Wall Street begins slashing jobs

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In the wake of the recent stock market declines layoffs are hitting Wall Street. Merrill Lynch, the largest US brokerage, announced it was eliminating 3,400 jobs, 5 percent of its worldwide work force. The firm has reported its first quarterly loss in nine years, with revenues dropping 7.1 percent.

Hundreds of pink slips were handed out Tuesday at the brokerage house's New York City offices, where grim-faced workers came to work knowing that the ax was about to fall. Besides losses on its own stock portfolio, which are considerable, Merrill Lynch has been hard hit by the collapse of the hedge fund Long Term Capital Management. Merrill Lynch was one of a dozen banks and brokerages compelled to put up $250 million apiece to bail out LTCM late last month.

The layoffs at Merrill Lynch follow a similar move at Salomon Smith Barney. New York press estimates were that Wall Street firms may eliminate as many as 30,000 jobs by the end of the year. These layoffs on Wall Street are the most immediate indication of the worldwide financial turmoil directly hitting the US.

While the Wall Street layoffs were the most publicized, the past week has seen a number of sizeable job cutbacks across the United States, with companies announcing retrenchments in the face of economic turmoil and slumping sales. Among the hardest hit areas have been computer-related products and services, with layoffs in the industry running at more than three times their 1997 level.

According to a report by Challenger, Gray & Christmas, US high tech companies cut 73,062 jobs last month, a rate of 3,479 per day. So far this year high tech companies have eliminated 9.5 percent of their total work force of 4.5 million.

Major recent downsizing announcements include Packard Bell, the fifth largest manufacturer of personal computers, which plans to cut its US work force by 20 percent next year, eliminating between 750 to 1,000 positions. Fremont California-based Cirrus Logic, a maker of graphic chips, is axing 400 of its 500 employees and Ziff-Davis, a major computer publisher and trade show organizer, is cutting 10 percent of its 3,500 employees.

Overall sales of US computers to Asia have dropped dramatically. Shipments to Korea have fallen by 46.1 percent and shipments to Malaysia are down 42 percent. Meanwhile computer sales to Indonesia have plummeted 80.4 percent. In the US computer manufacturers have been hurt by falling prices, with some new personal computers now selling for less than $1,000.

The economic crisis is making itself felt throughout wide areas of the economy. Massachusetts-based Raytheon, the defense contractor, is cutting 14,000 jobs over two years, expanding earlier downsizing plans. Most of the planned job cuts will take place in Texas, Massachusetts and California.

Company officials said the cuts are being carried out to eliminate duplicate operations due to recent corporate acquisitions. However Raytheon's sales have been hurt by falling oil prices, resulting in fewer arms orders by Middle Eastern and Southeast Asian countries. The United Arab Emirates and South Korea recently postponed purchases of Patriot missiles from Raytheon.

Layoffs are hitting the manufacturing sector as well. Pratt & Whitney, the aircraft engine maker, announced October 11 the elimination of 2,000 jobs, 6 percent of its US work force. In explaining the need for the cuts a company spokesman cited falling demand for military engines and the Asian crisis. One thousand jobs will be eliminated in Connecticut and another thousand in Florida.

Two thousand jobs are threatened at Zenith, which is considering the closure of its Melrose Park, Illinois picture tube plant. Management says it will shut down

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the plant December 5 unless it can find a buyer.

On October 13 International Paper reported that its third-quarter profits fell about 80 percent from a year ago. The company said it would close several plants and cut 1,500 jobs, or 2 percent of its work force.

Another Illinois firm, Northwestern Steel & Wire, is closing most of its wire division with the loss of 400 jobs. The cuts will take place through layoffs, retirements and transfers.

Responding to the fall in oil prices, petroleum giant Shell is cutting 740 jobs in Houston and New Orleans. The job cuts affect the Shell Exploration and Production Company. The company is considering other cost cutting measures to offset the impact of falling US crude oil prices, which have dropped 25 percent, or $5 a barrel in the last year. The mounting world crisis has dampened petroleum demand and led to an oversupply. Falling prices have led other oil companies to adopt cost saving measures. On October 8 Ultmar Diamond Shamrock and Phillips Petroleum announced a merger of their refining and marketing operations. The new company, to be called Diamond 66, plans to eliminate 1,000 jobs.

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