Rochester, New York: More than 400 layoffs planned at Bausch + Lomb

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Bausch + Lomb has announced plans to lay off 106 workers at its headquarters in downtown Rochester, New York, along with 302 workers at its nearby production facility. The company was recently purchased by Valeant Pharmaceuticals International of Canada for $8.7 billion and is one of the world's largest producers of contact lenses and other eye-care products.

Founded in Rochester in the mid-1800s, the company employs approximately 1,700 workers in the Rochester area and 11,000 worldwide. Valeant also plans to relocate Bausch + Lomb's headquarters to New Jersey and it is expected that layoffs will continue into 2014 both in Rochester and at the company's other locations worldwide.

In a letter sent to Bausch + Lomb employees on July 30, Valeant CEO J. Michael Pearson notified workers of the company's plans to layoff up to 15 percent of Bausch + Lomb's global workforce through 2014. In the same letter Pearson happily reassured investors, "We take pride in our frugality, our ability to make quick decisions based on internal resources, and our willingness to all wear different hats at different times. And in return, we will pay above-average total compensation for superior performance and above-average shareholder returns."

Investors on Wall Street have taken note of Pearson's comments, pushing its stock price to reach all-time closing highs of over $100 per share in recent days. In 2011, the Canadian newspaper *Globe and Mail* estimated Pearson's annual pay at $23 million, including pay from stock dividends.

Located in western New York state along Lake Ontario, Rochester was until recently known as a company town dominated by the "Big Three" companies of Eastman-Kodak, Xerox and Bausch + Lomb. While other nearby cities such as Buffalo and Syracuse began the process of de-industrialization and mass layoffs in the 1970s, Rochester maintained a relatively high level of employment with decent paying jobs and benefits before the same economic forces reached Rochester in the 1980s. All three major companies exist today as shells of their former selves.

In 1982, Kodak employed over 60,000 people in the Rochester area. Today it employs around 3,500 and is operating under bankruptcy protection that has resulted in more layoffs, the elimination of health care benefits for retirees, and the sale of valuable patents and assets. While in bankruptcy, Kodak is also attempting to offload any potential future environmental obligations to the region from its sprawling chemical-ridden Kodak Park facility for a mere $50 million. It was recently reported that current CEO Antonio Perez stands to make approximately $6 million after the company emerges from bankruptcy.

Xerox employs approximately 6,300 in the Rochester area, but has been steadily laying off workers for years and has cut its local workforce by a third over the past decade. The only jobs added recently have been at its business services division where it employs call center workers at $10 an hour. It also recently sold the 30-story building in downtown Rochester that served as the company's headquarters since 1968 for $40 million. Now headquartered in Connecticut, the company is despised in the region by former workers for cutting retiree health benefits and using the courts to reduce pension payouts.

While the media and politicians often cite Rochester as a city that has "weathered" major de-industrialization and supposedly re-built an economy based on small spin-off companies headed by technological "entrepreneurs," the truth is that the

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decline of Rochester's Big Three has devastated the living standards of both white-collar and blue-collar workers across the region. Due to previous layoffs at Kodak and Xerox, area employment has fallen by 18,185 workers since 2000. Rochester regularly ranks in the top 10 annually nationwide in levels of poverty, with over 30 percent of the population living below the poverty level. Several studies have estimated the child poverty rate at over 50 percent. In 2013 only 43.4 percent of the city's students graduated high school, last among the state's major cities.

Local politicians have declined to confront the company layoffs and the city's deteriorating social conditions directly, preferring to make vague statements about how the job cuts will create a new class of "entrepreneurs." Democratic Mayor Tom Richards stated, "We are a resilient community and hopefully, whatever the job losses will total, we hope those people will be absorbed by other area businesses and by new entrepreneurs." His opposition in an upcoming mayoral Democratic primary, City Councilwoman Lovely Warren, offered no serious alternative, commenting, "Of course we are saddened by the news that Valeant decided to move or consolidate the headquarters in New Jersey. But I think that the silver lining is the fact they are going to leave their manufacturing facility here in Rochester. That is important for the families that rely on Bausch + Lomb."

Other Democratic politicians including Senators Kirsten Gillibrand and Charles Schumer along with Governor Andrew Cuomo sent a letter questioning Valeant's "commitment to the company and the community." In fact, they are well aware that the company Valeant is well known for its predatory takeovers of other companies globally.

Responding to the layoffs, Moody's Investment Services has taken advantage of the situation to cast doubt on the area's creditworthiness. In a recently released report on the Bausch + Lomb layoffs and the general economic conditions of upstate New York, Moody's stated, "The announcements reflect a credit negative trend of job losses in the historical industrial employment centers of upstate New York, and gravitation of many new jobs to the Southeast, which is credit positive for local governments in that region."

Moody's added, "The persistent job losses in these areas will continue to be a credit-negative for many cities that once relied on manufacturing to support their tax bases." On August 13, Moody's downgraded the credit rating of Rochester's surrounding county of Monroe from "stable" to "negative."

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