

Nicholas Latimer
Vice President, Director of Publicity
(212) 572-2106

For author interview, contact:
Michelle Somers (212) 572-2082
msomers@randomhouse.com

News
from
Alfred A.
Knopf
Publisher

1745 Broadway
New York City 10019
phone: (212) 572-2104
fax: (212) 940-7307
knopfpublicity@randomhouse.com

www.aaknopf.com

PUBLISHED BY KNOPF MARCH 31, 2006

THE DISPOSABLE AMERICAN



LAYOFFS AND THEIR CONSEQUENCES



by **Louis Uchitelle**

“Heartwrenching.”

—DUNCAN STEWART, *Library Journal*

**“If our political leaders read one book
in the coming year, let it be this one.”**

—BARBARA EHRENREICH, author of *Nickel and Dimed*

“The perfect antidote

to the smug social Darwinist view that constant change is a law of nature, that loyalty is a vestigial virtue, and that the slightest concession to job security or community roots is incompatible with economic success.” —SYLVIA NASAR, author of *A Beautiful Mind*

“Read this book

if you care—and you should—about how burgeoning job insecurity is undermining the social contract at the heart of the American dream.”

—ROBERT D. PUTNAM, author of *Bowling Alone*

“Uchitelle shatters the widely held myth

that layoffs are ultimately good for the economy; that in America there is always work, and good pay, for the educated and skilled; and that new training creates jobs.” —DAVID SIEGFRIED, *Booklist*

**“His perceptive economic assessment and his pragmatic
policy solutions ought to grab the attention of every business
executive who wants this country to thrive.”**

—DAVID K. SHIPLER, author of *The Working Poor*

Myths That Blind

From Louis Uchitelle's Introduction:

MORE THAN TWO DECADES HAVE PASSED SINCE THE MODERN LAYOFF first appeared as a mass phenomenon in American life. Until that happened, companies tried to avoid layoffs. They were a sign of corporate failure and a violation of acceptable business behavior. Over the years, however, the permanent separation of people from their jobs, abruptly and against their wishes, gradually became standard management practice, and in the late 1990s we finally acquiesced. Acquiescence means giving up, seeing no alternative; we bowed to layoffs as the way things have to be. Now we justify them as an unfortunate necessity.

Continued...

Myth #1

Three myths help us do that. The first myth promises a payoff. In exchange for so many painful layoffs—at least 30 million full-time workers have lost their jobs since the early 1980s—a revitalized corporate America will emerge, once again offering job security, full employment, and rising incomes. Be patient, this myth goes. Every significant shift in the nature of a market economy since Adam Smith's day has entailed a period of hardship and disruption followed by a new equilibrium. The current cycle is no exception. Rebirth and stability will surely follow the current destruction.

But the promised payoff is not on the horizon. The layoffs continue unabated. Some are inevitable as American companies adjust to the growing competition from abroad. But there has been no return to the old stability. If there is a new equilibrium today, it is one that, benefiting from the acquiescence, perversely produces many more layoffs than the changing economy requires. What started as a legitimate response to America's declining hegemony has become an unending, debilitating condition.

Myth #2

The second myth holds that the laid-off must save themselves. They lost their jobs, this myth argues, because their value to their employers was less than their cost in wages and benefits. So they must raise their value. They must acquire the necessary education and training to qualify for the work that is in demand in the new economy. If they fail to land good jobs in a reasonable period of time, then that in itself is evidence that they did not take the right actions and are to blame for their own demise.

Education is without doubt a good thing. But there are not enough good jobs for the college educated, and neither the private sector nor government offers much help. The burden is on the workers themselves. What has taken place is a massive shift from a shared, we're-in-it-together way of thinking to a go-it-alone world of personal responsibility.

Myth #3

The third myth holds that the pros and cons of layoffs are entirely measurable in dollars and cents, the relevant standard for a market system. In this framework, savings in labor costs can seem to justify layoffs. I found this myth hard to challenge until I encountered and documented a layer of human damage that is difficult to quantify, but is alarmingly destructive, so much so that it sets back companies that are supposed to thrive through the freewheeling use of layoffs.

Neither the companies nor the victims easily recognize the damage that layoffs inflict on them. For the victims, a layoff is an emotional blow from which very few fully recover. The laid-off are cut loose from their moorings and rarely achieve in

their next jobs a new and satisfactory sense of themselves. Psychiatrists and psychologists know this; they run across it regularly in the treatment of patients who have been laid off and who suffer from depression and from a neurotic reluctance to return to challenging work and risk being disposed of again.

The mental health profession, however, does not raise an alarm, although the damage from this loss of self-esteem and identity, multiplied millions of times, undermines public health. In addition, layoffs damage companies by undermining the productivity of those who survive but feel vulnerable, as well as the productivity of those who are laid off and get jobs again. All lose some of the commitment, trust, and collegial behavior that stable employment or the expectation of stable employment normally engenders. Various studies bear this out, and some of the nation's most successful companies—Southwest Airlines and Harley-Davidson, for example—refrain from layoffs or limit them, openly recognizing that people who feel secure in their jobs work better.

The myths blind us to these realities, particularly the mythical promise that in the end, when the new equilibrium finally arrives, the layoffs will cease or greatly diminish, and America will flourish at the high end of innovation and production, which is its rightful and inevitable perch in the new economy.

A festering national crisis

While waiting for this nirvana, the country has deteriorated. Without the easy and frequent use of layoffs, there would not have been so many wasteful mergers, or so much outsourcing or ceding of production to foreign competitors and to the overseas subsidiaries of American companies. Over the last couple of decades, sensible resistance to the shedding of workers would have acted as a brake, sifting out at least some of the unnecessary layoffs. Union power, as a result, would not have been so indiscriminately undermined and wage stagnation would not have become so entrenched. More subtly, the acquiescence to layoffs facilitates the dismantling of company-paid health insurance and fixed monthly pensions. If we have no value as employees beyond what we can produce in a day or a week or a year of work, why preserve the trappings that go with careers?

And they are not being preserved—not by our employers or our politicians, neither the Democrats nor the Republicans. Faced with layoffs, one president after another, starting with Jimmy Carter and running through George W. Bush, has either facilitated layoffs or acquiesced to them, or both. There is no loyal opposition. I set out to tell the story of our acquiescence and in doing so ran into a festering national crisis. Until we recognize it, an effective opposition cannot form.



Fred F. Conrad

LOUIS UCHITELLE worked as a reporter, a foreign correspondent, and the editor of the business news department at the Associated Press before joining *The New York Times* in 1980. He has been writing about business, labor, and economics for the *Times* since 1987. He was the lead reporter for the *Times* series "The Downsizing of America," which won a George Polk Award in 1996. He has taught at Columbia University and was a visiting scholar at the Russell Sage Foundation in New York in 2002-2003. *The Disposable American* is his first book.

TO BE EXCERPTED IN THE NEW YORK TIMES  \$25.95

AUTHOR TOUR: Cincinnati, Detroit, Indianapolis, Los Angeles, New York, San Francisco, Washington DC