PLANT SHUTDOWN AND RELOCATIONS**

I. OVERVIEW OF THE PROBLEM AND ITS IMPACT


Three communities suffering plant closings within a nine-month period were studied as the basis for this report. Aronson and McKersie examine those areas of community life seriously impacted by the closings and the approximate magnitude of the impact. They carefully evaluate the contributions made to the readjustment experience by the communities and their major agencies, programs, and services. Several public policy recommendations are proposed.


Bluestone and Harrison offer a comprehensive and well-documented discussion of the economic and human consequences of capital shift. They examine the extent of the problem, reasons for its current impact, and the limitations of operative policies to address the crisis. Specific strategies for achieving a more balanced and equitable economic growth—through different collective bargaining approaches and labor laws, for instance—are recommended.


Freedman provides a thorough review of national legislation proposed to "soften the blow" of plant closings. New laws, she suggests, may assemble a package of income and job protections that parallel those commonly found in negotiated union contracts. In a companion article in the November 1980 issue of Across the Board, Robert B. McKersie discusses why business must assume the initiative in developing programs which reduce the impact of layoffs upon employees. He stresses the important role labor-management cooperation can play in enabling firms to successfully face major changes while taking into account the needs of their employees.

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** Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

McKenzie looks at legislation introduced in Congress and some state legislatures to remedy the "runaway plant phenomenon." Typical features of these bills include: authorizing government to investigate and rule on the appropriateness of plant closings; penalizing firms that move; guaranteeing government assistance to displaced employees; calling for advance notice from plants planning to move or close; and requiring comparable employment and pay to employees at new locations. McKenzie criticizes arguments made in support of restrictive legislation (e.g., changes in population, changes in income, decline in Northern manufacturing jobs, comparative cost advantages) and warns that by frustrating business mobility we risk reduced national and regional income levels, reduced efficiency of resource allocation, and reduced ability of the economy to respond to changes.


This report offers a definition of a plant shutdown, reviews available literature on the effects of shutdowns on employees, and presents a detailed analysis of a plant shutdown in one industry in the state of Connecticut over a 10-year period.


This volume consists of several reprinted periodical articles, essays, press clips, and policy reports offering an overview of the plant closings and relocation problem and an examination on protective legislation on the state and federal levels.


Companies are developing new personnel strategies to deal with plant closings. The author documents negative shutdown experiences and experiences that were favorable due to effective company preparation. The author comments upon Burlington Industries’ highly structured program in which workers are individually counselled and told when jobs will expire, what transfer options exist, and what benefits may be available, including severance pay, insurance, profit-sharing, and retirement.


Both Hearings on request from the Committee.
Testimony at these two hearings revolves around the plight of two important industrial areas where shutdowns and relocations have created economic problems—the Philadelphia-southern New Jersey region and the Northeastern Ohio area. Two of several reports appended are—

State of the region-economic trends of the 1970’s in the Northeast and Midwest and Economic dislocation, plant closings, plant relocations, plant conversion-policies and programs in three countries, ... joint report of labor union study tour participants, May 2, 1979.


The Committee, focusing on the problems of plant shutdowns in urban communities already hurt by high unemployment, hears testimony from several witnesses who have had direct experience with the decisions of plants to close or relocate. Among those testifying is Mayor Kenneth Gibson arguing in support of community stabilization legislation relative to the city of Newark, NJ. Representatives of a firm relate a successful experience with an employee stock ownership plan. Additional materials include an assessment of the socio-economic costs and benefits of a community-worker ownership plan.


The authors study five rural communities whose economic survival depended entirely on one company or one industry which had decided to leave the areas. Their analysis demonstrates what this kind of economic decline means in economic and institutional terms. The authors argue the necessity for developing greater worker control and political power through such organizational alternatives as worker self-management, employee ownership, consumer cooperatives, and local political action committees.

2. THE EMPLOYER’S OBLIGATION TO DECISION-BARGAIN


Craino describes events leading up to the transfer by Litton Industries of the manufacturing operations of its Royal Typewriter Company subsidiary to overseas facilities. He documents the serious effects of this move on collective bargaining in Royal plants in this country. Craino argues that certain characteristics of the typical conglomerate firm place unions at a disadvantage in bargaining. He suggests actions on both the domestic and international levels that would help to remedy this power imbalance.

Morales, Gerard. “The obligation of a multiplant employer to bargain on the decision to close one of its plants.” Labor Law Journal (Com-
merce Clearing House, 4025 W. Peterson Ave., Chicago, IL 60646), November, 1979. pp. 709-716. $4.00.

Morales' analysis deals first with the evolution of the National Labor Relations Board's approach to this issue and then with the pertinent decisions of the circuit courts.


Perkins explores the National Labor Relations Board's position on the employer's responsibility to bargain over the decision to partially close operations. After reviewing several cases, she reports that the present posture of the Board is to require decision-bargaining when the company is not entirely removing itself from a particular line of business and where there is not absolute economic necessity. She discusses the importance of the "determination of the single employer" issue, and she describes remedies the Board has ordered for failure to decision-bargain, including backpay awards, institution of preferential hiring lists, and, occasionally, reinstatement of operations.

3. THE EMPLOYEE OWNERSHIP ALTERNATIVE


This study examines the prospects of community-employee purchase of plants as one alternative to plant shutdowns. The authors analyze the costs and benefits which were critical to a decision to purchase a plant in one such case. They offer a methodological framework for evaluating community-employee purchase attempts in other shutdown situations.

4. INDUSTRIAL OUTPLACEMENT PROGRAMS


Goodyear supports an extensive career continuation program for both union and salaried employees. The program features: an orientation meeting; a job strategies workshop; a resume clinic; an interviewing class; a job opportunities center; and a computerized vocational information system. The process takes its clients through several training phases.


The author describes a job placement service developed by PPG Industries when it decided to close half of its Barberton, Ohio plant. Several guidelines are set.