As economies feel impact of Asia crisis

Job cuts mount around the world

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14 March 1998

The repercussions of the economic crisis in Asia are being felt by workers around the world, including the major capitalist countries, with layoffs spreading from Japan to Europe and America. In recent weeks job cuts have hit workers in auto, engineering, mining, computers and apparel manufacture.

Some of the hardest blows have fallen on the auto industry in Japan, which has suffered a severe decline in sales. Vehicle sales in Japan are down 22.8 percent for the first two months of 1998 from the corresponding period one year ago.

As a consequence Mitsubishi Motor Company is projecting its first annual loss in 24 years. The automaker has announced plans to reduce its work force by 12 percent and close a plant in Thailand and another in New Zealand. The company plans to cut its capital investment by one half and suspend shareholder dividends.

Nissan, Japan's second largest auto company, is expected to announce sales projections lower than previous estimates. Since the beginning of the year four of Japan's five largest auto companies have announced production cuts ranging from 5 to 20 percent.

Japan's unemployment rate is already at its highest level since World War II. Job insecurity has led to an increase in suicides, particularly among white collar workers. One analyst predicted that 10 percent of the country's 65 million workers could be out of work by the year 2000.

Unemployment continues to rise in Europe. In Germany joblessness is at its highest level since the 1930s, sparking protest demonstrations of unemployed workers similar to recent demonstrations in France. January's official unemployment figure stood at 4.8 million, an increase of 301,600 over December. Unemployment now stands at 21.1 percent in eastern Germany, double the 10.5 percent rate in the west.

AAB, the engineering and power station building firm, plans to eliminate 10,000 jobs across Europe this year, including 1,000 in Germany. Other layoff announcements are expected. Many German corporations are heavily engaged in Asia, including Siemens, the giant electronics company. Forty thousand of Siemens' 200,000 worldwide jobs are dependent upon business in Asia.

In Sweden, heads of some of the country's largest manufacturing companies have threatened mass layoffs as a result of a new three-year contract with engineering unions. The Association of Swedish Engineering Industries warned that employment could fall by as much as 5 percent. The employers' association includes such firms as Asea Brown Boveri, Volvo, Electrolux and Scania.

In Britain the men's clothing retailer Fosters Trading collapsed earlier this week with a potential loss of 1,700 jobs.

The deflationary impact of the Asia crisis is taking its toll on global mining operations. The last tin mine in Europe, South Crofty pit in western England, closed last week with a loss of 200 jobs. The operation was the victim of falling tin prices.

The plunge in the price of gold has had a devastating impact on South Africa's gold mining industry, which accounts for one-third of the country's foreign exchange earnings. 10,000 mining jobs were lost in January alone. The president of the National Union of Mineworkers predicted that up to 100,000 jobs could be eliminated by the end of the year, one-third of his union's total membership.

In the United States companies with a high volume of business in Asia are beginning to feel the impact of falling sales due to the crisis. Nike, the athletic

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footwear manufacturer, has begun laying off workers due in large part to the collapse of sales in Asia. The company has revised its sales projections for South Korea, one of its fastest growing markets, from $250 million for 1998 to less than $100 million.

The US textile company Delta Woodside Industries announced plans to close three fabric plants employing some 1,000 workers. The plants are located in North and South Carolina. The company said it is unlikely that it will be able to place the laid-off workers in other facilities.

Downsizing in the American computer industry continues. Falling sales, particularly in Japan, the world's second largest computer market, are in large part responsible for the shakeout. The US-based data management company Sybase has announced that it will lay off 600 of its nearly 6,000 employees worldwide. The cuts were announced Monday and will take effect immediately.

Apple computer is continuing its retrenchment. Last week the company said it was laying off 300 workers in its Claris software unit. Apple recently reported a $47 million first-quarter profit, but it has lost a total of $1.8 billion in the past two years. Other layoff announcements came this week from Cypress Semiconductor, which plans to cut 320 jobs in Texas and Asia, and Spectrian, which will eliminate 200 jobs in California.

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