

More signs of US recession

Ford announces temporary plant closures

Shannon Jones
31 October 1998

There are increasing signs of a downturn in the US economy with layoffs spreading to the auto industry and consumer confidence sagging.

The Conference Board reports that its index of consumer confidence is at its lowest level since December 1996. It fell in October by 9.1 points to 117.3, a much larger decline than expected, the fourth month in a row that the index has dropped. The figure reflects anticipated consumer outlays for major items such as cars, homes and appliances. The fall is of particular significance given that personal spending has fueled much of the recent economic expansion.

Ford Motor Company is temporarily closing three assembly plants in an effort to reduce inventory. The layoffs, coming at the start of a new model year, are unusual and point to a slowdown in auto sales. Ford said it will close its Kansas City assembly plant for three weeks. The facility builds the Ford Contour and Mercury Mystique. A plant in Cuautitlan, Mexico that builds the same models will be shut for one week. Ford is also suspending production for a week at its van plant in Loraine, Ohio.

Layoffs continue throughout the US economy. Over the past week there have been downsizing announcements in basic industry, banking and the service sector. The new wave of cuts come with layoffs already running at a level 53 percent above last year.

The nursing home operator Sun Healthcare will eliminate 1,100 more jobs in addition to 500 already cut this year. Sun is the third largest nursing home operator in the US. The positions being axed are in its contract therapy unit, which provides occupational, speech and physical therapy services to nursing homes and providers of skilled nursing care.

The farm equipment manufacture AGCO is eliminating 1,400 jobs because of a depressed

worldwide agricultural market. The company's profits are sharply down from one year ago. The cuts will take place in Europe, North America and South America.

The oil equipment and services provider Cooper Cameron is eliminating 500 jobs on top of the 500 it announced it would cut last month. Its third quarter profits fell 5.3 percent. The company is reorganizing in the face of a slowdown in the oil industry.

Louisiana-based United Companies is cutting 1,100 jobs, one-third of its work force. The lender is closing 32 of its retail outlets. The company is suffering from last summer's collapse in the market for high-yield bonds. Executives failed in an attempt to sell the company, and now say they are just trying to keep the business solvent.

U.S. Surgical is cutting 775 jobs following its October 1 acquisition by Tyco International. The company is one of the world's largest suppliers of surgical staples. Layoffs are taking place in Connecticut and Puerto Rico, and the company also plans job cuts at its overseas operations.

According to a report in the *Milwaukee Journal Sentinel*, Detroit-based Stroh Brewery will likely be acquired by Pabst Brewing. The prospective deal includes the transfer of some Stroh plants to Miller Brewing. The net result would be the elimination of most of Stroh's 3,100 production jobs and 400 jobs at its Detroit corporate headquarters.

Other companies recently announcing job cuts include:

- Weirton Steel--300 indefinite layoffs at its Weirton, West Virginia mill;
- National Standard--the wire manufacturer is closing its Guelph, Ontario facility;
- Detroit Steel--200 jobs are being eliminated at the company's Morristown, Indiana plant;

- Newmont Mining--150 gold miners are being laid off in northern Nevada.

See Also:

Job cuts up 53 percent since 1997

Signs of economic slowdown mount in US

[23 October 1998]



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact