

The fired department

As millions lose jobs, U.S. forced to redefine employment

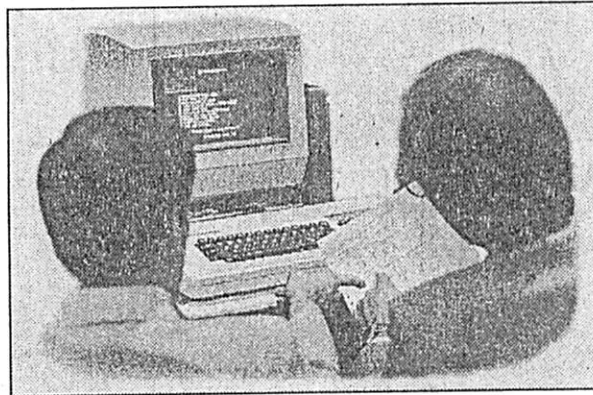
By LOUIS UCHITELLE
and N.R. KLEINFELD
© New York Times News Service

Drive along Interstate 95 from New York into Connecticut. Stop at the first information center. What could anyone possibly guess of Steven Holthausen, the portly man behind the counter who dispenses the answers to tourists' questions?

Certainly not that for two decades he was a \$1,000-a-week loan officer.

Not that he survived three bank mergers only to be told, upon returning from a vacation, that he had no job. Not that he slid to the bottom step of the economic ladder, pumping gas at a station owned by a former bank customer, being a guinea pig in a drug test and driving a car for a salesman who had lost his license for drunkenness.

Not that, at 51, he makes do on \$1,000 a month as a tourist guide.



And not that he worries that this job is itself fragile.

That, however, is his condensed story, and its true sadness lies in the fact that it is no longer extraordinary. "I did not realize on that day I was fired how big a price I would have to pay," Holthausen said.

More than 43 million U.S. jobs have been erased since 1979, according to a New York Times analysis of Labor Department numbers. Many losses come from normal churning as stores fail and factories move. And far more jobs have been created than lost over that period.

■ For many bosses, laying off workers can leave emotional scars. One manager said the experience left him with a "mark on my character. I feel a lesser person." A6

But, increasingly, the disappearing jobs belong to higher-paid, white-collar workers, many at large corporations, many at the peak of their careers. Peek into the living rooms of America and see how many are touched according to a New York Times poll:

✓ Nearly three-quarters of all households have had a close encounter with layoffs since 1980. In one-third a family member has lost a job, and nearly 40 percent more know a relative, friend or neighbor who was laid off.

✓ One in 10 adults — or about 19 million people — acknowledged that a lost job in their household had precipitated a major crisis in their lives.

While permanent layoffs have accompanied most recessions, now

See JOB
Page 6, col. 1, this section

Job losses stagger workers

Continued from Page One

they are occurring in the same large numbers even during an economic recovery that has lasted five years and even at profitable companies.

In a reversal from the early '80s, workers with at least some college education make up the majority of people whose jobs were eliminated. And better-paid workers — those earning at least \$50,000 — account for twice the share of the lost jobs that they did in the 1980s.

New jobs, low wages

This is a saga about an emerging redefinition of employment. There has been a net increase of 27 million jobs in America since 1979, enough to easily absorb all the laid-off workers plus the new people beginning careers, and the national unemployment rate is low.

The sting is in the replacement work. Whereas 25 years ago the vast majority of those laid off found jobs that paid as well as their old ones, Labor Department numbers show that now only about 35 percent of laid-off full-time workers end up in equally remunerative or better-paid jobs.

Compounding this frustration are stagnant wages and an increasingly unequal distribution of wealth. Adjusted for inflation, the median wage is nearly 3 percent below what it was in 1979. Average household income climbed 10 percent between 1979 and 1994, but 97 percent of the gain went to the richest 20 percent.

Driving much of the job loss are familiar and intensifying corporate stresses: technology that lets machines replace hands and minds; efficient competitors at home and abroad; the ease of contracting out work, and the stern insistence of Wall Street on elevating profits.

The conundrum is that what companies do to make themselves secure is precisely what makes their workers insecure. And because workers are among the 38 million Americans who own mutual funds, they unwittingly contribute to the pressure that could take away their salaries as it improves their investment income.

Those who have not lost jobs and do not expect to are also being traumatized. They sit next to empty desks and wilting ferns and grapple with what psychologists label survivor's syndrome. At Chemical Bank the sole survivor of a department of 15 sobbed for two days over her vanished colleagues.

One factor making this period so traumatic is that since World War II people have expected their lives and their children's would steadily improve.

"It's important to recall that throughout American history, discontent has always had less to do with material well-being than with expectations and anxiety," said Harvard social historian David Donald.

"You read that 40,000 people are laid off at AT&T and a shiver goes down your back that says, 'That could be me,' even if the fear is exaggerated. What we are reacting against is the end of a predictable kind of life, just as the people who left the predictable rhythms of the farm in the 1880s felt such a loss of control once they were in the cities."

The Times poll revealed that only 29 percent of those who had suffered a major job crisis, vs. 49 percent of the entire population, say they are as well off as they imagined at this juncture of their lives.

The majority in the job-crisis group feel the country is going in the wrong direction, and they are more pessimistic about the economy. They are more likely than the overall population to be divorced or separated. They are better educated.

Politically, they are more apt to label themselves liberal, more likely to favor national health insurance, and to support government programs like Medicare, Medicaid and welfare. And more than 65 percent, compared with 45 percent in the whole population, want the government to do something about job losses.

The Labor Department's Bureau of Labor Statistics tracks income and layoffs. In the 1980s, the higher the income, the less frequent the layoffs. Now the two lines rise together.

Job insecurity also reaches government, although less drastically than corporations, erasing many of the jobs that historically elevated the poor. Between 1979 and 1993, 454,000 public service jobs vanished.

Academia is paring its rolls and increasingly leaving college teachers in jeopardy by denying tenure.

What many middle-class workers are experiencing for the first time is achingly familiar to poorer people, who are slipping even further.

Fluttering ghosts

The unprecedented era of economic growth after World War II that led many people to expect a home, a secure job and a raise every year, slackened in the 1970s and remained stuck at a lower volume. Technology kept taking tasks from human beings and giving them to machines.

General Motors Corp. employed 500,000 people at its peak in the 1970s; today it makes as many cars with 315,000 workers. Computer programs can prepare divorce papers. If 1,000 movie extras are needed, the studio hires 100 and a computer spits out clones for the rest. Behind every ATM flutter the ghosts of three human tellers.

By the late 1970s, the trends prompted companies to large-scale layoffs, at first in smokestack industries, now in the most modern and prosperous industries like telecommunications and electronics — companies like Sun Microsystems, Pacific Telesis and IBM.

Labor Department statistics show that more than 36 million jobs were eliminated between 1979 and 1993, and an analysis by the Times puts the number at 43 million through 1995.

Jobs have always disappeared when a store closes or an old product like the typewriter yields to a new one like the computer. Three phenomena distinguish this age: white-collar workers are big victims; large corporations account for many of the layoffs, and a large percentage of the jobs are lost to "outsourcing" — contracting out work to another company, usually within the United States.

Many of the new jobs are in small companies that offer scant benefits and less pay, and many are part-time

positions with no benefits.

The country's largest employer, renting out 767,000 substitute workers each year, is Manpower Inc., the temporary-help agency.

In this game of musical jobs, people making \$150,000 resurrect themselves making \$50,000, sometimes as self-employed consultants or contractors. Those making \$50,000 reappear earning \$25,000. And these jobs are discovered often after much time, misery and humiliation.

Most chief executives and some economists view this interlude as an unavoidable and even healthy period that creates efficiency out of inefficiency. They herald the downsizings as necessary to compete in a global economy and argue that some workers must be sacrificed to salvage the organization.

'I felt lousy'

Sears, Roebuck & Co. felt its existence threatened in a world of too many stores and too much competition. Cutting 50,000 jobs in the 1990s was part of the response.

"I felt lousy about it," Sears chairman Arthur Martinez said. "But I was trying to balance that with the other 300,000 employees left, and balance it with the thousands of workers in our supplier community, and with 125,000 retirees who look to Sears for their pensions, and with the needs of our shareholders."

AT&T Chairman Robert Allen, who authorized eliminating 40,000 jobs, said intensifying competition left him without choices. With the Baby Bells free to invade AT&T's long-distance stronghold, AT&T's bloated staff of middle managers was no longer affordable.

"The easy thing would be to... say we are doing pretty well, let's just ride it out," he said. "The initiative we took is to get ahead of the game a little bit."

The new message also says raised

and bonuses must be channeled to those judged most talented and diligent. In essence, rather than an expanding economy benefiting all, only stellar performers — or those in the right careers — come out ahead.

An unforgiving Wall Street has signaled approval.

When Sears announced it was discarding 50,000 jobs, its stock climbed nearly 4 percent. The day Xerox said it would prune 10,000 jobs, its stock surged 7 percent.

Some contend that through these adjustments, U.S. companies will recapture their past dominance in world markets, and once again deliver higher income to most workers. Others predict that creating such fungible workforces will leave businesses with dispirited and disloyal employees who will be less productive.

Many economists and chief executives think the job shuffling may be a permanent fixture.

Battlefield toll

The tally of jobs eliminated in the 1990s — 123,000 at AT&T, 18,800 at Delta Airlines, 16,800 at Eastman Kodak — has the eerie feel of battlefield casualty counts.

Like strung-out veterans, psychically frazzled downsized workers are infecting families, friends and communities with their grief, fear and anger.

Take Steven Holthausen, the loan officer turned tourist guide. Why, he berates himself, did he give so many evenings and weekends to his employer? Why didn't he see that his job was doomed?

When the dismal news came, he accepted it coolly until he learned that some of his duties had been assumed by a 22-year-old at a fraction of his pay.

For almost a year, Holthausen scraped by on severance pay, on meager commissions earned as a freelance mortgage broker and on unemployment insurance.

When he was fired, he and his wife sought therapy for an already shaky marriage. Six months later she ordered him out and found a job as a medical secretary.

"The anger that I feel right now is that I lost both my family and my job," he said. "That is not where I wanted to be at this point in my life."

"What makes it so hard for people is very often these situations come about very suddenly," said Dr. Gerd Fenchel, head of the Washington Square Institute for Psychotherapy and Mental Health in New York, who has seen his caseload swell with downsized workers. "We have a diagnosis called post-traumatic stress syndrome that applies to this."

The impact of job loss on marriages varies. The divorce rate, according to several studies, is as much as 50 percent higher than the national average in families where one earner, usually the man, has lost a job and cannot quickly find an equivalent one.

On the other hand, many families where both husband and wife are employed seem to draw closer to muster their energies against the common enemy of job insecurity.

Targets of 'floating anger'

Insecurity is unleashing a "floating anger that is attaching itself to all sorts of targets as a form of scapegoating," said Daniel Yankelovich, president of DYG Inc., a polling firm.

Polls have shown this anger directed at targets as diverse as immigrants, blacks, women, government and corporations. It makes centrist politics harder to practice and people less faithful to any one party, less likely to vote and more willing to entertain the idea of a third national party.

Families are scaling back their lifestyles. Two-thirds of those in the Times poll said queasiness about their economic future prompted them to curtail their day-to-day spending. One-fifth said the cuts had been "severe."

Some are initiating new businesses.

After twice losing jobs at computer companies in six years, Marilyn Collins, a 52-year-old computer systems expert, got fed up feeling she was "dispensable." She joined her husband in the small New York direct-mail consultancy he had founded. Since her arrival, the once marginal business has flourished.

—Many adaptable workers are accepting that their companies do not owe them as much as people used to expect and are figuring out the best angles to job security.

Diane Sirois is a curly-haired, irrepressible 39-year-old who assembles the most popular retractable tape measures at The Stanley Works, a hand-tool maker in New Britain, Conn. After the company automated its tape measure assembly, she learned to operate one of the intricate new machines. She reasons that if layoffs come, the machinery she runs would be shut down last.

"Job security is why I bid for this job," she said. "There are people here who have gotten used to sitting on their tails and repeating the same small task hour after hour, and they don't want to change, even to save their jobs."

Other workers simply agree to more work. In the Times poll, 80 percent of the people said they would work longer hours if it would help preserve their job. Some part-timers, among them women who had cut their hours to spend more time raising children, feel pressure to go full time so they won't be viewed as marginal and expendable.

Many workers are returning to school. High school graduates in their mid-20s, for example, are flocking to community colleges in unprecedented numbers.

'It is not a right'

A lot of workers no longer see their jobs as entitlements. Robby Smith is a 34-year-old engineer at Maitland & Hoge Enterprises, a Houston oil and gas consulting firm that did some downsizing. His job is not at risk, but he said, "I don't take employment for granted. It is not a right, so to speak, granted by education and experience."

Smith keeps his eye on his personal balance sheet. His wife is an assistant school principal. They have a 2-year-old daughter. They have stopped using all but one credit card. When they buy a car, they finance it through his wife's father instead of the bank. All debt is considered suspect.

When workers come home with frayed nerves and punctured expectations, what are the children to make of it? Parents search for some new song of hope to sing to their children. What is an American dream worth dreaming?

In the unlovely apartment of John Castner in North Arlington, N.J., all conversations seem to lead to work and its meaning. For much of his accounting career, Castner moved toward better work and pay. Starting in 1989 he was swept into the downsizing grinder. Last April he lost his third job in six years. Now, at 47, he makes do with intermittent work.

A widower, he lives with his two children, Julie, 14, and Stephen, 11. "I say to my kids, not only will you have to look for jobs anywhere in the United States, but in Singapore and Hong Kong," he said. "You are competing against kids from other countries."

He tells them it is no longer enough to be very good, it is imperative to be a star. He feels it vital that they attend a "brand-name college," certainly not the Trenton State stenciled on his own diploma.

His children said they have not been embarrassed by their father's lost jobs. After all, many of their friends have downsized parents.

Julie, in particular, seems to have been forced into a response common to a lot of middle-class children — growing up earlier in a way reminiscent of what happens to poor children on shoestring budgets and deprived of intact families.

She did not try out for the basketball team so she can hold an after-school job as a day-care counselor. "I don't mind work," she said. "It's fun."

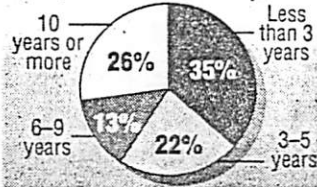
"I wish my father had a job," she said, "but since he doesn't you kind of get a little smarter and think about what you have to do more," she said. "In my school, it is kind of like the in thing to be really smart."

WHAT WORKERS SAY

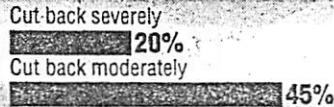
In the past 15 years, was there any time that you were laid off permanently or your job eliminated?

Laid off	20%
Household member laid off	14%
Acquaintance laid off	33%

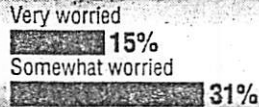
How long had you or the household member held the job?



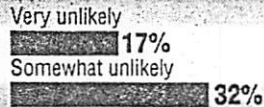
In recent years has uncertainty about your economic future caused you to cut back on day-to-day spending?



How worried are you that in the next 12 months you or someone in your household might be out of work and looking for a job for any reason?



How likely do you think it is that today's youth will have a better life than their parents?



How economically secure do you feel?

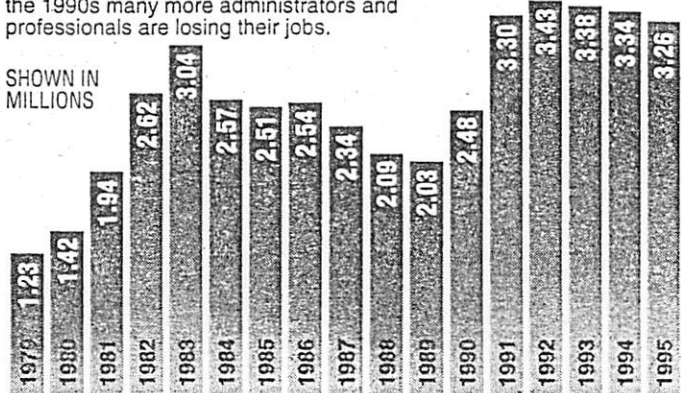
All respondents	Those already hard-hit by a layoff
Very insecure	Very insecure
Somewhat insecure	Somewhat insecure

Based on a New York Times poll of 1,265 adults across the nation. The margin of error is plus or minus 3 percentage points.

43 MILLION JOBS LOST

Since 1979, the first year for which figures are available, more than 43 million jobs have been extinguished in the United States, according to an analysis by The New York Times of data compiled by the Labor Department's Bureau of Labor Statistics. That's equal to a third of the nation's jobs. Blue-collar workers, especially in manufacturing, make up a majority of the displaced workers, but in the 1990s many more administrators and professionals are losing their jobs.

SHOWN IN MILLIONS



STAFF CHARTS BY STEVE DURBIN