated by plant closings or plant relocations. The main weaknesses of the survey are three: First, it reports on the number of workers displaced from plant closure, not on the number of establishments or plants closing. This is only a weakness of the survey from the standpoint of the policymaker wanting a count of plant closings in the United States. By its nature as a household survey, the displaced worker survey was never intended to tally establishments. Second, each every-other-year survey represents a long-range snapshot in time, collecting aggregate sampling data on all dislocations that have occurred within the previous five years. Thus, the survey produces no data on year-by-year dislocations. Third, in its Displaced Workers report, the DOL publishes detailed data only on workers employed three or more years with the employer. Thus, published results of this survey ignore more than half the displaced worker population covered by the 8 survey. Although DOL did not mention this in any of the materials it submitted to the committee, it does have data for all dislocated workers regardless of tenure, in its data base, and does make

this data available to requesters who know to ask for it. The Displaced Workers report includes in tables, considerable detail about displaced workers: The weakness of the report in giving a picture of displaced workers echoes the weaknesses of the report in measuring plant closings, iterated in reasons two and three immediately above: In addition, it only describes less than half the total universe of displaced workers covered in the survey. Trade Adjustment Assistance Program Trade Adjustment Assistance program data submitted by DOL for the years reflect dislocated workers receiving trade adjustment assistance benefits. These are workers for whom a determination was made, as required by the Trade Act of P. According to the DOL letter responding to the committee inquiry, data are also 8 This figure was derived from comparing the number of displaced workers with three years tenure with the number of displaced workers regardless of tenure. This latter figure is included in unpublished data. This data source is reasonably complete as it stands. This publication is of limited value for measuring export-related jobs because it measures not jobs created by exports, but rather total jobs in industries that had at least 20 percent of their employment levels tied to direct or indirect manufactured exports. The DOC publication U. Jobs Supported by Merchandise Exports does measure export-related jobs. The report includes for the years , estimates on both direct and indirect employment requirements for shipments of merchandise exports from all sectors of the economy agriculture, other goods-producing, and service-producing sectors. A companion publication, U. Jobs Supported by Merchandise Exports to Mexico, provides detailed information on jobs, by industry, supported by exports to Mexico. Neither publication includes data on jobs supported by exports by State. In addition, the Federal Register publishes the name and location of each plant for which trade adjustment assistance is approved.

## Chapter 3 : CiteSeerX " Plant Closings, Learning and Worker Displacement: The Death of Fokker aircraft

*Job displacement is widely considered a negative life event associated with subsequent economic decline and depression as established by numerous prior studies. However, little is known about whether the form of job displacement (i.e. layoffs versus plant closings) differentially affects depression.*

## Chapter 4 : "Plant Closings and Worker Displacement: The Regional Issues" by Marie Howland

*Howland examines the relationship between regional employment shifts and plant closures and describes the implications of that relationship for displaced worker study.*

## Chapter 5 : Worker Adjustment and Retraining Notification Act of - Wikipedia

*This paper surveys the theoretical and empirical research on the causes of plant closures and the types of communities most likely to experience capital disinvestment. The article also explores the impact of a plant closure or mass layoff on the displaced worker and the characteristics of workers.*

## Chapter 6 : State Laws on Plant Closings | [www.nxgvision.com](http://www.nxgvision.com)

*Plant Closings and Worker Displacement the Regional Issues [Marie Howland] on [www.nxgvision.com](http://www.nxgvision.com) \*FREE\* shipping on qualifying offers. Book by Howland, Marie.*