The Washington Post

AN INDEPENDENT NEWSPAPER

The Politics of Layoffs

"WHEN LEADING corporations rake in massive profits but shed productive employees, the only proper response is moral outrage. . . . And if we allow Wall Street alone to dictate the behavior of corporations, even if they're run by good and decent people, as most of them are, we can't be surprised when they put short-term profits ahead of people every time."

That was House minority leader Richard Gephardt in a speech last month. He has not been alone. Unlikely as it seems, the Republican presidential primaries have helped set off a round of corporation bashing. Pat Buchanan stunned the politicians of both parties when he won in New Hampshire in part by invoking the plight of wage earners who have been losing ground in the economy. Even Bob Dole was moved to observe as the primary day approached that "profits are setting records and so are corporate layoffs."

Mr. Gephardt was trying to reclaim the neglected-worker issue for the Democrats. Labor Secretary Robert Reich, whose signature the issue has been for three years, has also been playing off the primary results. "It is time for a new corporate citizenship," he said recently. The president himself said in Michigan that "if they have to do it [lay off workers] to keep the business afloat every American can understand that. But no one should lose a job for short-term considerations that are not necessary for the long-term well-being of the profitable enterprise."

That's one thing as a sentiment, but how does it translate into policy? Who knows how to distinguish between justified and unjustified cost-cutting, and even if you could distinguish, what is it that government either could or should do about it? The government already does some shaping of corporate behavior. The wage and hour laws are one example; worker safety, health and environmental regulations are another. Wages are taxed to help pay the costs of unemployment, work-related injury and retirement. The tax laws encourage employer payment of employee health insurance premiums. How much further is it wise to go?

Protectionists would have the government try to cushion workers against lower-wage foreign competition as well. But that's counterproductive. In the long run, by reducing trade, protectionism will cost U. S. workers more income than it will ever save them. Others want to pressure corporations to provide workers with greater security in the form of minimal (and portable) health insurance and retirement benefits, for example. Those that failed to do so might face higher taxes or be put at a disadvantage in obtaining federal contracts. But one effect would be to add to pressure on precisely those weaker companies most likely now to lay off workers or to pay only low wages.

Mr. Clinton has laid out a relatively modest program in this area of worker support. He would increase the minimum wage somewhat, try for now to make health insurance more accessible to people between jobs and step up education and retraining programs for workers whose jobs disappear. Some would go beyond, hold corporations more responsible than now for keeping jobs and benefits secure and penalize those that did not. Mr. Clinton is wise to leave it where he has.