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Smith Corona Lays Off 350 Without Warning Layoffs Raise Questions

by Carol Kates

Workers fear Cortland site in jeopardy

Smith Corona's March layoff of 350 Cortland workers brings the total number of layoffs to at least 750 since August, including 100 in January and 300 between August and December. The company says there are now 1350 employees still on the payroll, but there is a rumor inside the plant that another 200 may get pink slips in May. Many workers fear that the company might entirely close down the Cortland site by the end of the year.

At the same time, Smith Corona has hired 300 additional workers at its manufacturing plant in Singapore. The Cortland layoffs raise some very troubling questions about the policies and intentions of a firm which has been a mainstay of the Cortland economy. Does Smith Corona intend to remain in Cortland? Has the firm complied with the provisions of the 1988 federal law which requires employers to give 60 days advance notice of major layoffs and plant closings? Is the company living up to its responsibility as a recipient of tax benefits from U.S. citizens?

Net Sales Increased

Smith Corona justified the March layoffs as a response to a decline in demand for the higher-priced products made in Cortland. At the same time, they claimed that demand for the cheaper line of products made in Singapore had increased. However, the company claimed, there had been "no

switching of jobs." If Smith Corona has stopped producing or cut back production of more expensive products made in Cortland without switching any of these jobs to another site, one might reasonably conclude that the company is facing serious financial difficulty.

On the other hand, in its June 30, 1989 annual report, Smith Corona reported net sales of \$493 million, up 25% from 1988, and operating income of \$88.2 million, up 31% from 1988. Moreover, the company reported that sales of personal word processors had been steadily increasing between 1987 and 1989, while sales of compact

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and electronic typewriters had been steadily falling as a percent of sales. In short, the future of the company, if it has one, would seem to lie with the more expensive word processors rather than the basic typewriters.

While the company claimed that in 1989 it had achieved "increased penetration of world markets," there was a note about the need to further reduce manufacturing costs, and the statement, ominous for Cortland workers,

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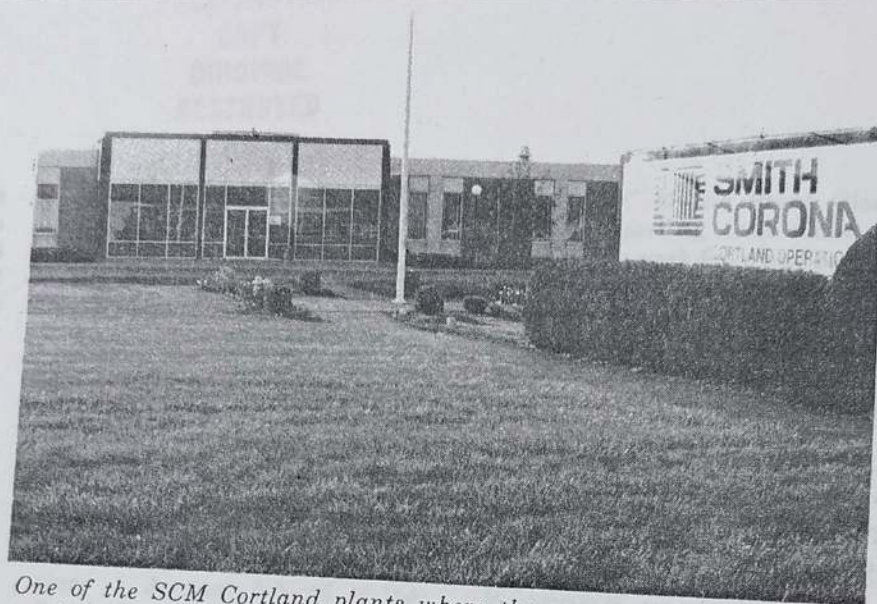
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Layoffs

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that Smith Corona "may increase the number of products that it manufactures abroad in the future." Since the company says its Singapore plant, leased from the government until April 2033, is primarily used for the personal word processor as well as the electronic typewriter businesses, the most logical inference is that the company does intend to cut costs by shifting jobs to Singapore, and perhaps also to a rumored assembly line in Mexico, if it has not already done so.

The layoffs at Smith Corona provide an ironic commentary on the company's status as a Foreign Trade Zone (subzone 90A), which was granted through the efforts of Congressman Sherwood Boehlert on July 1, 1985. Trade Zone status allows Smith Corona to import components duty free, work on them at the Cortland site, and then sell the products in the U.S. or re-export them with a reduced tariff. Taxpayers subsidize the company in this way in order to protect American jobs. In a letter which Smith Corona sent to the Chairman of the House Subcommittee on Trade, dated 10/27/89, the



One of the SCM Cortland plants where the company laid off 350 workers recently.

received no advance warning of layoff. They were simply told not

Workers were also surprised to learn that, with the single exception of the Cortland employees, all the manufacturing workers employed by

at least 100 employees in case of mass layoffs or plant closings. If the law has been violated, the firm can be sued, and the employer made liable for 60-days back pay and fringe benefits. It is thus clearly in the interest of Smith Corona workers with information about layoffs and plant operations to contact the Labor Coalition.

G. Lee Thompson, President and CEO of Smith Corona, told a reporter from the *Cortland Standard* that his firm was "a strong

action suits in federal district courts and chancery court over the layoffs of 450 people in Cortland and Singapore which the company announced August 11th, eight days after the firm issued stock for the reorganized Smith Corona Corporation. The lawsuits allege that the company "omitted material facts and made untrue statements of material facts related to the company's reduction in workforce levels in Cortland and Singapore."

Cortland only non-union plant

Many of the laid-off workers at Smith Corona have expressed regret that they did not organize a union when they had the chance. One worker who was interviewed said that in 1983 several people talked about bringing in a union, and company representatives told workers if they were caught doing that they would automatically be fired. Workers were also surprised to learn that, with the single exception of the Cortland employees, all the manufacturing workers employed by Smith Corona, including those in Singapore, are unionized. As several laid-off workers remarked, their non-union status did not help keep the jobs in Cortland, and a union might have helped get advance notice and protect seniority.

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company stated "Smith Corona Corporation was an American company on the brink of extinction due to a large influx of low-priced foreign competition. With its return to profitability and ever increasing sales, production demands increased, employment increased, and orders for domestic material increased."

Although Smith Corona is not strictly an American company, being largely owned by the British holding company Hanson Plc, it may be true that the Trade Zone Program was instrumental in restoring the company to profitability. Unfortunately, there is no quid pro quo in the program which requires a beneficiary to guarantee employment to the workers whose jobs are supposed to be protected. Smith Corona says it has returned to "profitability and ever increasing sales," but since that letter was written the firm has laid off between 500 and 600 Cortland workers. Smith Corona's plans to cut manufacturing costs suggest that it will actually become the "low-priced foreign competition" threatening local jobs, rather than a worthy recipient of public benefits.

Federal WARN Law violated?

The manner in which Smith Corona has laid off employees is at least as disturbing as the employment loss. Many workers

Smith Corona, including those in Singapore, are unionized.

to punch in, or to go home, after they came to work. Other workers got two days notice, and a few got seven days notice, for a layoff they were told would be "permanent, with no recall." The lack of notice was especially severe because since January 8th all of the Smith Corona employees (except for maintenance workers) had been on a state-sponsored work share program which subsidizes wages with unemployment benefits charged against the 26-week eligibility period. Thus, laid-off workers, many of whom apparently did not realize they were using up unemployment benefits by participating in a program they believed would prevent layoffs, suddenly found that they had only about 15 weeks of benefits remaining.

The Tompkins-Cortland Labor Coalition is investigating whether Smith Corona violated federal law by not giving workers 60-days advance notice of layoff. Under the Worker Adjustment and Retraining Notification (WARN) Act, such notice must normally be given by employers in firms with

supporter" of the Plant Closing law, suggesting that since only 19% of the work force had been laid off the law had not been violated. In fact, under certain circumstances, a layoff of that size, without notification, could violate the law, but that issue must finally

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be settled through an investigation and possibly a lawsuit. The legal issue aside, it is rather surprising to hear that a "strong supporter" of the WARN law would not feel obligated to provide any of the 750 workers laid off since August with something more than minimal notice, and in some cases no notice, of layoff.

The argument that management had no knowledge of impending layoffs and so was unable to warn employees does not sound convincing to Cortland workers. Neither is it convincing to company shareholders who are suing Smith Corona in 17 class

G. Lee Thompson says that Smith Corona has been "one of the most responsible corporate citizens for more than 100 years," but the Smith Corona workers don't seem to share that view. Those who were interviewed said things like "Smith Corona is a very unfair company." "Smith Corona treats their employees like dirt." "Smith Corona really does whatever they want." The only person who was interviewed for this article who defended the company was Melvin Pierce, the Town of Cortlandville supervisor, who said that he would not criticize a company that kept so many people off welfare. If Smith Corona does finally move everything to Singapore even that argument of despair will be gone.✻

Laid-off Smith Corona workers who would like to help in determining whether or not the company violated the federal plant closing laws should contact the Labor Coalition at 277-5670.