

# US: 90,000 job cuts in October

David Walsh  
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US companies announced more than 90,000 layoffs in October, the highest total in 33 months. Manufacturing firms, which created 234,000 jobs in 1997, eliminated 52,000 jobs in October alone and have slashed 193,000 so far this year, according to the Labor Department. After noting that the official unemployment rate has not risen significantly to this point, the *Wall Street Journal* commented, 'Large portions of small and midsize firms have yet to feel the effects of the global downturn and are creating jobs at a rapid pace. Economists can only surmise that laid-off workers are being absorbed into the service sector.'

A host of companies reported job cuts this past week. Following on the heels of Texaco's plan to cut 5 percent of its global work force, in response to falling oil prices, Occidental Petroleum and Atlantic Richfield both announced layoffs this week. Occidental, the tenth largest oil company in the US, plans to cut 500 jobs, in addition to another 80 reported earlier this month; the company employs about 12,000 workers. Occidental's proposed capital expenditures budget for 1999 is down 47 percent from 1997. ARCO will cut approximately 1,000 of its 9,700 workers worldwide.

Meanwhile in Europe oil giant Royal Dutch Shell is slashing 3,000 jobs after a collapse in third-quarter profits. The BBC quoted Roger Lyons, general secretary of the Manufacturing, Science and Finance Union: 'This is a panic measure by a multinational to the fall in the price of oil. Shell are in a feeding frenzy of downsizing across the board, regardless of the business needs.'

Numerous computer and high-tech firms in the US announced layoffs. Lam Research Corp., a Fremont, California-based supplier of semiconductor manufacturing equipment, will eliminate 500 jobs as a result of the slowdown in semiconductor sales. SyQuest, the disk-drive maker, is going out of business altogether. In August the company announced that it

would cut its work force by half, or 950 workers.

ENTEX Information Services of Rye Brook, New York, the personal computer systems integrator, announced an undisclosed number of job cuts resulting from a major restructuring. The company, which employs 8,000, posted a loss of \$14 million in the first quarter of 1998. In San Jose, California, Diamond Multimedia Systems, a maker of multimedia products and computer accessories, said Thursday it would cut 180 jobs, or 20 percent of its labor force. Metricom Inc. of Los Gatos, California, the Internet technology firm, announced Tuesday that it would cut 10 percent of its workers. The telecommunications firm LCC International reported Wednesday that it had lost \$7 million in the most recent quarter and was laying off 100, or 12 percent of its staff.

Also announced this week:

- \* Baltimore Mayor Kurt Schmoke submitted a budget for next year that will mean the elimination of 500 city jobs, partly through attrition and partly through layoffs.

- \* Home equity lender ContiFinancial Corp, which is 77 percent owned by Continental Grain Co., said Monday it plans to cut 446 jobs, or 12 percent of its work force.

- \* One of the 10 largest property and casualty insurers in the US, Minnesota-based St. Paul Cos, will cut 400 jobs, in addition to the 2,000 already announced. The company has been hit by high catastrophe losses and overcapacity in the commercial insurance sector.

- \* Vlastic Foods International Inc. announced that it will close its seasonal pickle plant in Bridgeport, Michigan, affecting some 400 workers, and shift production to a facility in Imlay City, Michigan.

- \* Conglomerate R. J. Reynolds plans to eliminate 315 jobs at its Winston-Salem, North Carolina tobacco headquarters, including 225 hourly wage jobs in operations and manufacturing.

- \* In the face of turmoil in the mortgage business,

IndyMac Mortgage Holdings Inc., a real estate investment trust, announced Wednesday that it was cutting its work force by 280, or 19 percent.

\* Geon Co, a maker of polymers used in plastic products, announced plans to cut 250 jobs by closing two plants and cutting back operations at three other locations. The Ohio-based firm is closing a plant in Lindsay, Ontario and another in Conroe, Texas--35 to 40 jobs will be eliminated at a plant in Orangeville, Ontario, 30 to 35 at St. Remi de Napierville, Quebec and an undisclosed number at a facility in Mississauga, Ontario.

\* Health care information firm Advanced Health Corp of Tarrytown, New York will eliminate 240 workers, or 60 percent of its staff, as it restructures. The company had 700 employees at the end of 1997.

\* Community First Bankshares of Cheyenne, Wyoming plans to lay off 200 workers. Another 200 were laid off earlier this year.

\* Harrisburg, Pennsylvania-based AMP Inc., a leading supplier of electric and electronic connectors, reported Monday that it will cut 150 jobs at its Canadian operations. The firm is trying to fend off a takeover bid by giant AlliedSignal.

\* AMRESKO Inc., a financial services company, is cutting 129 jobs in Ontario, California.

\* Apparel maker Fila USA is cutting 68 sales jobs.

\* Synthetic Industries Inc., the world's second largest manufacturer of polypropylene fabrics, is eliminating 40 of its 2,600 jobs.

\* Plasma-Therm, a maker of plasma process equipment, is cutting 25-30 jobs, or about 15 percent of its work force.

The Organization for Economic Cooperation and Development, the Paris-based research group, has predicted a significant slowdown for the US and world economy in 1999. Its Economic Outlook, dated November 12, anticipates that real Gross Domestic Product in the US will decline sharply from the 1998 rate of 3.5 percent to 0.9 percent in the first half of 1999 and 1.5 percent for the year as a whole.

In March the OECD asserted that the North American and European economies would largely avoid the impact of the Asian economic crisis. The organization now explains, 'By September, however, it became increasingly evident that financial turmoil was also adversely affecting OECD countries' financial markets,

especially following the financial collapse in Russia.... These developments led to a change in perception about the balance of risks affecting future economic prospects in OECD countries [19 European countries, Canada, the US, Australia, New Zealand and Japan]. In particular, fears emerged that a possible credit crunch and negative wealth effects might affect private investment and consumption in the United States.' The OECD predicts that unemployment in the US will rise to 5.4 percent by 2000.

See Also:

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[19 November 1998]

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[7 November 1998]

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[31 October 1998]



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