

Job cuts in third quarter highest in five years

New wave of layoffs in US

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Since midweek a spate of new layoff announcements has hit workers in the United States. The cuts have affected almost all sectors of the economy, from banking and computers to oil exploration, shipbuilding and exercise equipment.

The new cuts follow a wave of major downsizing announcements earlier in the month, including 3,400 jobs eliminated at the Wall Street brokerage firm Merrill Lynch and 14,000 at defense contractor Raytheon.

Layoffs are coming at a pace not seen since the early 1990s. According to a report by Challenger, Gray and Christmas, job cuts in the third quarter totaled 151,000, the highest number in five years. There were 100,000 jobs eliminated in the period between September 1 and October 8. "The blizzard of cuts is reminiscent of the peak months of downsizing earlier in the decade," said John A. Challenger, chief executive officer of the international outplacement firm. Layoffs due to mergers and acquisitions are at their highest level in three years. Nine of the ten largest mergers in US history occurred in 1998.

The most recent job cuts include First Plus Financial Group, a consumer finance company specializing in home loans, which said October 15 that it is slashing 3,000 jobs, half its work force, in an attempt to shore up its cash flow. The company said it was forming an alliance with Coast to Coast Financial Corp. and selling some of its operations in order to generate cash.

Ohio-based Huntington Bankshares is planning 1,000 job cuts and will close 40 branches over the next six to nine months. The cuts will affect 10 percent of its work force. The downsizing is being carried out to reduce costs and increase profits.

Boeing Chairman Phil Condit has told workers at the company's giant Wichita, Kansas facility that 2,000

more jobs will be eliminated by the end of next year. The aircraft plant currently employs 21,000. Most cuts will come through attrition, the Boeing chairman said, but he warned that some workers could receive layoff notices 'fairly quickly.' Eight hundred jobs have been eliminated at the facility since August.

Layoffs continued in the computer industry with the announcement by LSI Logic Corp. that it will lay off 1,200 workers and close several plants. The company, which specializes in high performance computer chips, said it was taking the measures due to the slowdown in the semiconductor industry and the global economic downturn. LSI reported a third-quarter net loss of \$282.83 million. That compares with a \$44.32 million third-quarter net profit one year ago.

Atlantic Richfield, the seventh largest US oil company, is slashing 900 jobs. The cuts will come primarily from technical and administrative positions in Los Angeles and Plano, Texas. They are part of a \$500 million cost reduction plan that includes cuts in the area of oil exploration and production. The reductions at ARCO follow similar job cuts at Shell, and portend further layoffs in the petroleum industry, which has been hit hard by falling prices and demand.

In a symptom of impending job cuts in the steel industry, National Steel announced the closure of its Zug Island blast furnace in Detroit. While no immediate layoffs are planned, the idling of the facility reflects mounting pressure on steel producers as a result of falling prices due to low cost imports.

The following includes other layoffs announced over the past several days:

- Dillard's discharged 850 remaining workers at its Fairfield, Ohio offices October 14. The jobs were eliminated due to Dillard's purchase of Mercantile Stores last August.

- In Norfolk, Virginia shipbuilder Norshipco is laying off half its work force, eliminating 700 jobs. The layoffs will take place by the end of the month. The cutback is due to a lack of Navy ship repair work.

- CML Group, the maker of Nordic Track exercise equipment, is laying off 300 of its 1,500 employees. Most of the cuts will take place in Minnesota.

- The aerospace company Hamilton-Standard is offering early retirement to 400 workers. The move is in anticipation of reduced sales and profits in 1999.

- Northwest Airlines is eliminating the jobs of 200 ground service personnel in Los Angeles. The cutback comes amid reports of sharp reductions in corporate travel plans due to fears of a business slowdown. The National Business Travelers Association says 70 percent of companies surveyed have revised their travel plans in the last 30 days.

- Atlanta-based Premiere Technologies is cutting 280 workers, more than 10 percent of its employees, as part of a \$20 million cost-cutting plan.

- Spartan Stores will lay off 330 workers at its Plymouth, Michigan distribution center. The company plans to open a new facility in northern Ohio.

- Russell Athleticwear is eliminating 160 textile jobs at its Cross Creek Apparel division.

See Also:

Wall Street begins slashing jobs

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