

US corporate giants announce new job cuts

Layoffs, profit downturn raise recession threat

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The past week has seen a new surge in job-cutting announcements by US corporations, amid signs of an overall slowing down of the economy. The largest job cuts were announced by Xerox, which says it plans to eliminate 10 percent of its worldwide work force. Chicago-based Ameritech and United Technologies also announced severe restructurings.

Workers in the computer industry were hard hit in the latest wave of downsizing as well, with Intel and Silicon Graphics both announcing deep cuts.

The recent wave of bank mergers portends major job cuts in the banking industry. On Tuesday four more giant banks announced merger plans. NationsBank said it will join BankAmerica, creating the country's largest bank, with \$570 billion in assets. First Chicago-NBD said it would unite with Banc One. Just last week Citicorp announced an \$84 billion merger deal with Travelers Group. Inevitably the consolidated companies will attempt to streamline through a rash of layoffs. The magnitude of the downsizing in the offing was indicated by an officer of NationsBank, who estimated that between 5,000 and 8,000 jobs would be cut as the result of his bank's merger with BankAmerica.

There are a number of indications that the long economic expansion may be coming to an end. Estimated quarterly profits for the top 500 American corporations have been revised sharply downward. Other companies whose earnings are expected to fall are computer and chip makers Compaq Computer, Intel and IBM. The energy sector is also expected to be hit, with profit declines seen for major oil companies including Amoco, Chevron, Texaco, Mobil and Atlantic Richfield.

This follows a report earlier in the month by the US

Labor Department stating that the total number of jobs declined by 36,000 in March, the first such decrease in two years. The official unemployment rate rose one-tenth of a percent to 4.7 percent. Auto sales declined 3 percent in the first quarter, another indication of an economic downturn.

The corporate attack on jobs accelerated in April, with significant cuts being announced by high profile US corporations. The single largest downsizing announcement came from Xerox, which is planning to slash 9,000 jobs. One of the locations targeted for the largest cuts is Xerox's headquarters city, Rochester, New York, where the copier manufacturer will ax 1,400 jobs. This is the second major recent blow in recent months to workers in Rochester. Eastman Kodak, the area's largest employer, has announced plans to cut 6,000 jobs. Together, the two companies account for 10 percent of the city's work force.

In what could herald a new round of layoffs by regional phone companies, Ameritech has announced plans to slash 5,000 jobs. These cuts are in addition to its previously announced decision to close several customer service centers and eliminate 800 jobs. The new cuts will come primarily at the expense of workers in Ameritech's wireless and security monitoring units. Ameritech's profits were down 8 percent in the first quarter from one year ago.

Major job cuts continue in the computer industry, which is suffering from slumping sales. Intel, the computer chip manufacturer, announced Tuesday that it is cutting 3,000 jobs over the next six months. The company saw both sales and prices for its chips fall during the first quarter of 1998, reflecting a glut of personal computers on the market. Intel's net income

fell 36 percent from the period a year ago.

One day earlier another computer maker, Silicon Graphics, announced 1,000 job cuts, or 10 percent of its work force. The company said it expects to post a significant loss for the first quarter because of a decline in demand for its products.

In other recent layoff announcements:

- United Technologies' Otis Elevator unit will eliminate 2,000 jobs, including two-thirds of its engineers due to weaker sales in Asia. Operating profits fell 11 percent last year.

- Motorola is closing a pager factory in Puerto Rico and laying off or transferring 1,500 workers. The company will soon unveil a worldwide restructuring program.

- Sunbeam Corporation is closing a Utah sleeping bag plant and eliminating 111 jobs.

- Wolfe Nursery is closing 10 stores in the Dallas-Fort Worth area. Its parent, the Sunbelt Nursery Group, is in Chapter 7 bankruptcy and plans to liquidate the rest of the 60-store chain.



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