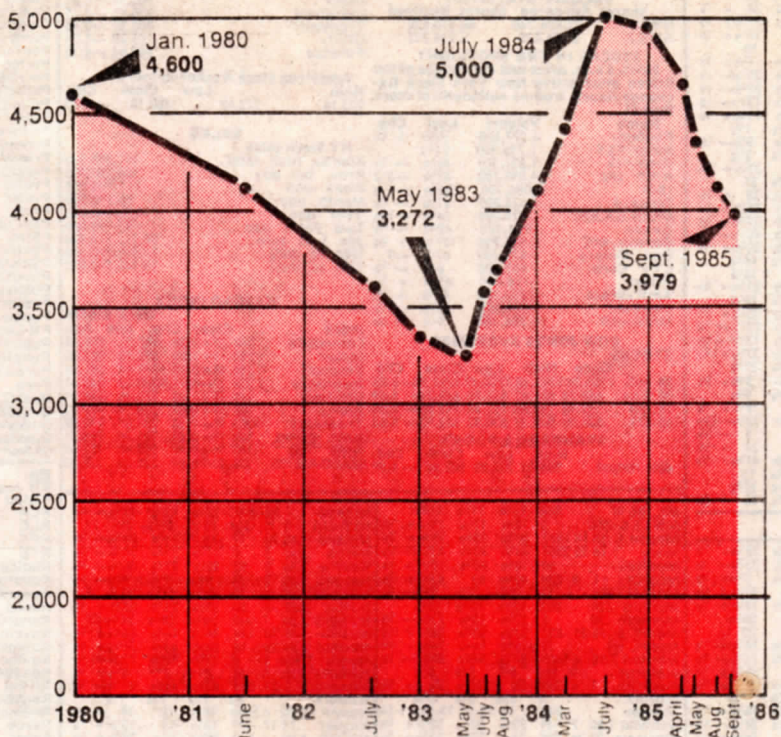


AT & T Omaha Works Employment



Source: AT & T Omaha Works

Tom Friel/World-Herald

Employment for the 1980s . . . peaked in July 1984.

Analyst: Transition Tough

9/21/85

AT&T Layoffs Called Deregulation Symptom

By Steve Jordon

World-Herald Staff Writer

About 1,000 layoffs at American Telephone & Telegraph's Omaha Works this year are a symptom of deregulation in the telephone industry, a stock analyst said Friday.

The Millard area plant plans to lay off 198 workers next Friday, reducing its employment to 3,979 people compared with 4,950 at the start of this year.

AT&T Omaha Works said declining demand for the products it manufactures including telephone distribution equipment, made the layoffs necessary.

AT&T's Information Systems division also is reducing its employment, including a 220-person cutback announced in recent weeks.

'Profits Not Secure'

Richard Hurwitz, director of equity services for Boettcher & Co. in Denver, said the layoffs in Omaha and elsewhere in AT&T are part of the company's adjustment to deregulation.

"Their profit margins are no longer secure, so all cost factors come under scrutiny," Hurwitz said. "The big change is a transition from a regulated company to a deregulated company. They have to be competitive; they're not being protected."

AT&T Omaha Works formerly sold most of its products to divisions of the Bell system. Hurwitz said profits were built into Bell's near-monopoly, so costs were simply passed on through the Bell system.

Last year the Bell system was split

into regional operating companies and AT&T. Today, the regional companies are independent and are free to buy supplies from any manufacturer.

Because all of the former Bell system companies are trying to compete with other companies, all are cutting costs when they can.

Hurwitz said AT&T's Omaha Works must be as efficient as any other producer and must adjust to employment and other cost factors.

At the same time, he said, the general economic trend of the country also influenced the Omaha Works.

'Can't Hide the Fat'

"AT&T is making this transition at a time when the economy has been flat and they can't hide the fat," he said.

Hurwitz said AT&T's adjustments to deregulation are likely to continue for another year or two, which may include further employment reductions.

The Omaha Works, which employed more than 7,000 people in the early 1970s, had declining employment in the early 1980s, from 4,600 in January 1980 to 3,300 in May 1983, spokesman Paul Pickrel said.

As the economy recovered, the factory added to its employment. Job openings drew thousands of applicants, and the plant used a system of handing out mail applications to job seekers as they drove through the plant.

At the time, many of the job applicants said they already had employment but were applying at AT&T because of the company's reputation for high job security.