

Massive job cuts announced

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Over the past several weeks one major corporation after another has announced large-scale job cuts, destroying the jobs of tens of thousands of workers. In addition to the magnitude of the cutbacks—18,000 at AT&T and 9,700 at Raytheon, for example—the wave of corporate downsizing has engulfed virtually every sector of the economy, from telecommunications and defense to retail trade, computers and banking.

AT&T, the nation's largest telecommunications provider, announced the elimination of 15,000 to 18,000 jobs as part of a cost-cutting program to extend over the next two years. The company intends to slash its work force to a maximum of 105,000 by next year, from the current level of 128,000. Management positions are targeted for most of the job cuts.

Economists are warning that other layoffs in the telecommunications industry will follow, as MCI and Sprint move to cut costs to compete with AT&T. Massive job cuts were already expected at MCI as a result of its takeover by WorldCom. When WorldCom CEO Bernard Ebbers announced his \$30 billion bid for MCI last October he told stock analysts he planned to cut costs by \$2.5 billion the first year and \$5 billion a year by 2002, through the rationalization of operations and the elimination of thousands of jobs.

"As companies go after each others' throats [it is] likely we'll see tens of thousands of job cuts in the telecom industry in the next couple of years," predicted John Challenger of the out-placement firm Challenger Gray & Christmas.

Raytheon, a major military aerospace manufacturer, has announced the elimination of 8,700 military related jobs as a result of its acquisition of Hughes Aircraft and the military business of Texas Instruments. Raytheon plans to close twenty plants and portions of six others. It has also indicated it will eliminate 1,000 jobs from its construction and engineering division.

Raytheon's move will have a particularly devastating

impact on southern California, where Hughes was based. Some 5,200 jobs, one-third of Raytheon's work force in the state, will be destroyed. This is a region already reeling from massive cuts in the aerospace and defense industries.

In the retail industry, **JC Penney** declared it would close 75 department stores and dismiss 4,900 employees as part of its downsizing plans. **Cole National Corporation** announced the closure of 430 department store gift boutiques, operated mainly at Sears stores, resulting in the elimination of 2,000 jobs. And **One Price Clothing Stores** said it would close 75 stores, cutting 300 workers.

In banking, **Nationsbank Corporation** announced it expected to eliminate 6,000 jobs in Florida as part of its takeover of Barnett Banks. Chase Manhattan, the nation's largest bank, said it might lay off employees and eliminate positions as part of a cost-cutting review to be completed within the next 60 days.

Other companies announcing major job cuts include:

Black & Decker: The tool and appliance maker based in Towson, Maryland announced 3,000 job cuts, or 10 percent of its work force.

Netscape Communications Corporation: The Internet software company plans to lay off 400 permanent and contract employees, representing 12.5 percent of its total work force.

Diageo PLC: The branch of Diageo PLC that controls the distiller formerly known as Heublein said it would close the Heublein headquarters in Hartford where 485 people work. Another 225 employees in Stamford, Connecticut will also be affected by the company's move to decentralize its US operations.

Fort James Corporation: The Richmond, Virginia maker of paper, packaging and consumer products said it will close two mills, eliminating 520 jobs. The mills are located in Carthage, New York, and Ashland, Wisconsin.

PPG Industries: The Pittsburgh-based glass manufacturer plans to close its specialty glass plant in Perry, Georgia, dismissing 140 workers.

Breed Technologies: One of the largest employers in St. Clair Shores, Michigan, the firm has announced plans to close its seat belt plant and move the majority of production to Mexico at the end of 1998. Over 400 hourly and salaried employees will be laid off.



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