CCM-101

City of Cambridge

Original Calendar Item No. 21

IN CITY COUNCIL

December 27, 1982

COUNCILLOR DAVID SULLIVAN

ORDERED: That this City Council go on record favoring the enactment by the legislature of a bill entitled "Notification and Assistance Act", which would require prior notification to employees by their employer that the company is relocating or closing its operation and would further require severance pay to the employees and a lump sum payment to the municipality in which the company is located.

CCM-101

City of Cambridge

Amended

Calendar Item No. 21

IN CITY COUNCIL

December 27, 1982

COUNCILLOR DAVID SULLIVAN

WHEREAS: The departure of industrial employers from Massachusetts, and especially from Cambridge, in recent years has resulted in unemployment of workers, reduction in tax revenues, increased demands on government assistance programs, and disruption of surrounding communities; and

WHEREAS: A growing movement throughout the United States seeks to alleviate the effects of this economic dislocation by legislating a period of prior notice and compensation to affected communities and individuals as conditions of industrial departure; and

WHEREAS: The Massachusetts State Labor Council, AFL-CIO, has previously introduced in the General Court bills to bring about these results, which are now pending; now therefore be it

RESOLVED: That the Cambridge City Council urges the General Court to enact the bill entitled "Notification and Assistance Act"; and be it further

RESOLVED: That the City Clerk be directed to transmit copies of this resolution to the Cambridge Legislative Delegation to the General Court, and to the Joint Committee on Commerce and Labor.

In City Council December 27, 1982.
Adopted as amended by the affirmative vote of 9 members.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:- Paul E. Healy

Paul E. Healy, City Clerk.

OFFICE OF
THE CITY CLERK

CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139 • (617) 498-9017

December 28, 1982

Representative Timothy Bassett
Chairman, Committee on Commerce and Labor
Room 43
House of Representatives
The State House
Boston, Massachusetts 02108

Dear Representative Bassett:

Pursuant to the request of the Cambridge City Council, I am forwarding to you a copy of a resolution adopted by the Council at its meeting of December 27, 1982. Said resolution with regard to a bill currently pending before the General Court entitled "Notification and Assistance Act." The City Council wishes to go on record endorsing this bill and urging its enactment.

Your kind attention in this matter will be greatly appreciated by both the City Council and this office.

Sincerely yours,

Joseph E. Connarton

Joseph E. Connarton
Deputy City Clerk

JEC/mh

Enclosure

cc: Speaker Thomas W. McGee, House of Representatives
Senate President William Bulger
Senator Michael LoPresti
Senator George Bachrach
Representative Charles Flaherty
Representative Michael Lombardi
Representative Saundra Graham

The Honorable Michael LoPresti
State Senator
The State House
Room 213A
Boston, MA 02133

The Honorable George Bachrach
State Senator
The State House
Room 518
Boston, MA 02133

The Honorable Charles Flaherty
State Representative
The State House
Room 33
Boston, MA 02133

The Honorable Michael Lombardi
State Representative
The State House
Room 33
Boston, MA 02133

The Honorable Saundra Graham
State Representative
The State House
Room 38
Boston, MA 02133

The Honorable Thomas W. McGee
Speaker of the House of Representatives
The State House
Room 336
Boston, MA 02133

The Honorable William Bulger
President of the Senate
The State House
Room 330
Boston, MA 02133

Rep. Timothy Bassett, Chairman
Committee on Commerce & Labor - Room 43
The State House
House of Representatives
Boston, MA 02108

CCM-101

City of Cambridge

Amended

Calendar Item No. 21

IN CITY COUNCIL

December 27, 1982

COUNCILLOR DAVID SULLIVAN

WHEREAS: The departure of industrial employers from Massachusetts, and especially from Cambridge, in recent years has resulted in unemployment of workers, reduction in tax revenues, increased demands on government assistance programs, and disruption of surrounding communities; and

WHEREAS: A growing movement throughout the United States seeks to alleviate the effects of this economic dislocation by legislating a period of prior notice and compensation to affected communities and individuals as conditions of industrial departure; and

WHEREAS: The Massachusetts State Labor Council, AFL-CIO, has previously introduced in the General Court bills to bring about these results, which are now pending; now therefore be it

RESOLVED: That the Cambridge City Council urges the General Court to enact the bill entitled "Notification and Assistance Act"; and be it further

RESOLVED: That the City Clerk be directed to transmit copies of this resolution to the Cambridge Legislative Delegation to the General Court, and to the Joint Committee on Commerce and Labor.

In City Council December 27, 1982.
Adopted as amended by the affirmative vote of 9 members.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:- Paul E. Healy

Paul E. Healy, City Clerk.

CM-101

City of Cambridge

Amended version
Calendar Item #21

1.

IN CITY COUNCIL

~~March 3, 1980~~
DEC. 27, 1982

COUNCILLOR D. SULLIVAN
~~COUNCILLOR VELLUCCI~~

WHEREAS: The departure of industrial employers from Massachusetts, and especially from Cambridge, in recent years has resulted in unemployment of workers, reduction in tax revenues, increased demands on government assistance programs, and disruption of surrounding communities; and

WHEREAS: A growing movement throughout the United States seeks to alleviate the effects of this economic dislocation by legislating a period of prior notice and compensation to affected communities and individuals as conditions of industrial departure; and

WHEREAS: The Massachusetts State Labor Council, AFL-CIO, has previously introduced in the General Court ~~S. 96 and H. 281~~, bills to bring about these results, which are now pending ~~in the Committee on Commerce and Labor;~~ therefore be it

RESOLVED: That the Cambridge City Council urges the General Court to enact the bill ~~House, No. 281 and Senate, No. 96~~ entitled "An Act To Mitigate The Effects Of Mass Unemployment And Economic Hardship From Mass Termination Of Employees By Providing For Advance Notification And Assistance To Affected Communities And Employees"; and be it further

RESOLVED: That the City Clerk be directed to transmit copies of this resolution to the Cambridge Legislative Delegation to the General Court, and to the Joint Committee on Commerce and Labor.

In City Council ~~March 3, 1980~~ DEC. 27, 1982
Adopted by the affirmative vote of 8 members.
Attest: Paul E. Healy, City Clerk

A true copy,

ATTEST:

Cal. # 21

Layoff-notice bill pushed at hearing

GLOBE, 4/23/80, P. 32

By Anson Smith
Globe Staff

Organized labor came out in force at the State House yesterday to support several bills that would require large companies to give a year's notice before closing down their Massachusetts plants.

Opponents of such a law were represented by the Associated Industries of Massachusetts (AIM). William J. McCarthy, the industry group's legal counsel, described the legislation as "industrial hostage or industrial ransom bills."

The hearing was conducted by the legislative committee on commerce and labor.

The legislation specifically provides that:

- Companies planning to lay off more than half their workforce, or 250 employees within one year, would have to give one year's notice of such layoffs.
- Affected enployees would receive severance pay at the rate of one week's pay for each year of service.
- Corporations that leave a community would have to pay a lump sum equal to 15 percent of the affected annual payroll into a Community Jobs Assistance Fund, which would be used to create new jobs in the community, with preference preference going to projects that would employ the displaced employees.

Joining the labor leaders in support of the legislation were Massachusetts Fair Share, a consumer organization, and several individuals, including Bennett Harrison, an associate professor of economics and urban studies at MIT.

Harrison said studies show that conglomerates which move into a community "destroy through shutdowns four jobs for every one they create." He said conglomerates sometimes close down plants even though they remain profitable "because if they can get 30 percent (profit) out of something (in another state or nation) they'll let 25 percent activity go. It's very common indeed."

GLOBE, 3/14/81, p. 15 (op-ed)

KIRK SCHARFENBERG

How sweet it isn't

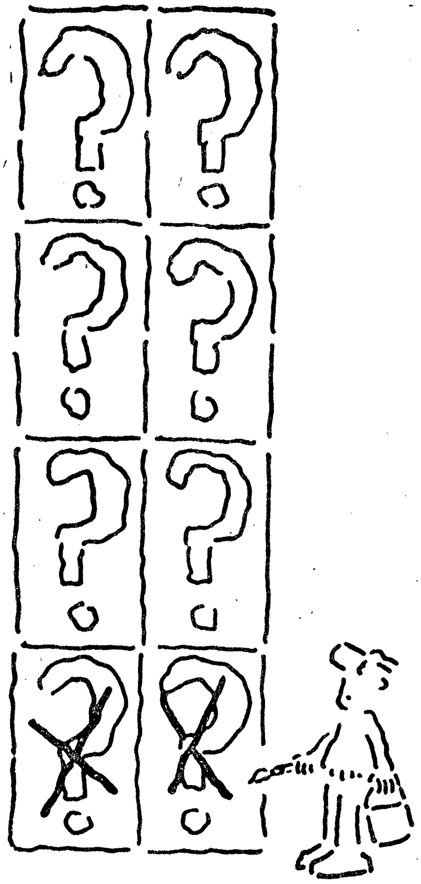
A mechanic at the Schrafft's Candy Co. went to work at the Charlestown plant last Monday and found three Boston police officers at the door. He immediately called Tom Brassil. Brassil, business agent for the Firemen & Oilers Union, called the company. Only then did he learn that Shrafft's, after 120 years in Boston, was closing its doors next week.

"That's the advanced warning we got," says Brassil with a rueful laugh. "None of my guys were shocked, but they were surprised, if you know what I mean."

There was no shock because Schrafft's has been having trouble. According to Brassil, an audit of company books conducted for unions there last summer put the annual loss at $4 million. Substantial layoffs began at the company three weeks ago.

Yet, surely, the lives of the 350 workers who remained at the plant and the 500 recently let go have been changed radically, and with virtually no warning. Were Schrafft's a little Mom and Pop operation, one might conclude the employees were getting the back of Adam Smith's "invisible hand," that the marketplace forces just could not be resisted.

Were Schrafft's a little Mom and Pop operation, one might conclude the employees were getting the back of Adam Smith's 'invisible hand,' that the marketplace forces just could not be resisted.



ZARKO KARABATIC

In fact, Schrafft's is part of Gulf & Western Industries, Inc., a massive international conglomerate. Its head-over-heels acquisition of scores of companies in the 1960s and 1970s prompted Mel Brooks to depict a corporation named "Engulf & Devour" in his film, "Silent Movie." The $4 million loss at Schrafft's is a footnote on G & W's ledger, which shows $5.3 billion in annual sales and profits of $227 million.

Surely G & W could have cushioned the blow. Surely Sheller-Globe, another conglomerate, could have given more notice than it did when it decided to fold the Colonial Press, the biggest employer in Clinton, four years ago — a decision neatly announced the day after President Carter's town meeting there.

Surely Rockwell International could have given advanced warning when, in January 1980, it suddenly closed its Draper Looms Division in Hopedale, putting 500 people out of work. Surely General Industries could have given substantial advanced warning before closing the doors on Jerrold Electronics Industry in Chicopee last August and moving the operation to Mexico, a move that must have involved considerable planning.

Unlike Schrafft's, some of these other operations were apparently making money, just not enough for the execs back in corporate headquarters. Unlike the Schrafft's closing, some of the others devastated local community economies. Boston's economy can withstand the loss of 350 jobs.

But what will become of the 350 individuals involved and their families?

According to Brassil, there is no guaranteed severance pay at Schrafft's, only a contractural agreement that, upon closing, the question be negotiated. Many of the 60 Schrafft's employees his union represents have worked there 30 years, Brassil said, and "they don't know what to do next."

They might have known better had the Massachusetts Legislature enacted a bill, pending before it for several years now, that would require companies planning substantial layoffs to give the workers, the local community and the state a year's notice. It would require that employees get a week's pay for each year of service to the company.

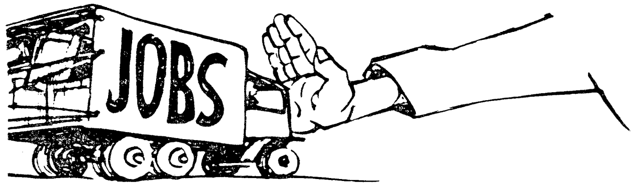
Finally, it would require companies planning major layoffs to contribute an amount equal to 15 percent of the payroll of the affected workers to a new state fund. Money accumulated in the fund would be used to pay benefits to employees of bankrupt establishments that cannot meet the severance-pay requirements of the bill and to aid local communities and nonprofit groups in developing new employment in communities where massive layoffs occur.

The plant closing bill, reintroduced this year and scheduled for a hearing before the Legislature's Commerce and Labor Committee on April 8, has the backing of unions in the state and of Fair Share. It is opposed by industry, which claims it will hurt the business climate in Massachusetts.

Only Wisconsin has legislation requiring advanced notice of major layoffs; only Maine has a guaranteed severance pay law.

There is little dispute about the general social benefit derived from encouraging responsible business to Make It in Massachusetts. But just as surely there is an overriding public interest in providing advance notice, an economic cushion to the unemployed and an opportunity for local communities to readjust when major employers Take It from Massachusetts.

Kirk Scharfenberg is deputy editorial page editor of The Globe.



HOW WILL THE NOTIFICATION AND ASSISTANCE ACT HELP?

A. The Notification and Assistance Act has three provisions which will begin to solve some of the problems created by business shutdowns in Massachusetts.

1. ***Advance Notification:*** Companies planning to lay off more than half their workforce, or 250 employees within one year, would have to give one year's advance notice. In many cases, this would provide enough time to work out alternatives to the closing, such as financial or technical assistance to the company, a new owner, or a buy-out by the workers. At the very least, it would give individual workers more time to adjust to the changes, and to find other jobs.

2. ***Assistance to Employees:*** Affected employees would receive severance pay at the rate of one week's pay for each year of service.

3. ***Assistance to Communities:*** Corporations that leave a community would have to pay a lump-sum equal to 15% of the affected annual payroll into a Community Jobs Assistance Fund, which would be used to create new jobs, with preference going to projects that would employ the displaced employees.

HOW SERIOUS IS THE PROBLEM OF JOB LOSS IN MASSACHUSETTS?

A. In the last 20 years, more than 170,000 manufacturing jobs have been lost in Massachusetts due to companies closing down. Some recent examples:

CLINTON, 1977: Colonial Press, the town's largest employer, closed down, leaving 1,750 employees jobless.

ROXBURY, 1977: Kasanof's Bakery closed its doors. 350 employees jobless.

HOPEDALE, 1978: Draper Corporation, a textile firm, discontinued its operations. 600 jobless.

DORCHESTER, 1977-1979: Girltown, a sportswear manufacturer, gradually laid off most workers before announcing a final closing. 400 jobless.

BOSTON and BROOKLINE, 1979: First National Supermarkets gave two weeks notice before closing five local stores. 150 jobs lost.

CAMBRIDGE, 1979: Advent, an electronics firm, moved its production operation to New Hampshire on three weeks notice. 450 jobless.

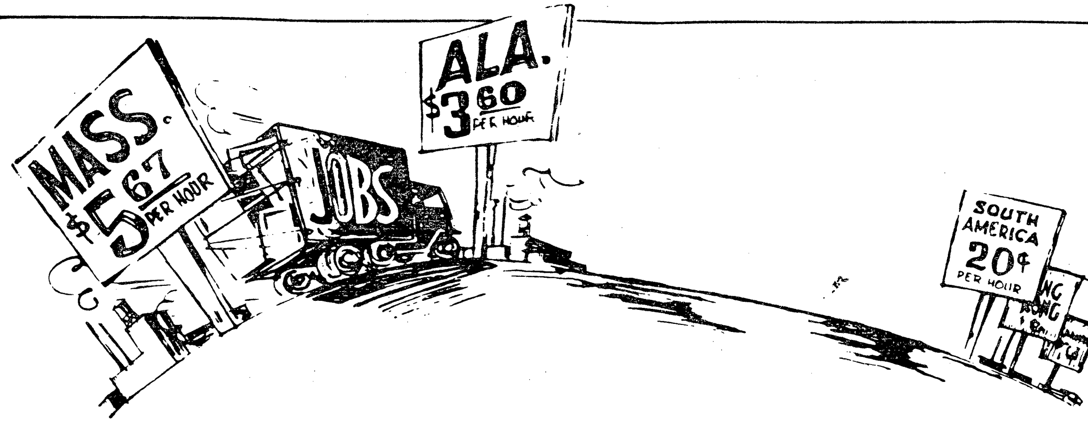
BOSTON and BURLINGTON, 1979: Liberty Mutual Insurance Company announced plans to relocate its data processing division in New Hampshire. 450 jobs lost.

IS THIS PROBLEM UNIQUE TO MASSACHUSETTS?

A. Not at all. Since 1970, over 1,300,000 people nationwide have lost their jobs because corporations closed down. The older industrialized states of the Northeast are hit the hardest.

WHY DO COMPANIES CLOSE DOWN?

A. Some companies close because they genuinely cannot keep up with increased competition and rising costs. Many others could survive, but are closed down due to poor management, or because parent companies demand unrealistically high profit levels from their local operations. Many shut down, only to reopen elsewhere.



WHY DO COMPANIES RELOCATE?

A. The main reason is usually a desire to cut labor costs in an effort to make higher profits. Often, companies move to another section of the Northeast, where they can hire new workers and pay them less than they were paying their experienced employees. Many companies move South where anti-labor "right-to-work" laws are common, making it more difficult for workers to form unions to demand better working conditions. In 1974 the average production wage in the South was $3.60 per hour, compared with $4.40 for workers outside the South.

Other companies go even further to avoid paying decent wages, often moving to countries where U.S. military and economic aid support repressive governments that don't allow workers to organize at all, so wages and living conditions are unbelievably low. In Taiwan, the average wage is $2.70 *per day*; in the Philippines, $1.74 per day; in Columbia, $1.33 per day.

ARE MASSACHUSETTS WAGES TOO HIGH?

A. Not compared to the cost of living! A recent Department of Labor survey showed that in relation to the cost of living in this area, wages here are moderate to low compared to the rest of the country.

DON'T COMPANIES LEAVE MASSACHUSETTS BECAUSE OF HIGH TAXES IN THE STATE?

A. Local taxes represent only about 1 or 2% of a company's overall expenses. Studies show that this is rarely a major consideration when corporate heads decide to leave. Massachusetts does have higher taxes than many other states, but there is no reason to believe that companies leave the state because of taxes. Other factors, like labor costs and the personal preferences of management, are much more important.

WILL BRINGING IN MORE HIGH TECHNOLOGY COMPANIES SOLVE THE PROBLEM OF JOB LOSS?

A. Not really. These high technology firms will hire new people, and that's good, but it won't really help the people and the communities that are hardest hit by plant closings. Most of the jobs that are lost are semi-skilled or unskilled jobs in urban areas. Bringing companies to the suburbs along Route 128 won't help the communities that are affected by shutdowns. And new companies that are looking for computer programmers won't help the people who were laid off from manufacturing jobs.

WHAT HAPPENS TO EMPLOYEES WHO ARE LAID OFF WHEN A BUSINESS CLOSES ITS DOORS?

A. Double trouble: loss of income, *and* stress reactions from that loss.

Of the employees who lose their jobs through mass lay-offs, 40% are still unemployed two years later, long after unemployment benefits have run out. Most companies only give a few weeks notice, and often there are no severance benefits to help the employees through what may be a long period of job-hunting. Many are forced to take jobs that pay less than they were used to, often in fields that don't utilize the skills they learned on their former jobs. The problem of finding new work is compounded for unskilled workers, women, minorities, and older workers.

Unemployment means stress. Displaced employees are more likely to suffer from heart attacks, ulcers, hypertension, alcoholism, and depression—all at a time when they are left without health insurance benefits that may have been available through their employers. Not surprisingly, such workers also face increased family tensions. For some, the combined pressures are overwhelming. Among those displaced by plant relocations, the suicide rate is thirty times the national average.

HOW ARE UNIONS, AND WORKERS GENERALLY, AFFECTED BY THE TREND OF PLANT CLOSINGS?

A. Workers all over the country are forced to accept lower wages and benefits, rather than put up a strong fight when they face the threat that their employer may simply decide to leave.

WHAT EFFECT DOES A BUSINESS CLOSING HAVE ON THE COMMUNITY INVOLVED?

A. It's not just the employees who are hurt when a company leaves town. The whole community suffers. Lost real estate taxes from the runaway company means less money in the town budget. Services such as school programs, police and fire protection may have to be curtailed. Public employees may be laid off due to the cutbacks.

Property values may drop, as affected employees are forced to sell their homes, or face foreclosure.

The effects multiply. Local businesses suffer because both the displaced employees and the company itself no longer purchase goods and services in the community. In cases involving large plant closings, this snowball effect can be devastating, particularly in a small community.

DOES IT HELP IF COMMUNITIES GIVE TAX BREAKS TO GET COMPANIES TO STAY?

A. In desperation, some communities have tried to bribe corporations into staying or entice them to come, by offering tax incentives. This paves the way for other companies to blackmail the community by threatening to leave unless they get tax breaks, too!

When communites start competing with each other to offer the most attractive tax package, the only winners are the corporations that maximize their profits at the expense of the communities.

COMPANIES WILL CLAIM SUCH LAWS WOULD BE UNFAIR TO BUSINESS. ARE THEY RIGHT?

A. No. Laws regulating plant closings would merely force companies to take into consideration *all* the costs—human and economic—that are involved in a decision to move.

Companies usually know well in advance when they are going to move, so giving notice to the employees won't be a burden. And paying the employees and the communities what the Act requires will be only a minor expense for a huge company. If they do have trouble paying, they can arrange to do it over a reasonable period of time.

Many companies that close are owned by huge national or multi-national corporations that don't care about the way the employees or the community will be affected. The people and the communities of Massachusetts have been bearing the costs of these moves for too long. It's time for the corporations to pay their fair share.

This booklet is being distributed by the *COALITION TO SAVE JOBS*, an organization of labor unions and community groups concerned about the problem of job loss in Massachusetts. For more information, to offer help, or to arrange for a speaker or a slide show for your own group, contact:

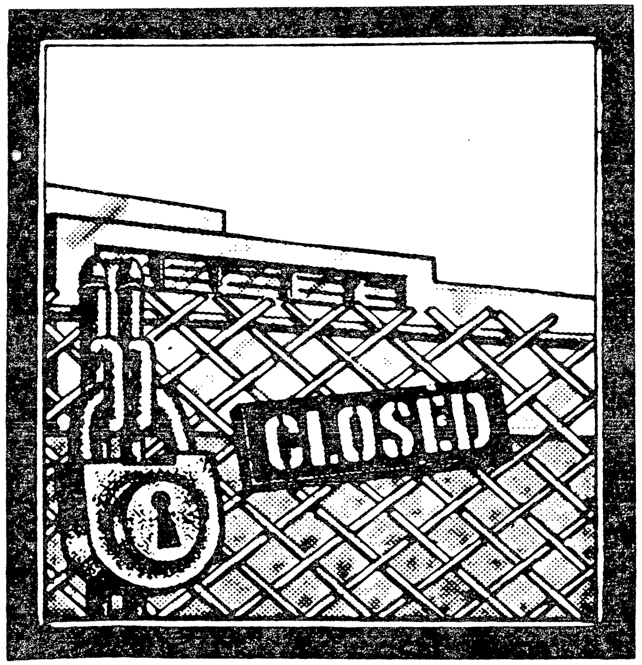
COALITION TO SAVE JOBS
304 Boylston St. — 2nd Fl.
Boston, MA 02116 (617) 266-7505

SAVING JOBS . . . SAVING COMMUNITIES . . .

Massachusetts workers and communities are suffering because businesses are leaving and taking jobs with them. Some of the problems created by these corporate moves can be solved . . .

WITH THE

NOTIFICATION AND ASSISTANCE ACT



COM-101

City of Cambridge

Original Calendar Item No. 21

IN CITY COUNCIL

December 27, 1982

COUNCILLOR DAVID SULLIVAN

ORDERED: That this City Council go on record favoring the enactment by the legislature of a bill entitled "Notification and Assistance Act", which would require prior notification to employees by their employer that the company is relocating or closing its operation and would further require severance pay to the employees and a lump sum payment to the municipality in which the company is located.

Order # 11 #215-769

C.D. Sullivan order re: that the City Council go on record favoring the enactment by the legislature of a bill entitled "Notification and Assistance Act" which would require prior notification by a company to its employees in the event of relocation of the company.

Copies sent to the Chairman, Joint Committee on Commerce & Labor & Camb. legislative delegation 12/29/82 pch

12/27/82
Removed from Calendar
Amended order adopted
9-0-0

In City Council,

December 20, 1982

12/20/82
Tabled on Motion -
of
Councl. Clinton