

In the US: Levi Strauss, Mitsubishi, USX announce big job cuts

David Walsh
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Companies announced thousands of temporary and permanent job cuts in the US this week, even as the government reported that only 116,000 jobs, as opposed to the 180,000 that had been forecast, were created in October. The figures on joblessness, inadvertently posted on the Internet a day early, revealed the official unemployment rate holding steady at 4.6 percent.

On Thursday jeans manufacturer Levi Strauss & Co, the world's largest brand-name clothing maker, announced plans to close seven US factories for the months of December and January, affecting some 4,000 workers. The plants are located in McAllen, San Benito, Brownsville and Wichita Falls, Texas; Valdosta, Georgia; Mountain City, Tennessee; and Murphy, North Carolina.

The firm's share of the world's jeans market has been cut in recent years to less than 17 percent. Last November Levi Strauss announced it would cut 7,400 workers, about 34 percent of its North American work force, and close 11 of its 27 US facilities. It has also divulged its intention to close four plants in Europe--three in Belgium and one France.

Mitsubishi Motors announced Friday that it plans to cut 1,000 jobs at its US sales and manufacturing operations over the next two years, in a bid to improve profitability. The Mitsubishi plant in Normal, Illinois, which makes the Galant, Eclipse and Eclipse Spider convertible models, will bear the brunt of the layoffs, reportedly 700 out of 4,000 currently employed. Several hundred jobs will also be lost in its sales operations in Cypress, California. The combined cuts amount to nearly 20 percent of the company's US work force.

In addition, Mitsubishi is eliminating 1,200 of its 4,000 employees in Thailand. The company is reducing

the number of its car models by 40 percent, and also closing two plants in Japan. Mitsubishi president Katsuhiko Kawasoe commented, "The economic situation is very severe, but we have to do our utmost to return to profitability as soon as possible."

USX Corp. announced Wednesday that it was cutting steel production by 70 percent at its Fairless Works in Bucks County, Pennsylvania, near Philadelphia. Many of the 850 workers currently employed at the 48-year-old plant will be laid off or shifted to lower paying jobs for an indefinite period of time. Voluntary early retirement packages are being offered to 540 managers and salaried employees of US Steel Group and its USX Engineers and Consultants Inc. unit.

The crisis in the US steel industry has been precipitated by the sudden influx of cheap steel from Russia, Japan, Brazil and other countries hit hard by the economic slump. Imports of steel mill products hit a record high of 4.42 million tons in August, up over 78 percent from August 1997. Imports for the year are running 24 percent ahead of last year's record pace.

The steel companies, with the support of the United Steelworkers of America, have filed federal lawsuits against what they charge is illegal "dumping" of steel by foreign producers. The companies and the unions are jointly waging a protectionist publicity campaign called "Stand Up for Steel." Union bureaucrats, company officials and politicians held a rally in October at the Fairless plant to call attention to the industry's problems. LTV has also reduced production in recent months.

Other significant layoff announcements this week include:

- Sun Television & Appliances Inc.--2,800 jobs at 59 stores in Ohio, Indiana, Pennsylvania, New York, West Virginia, Virginia, Tennessee and Kentucky.

- Firststar Corp and Star Banc Corp.--1,300 employees, or 10 percent of the combined work force, are expected to be cut after the acquisition of Firststar--with offices throughout Wisconsin--by Cincinnati-based Star Banc.

- International Paper--800 jobs at mills in four states: Alabama, New York, Louisiana and Pennsylvania.

- Cadence Design Systems Inc.--560 jobs, or 12 percent of its work force, located primarily in field offices throughout the world.

- KLA-Tencor Corporation--200 workers, or 5 percent of the San Jose, California-based, semiconductor maker's work force.

- BankAmerica Corporation--Up to 150 jobs in Chicago, London, Singapore, Hong Kong and Tokyo.

- UMass Memorial Health Care--125 jobs at four hospital units and 20 managerial posts in Worcester, Massachusetts.

- RightChoice--135 jobs at the for-profit subsidiary of Blue Cross and Blue Shield of Missouri in St. Louis.

- Inca Computer Co.--100 jobs at four stores in Dearborn, Birmingham, Grand Rapids and Flint, Michigan.

- Mid-American--60 jobs at the company's dairy plant in Fergus Falls, Minnesota.

- MJDesigns Inc.--11 stores in Texas, New York and Georgia, with an undisclosed number of workers.

- Sanwa Bank Ltd.--six of its 11 branches in the US and Europe, also with an undisclosed number of workers.

US companies are expressing increasing nervousness over the developing global economic crisis. A survey conducted this week by the American Management Association International reported that 51 percent of the companies polled have taken action in response to the international situation. Thirty-one percent are already experiencing a decreasing international demand for their products and services, while 20 percent reported that demand in the US is down. Due to the decreased demand, 16 percent of the firms have actually lowered prices, although a larger number, 18 percent, report that business costs have increased. Nine percent of the 1,728 companies surveyed have already cut jobs (14 percent of manufacturers) and another eight percent say they may have layoffs in the near future.

See Also:

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