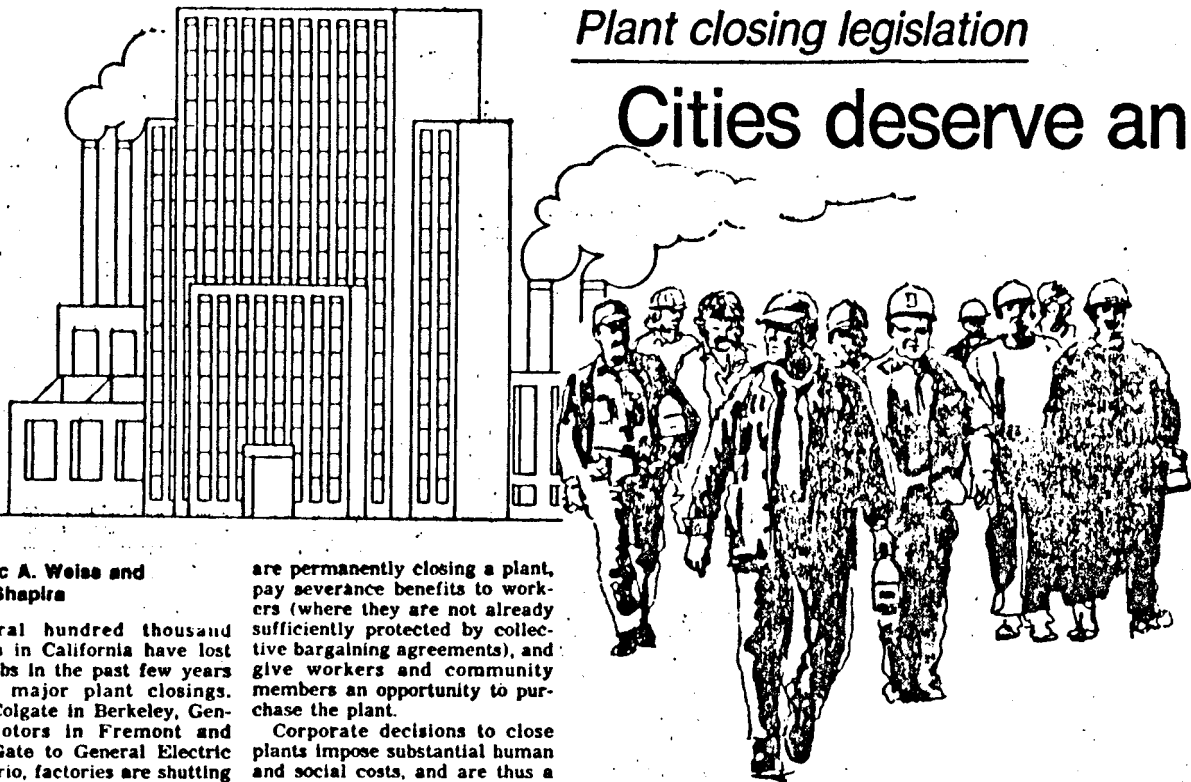


Plant closing legislation

Cities deserve an advance warning



By Marc A. Weiss and Philip Shapira

Several hundred thousand workers in California have lost their jobs in the past few years due to major plant closings. From Colgate in Berkeley, General Motors in Fremont and South Gate to General Electric in Ontario, factories are shutting their doors, leaving unemployment and fiscal problems in their wake.

This week the Assembly Ways and Means Committee will consider Assemblywoman Maxine Waters' proposed Employment Stabilization Act (AB 2839). Two weeks ago, nearly one thousand workers packed a committee hearing room in Sacramento in support of this legislation.

AB 2839, backed by a statewide coalition of trade unionists, church groups, and community leaders, would require all large corporations in California to give six-month advance notice if they

are permanently closing a plant, pay severance benefits to workers (where they are not already sufficiently protected by collective bargaining agreements), and give workers and community members an opportunity to purchase the plant.

Corporate decisions to close plants impose substantial human and social costs, and are thus a legitimate subject for public action. This principle has already been demonstrated in the case of the Oakland Raiders, where the California Supreme Court ruled that the city of Oakland has the right to purchase the team in order to preserve jobs and maintain community well-being.

Advance notification of plant shutdowns is the crucial first step in providing for rational economic adjustment.

Most European countries, including Sweden and West Germany, require companies to give advance notification of closings and permanent layoffs. GE, GM,

Colgate, and other large U.S.-based firms have invested in and operated branches profitably in Europe for years under these requirements. Many large companies in Japan go a step further, giving employees life-long job commitments and retraining them into new jobs within the company when older branches are closed.

The Waters' bill only applies to very large companies, which are responsible for the major share of jobs lost due to plant closings. Ninety-nine percent of all firms in California will be

shut their doors in response. One large closure can set off a chain reaction of smaller ones.

Small businesses are also seriously hurt by the decline in local purchasing power caused when workers at a major plant lose their jobs. To the extent that AB 2839-mandated severance pay and benefits help mitigate the economic impacts of a closure on a community, they will help keep some smaller businesses afloat.

The Waters' bill also facilitates keeping plants open under worker or community ownership, which can play an important role in stabilizing the local business climate. AB 2839 exempts large corporations in the event of bankruptcy. However, a great number of plant closings are not the results of business collapse. For example, both GE-Ontario and Colgate-Berkeley were profitable plants. Corporate headquarters simply decided to liquidate these production facilities as part of a shift in global business strategy. In both cases the company gave nearly a year's notice to the workers and the community, thus demonstrating that advance notification is feasible.

Large corporations almost always make the decision to close a plant well in advance of the actual shutdown date, sometimes even years beforehand. Yet workers and communities are often not notified until literally the last moment.

A recent study at UC-Berkeley found that many small companies do one-half to three-fourths of their business with a single large firm. If a large firm closes a plant without warning, small companies are often forced to

The people of California, through state laws, already require advance notification for mortgage foreclosures and for eviction of tenants. Protection against the sudden loss of a job is just as vital as protection against the sudden loss of a roof over one's head.

After a plant closure, most workers never regain their seniority, their former pay levels, or their sense of self-esteem in their long and frequently unsuccessful search for new skilled jobs. It takes time to learn a new skill, and particularly those with families to support often cannot afford major retraining. Corporations and government must cooperate in providing income maintenance and educational assistance for workers to retrain, as is done in Sweden, West Germany, and Japan, or along the lines of the GI Bill of Rights in our own country.

But the essential prerequisite to any kind of retraining initiative is advance notification; workers and communities need a long time to plan for their futures before the devastation of unemployment strikes. This crucial step can only be achieved by the passage of AB 2839.

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