Jobs cut, as economic insecurity of US workers rises

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A host of US companies announced layoffs this week, even as a study revealed that levels of economic insecurity among American workers are now three times as high as they were during the recession year of 1981.

First Union Corp., the nation's sixth-largest bank, announced the potentially greatest number of job losses, with officials telling the press that the cuts could involve anywhere from 5 to 10 percent of its workforce, or 3,500 to 7,000 jobs. The bank is cutting costs amid reports that its profit growth is slowing.

H.J. Heinz Company, the Pittsburgh-based food giant, reported plans this week to close up to 20 plants around the world, downsize at least 10 more and slash 4,000 jobs from its 43,000-strong workforce. The company also plans to sell off its Weight Watchers International division. Heinz officials termed the moves the "greatest transformation in the history of Heinz," asserting that they would save more than $200 million and improve earnings per share by 10 to 12 percent.

The world's eighth largest pharmaceutical firm, Smith-Kline, announced that it would cut 3,000 jobs from its international workforce of 58,000 by the year 2002. It is also planning to close or sell plants. Smith-Kline also reported the sale of its clinical laboratories division and its pharmacy benefits management unit for $1.97 billion in cash and stocks.

Officials at Boston Scientific Corp. announced February 11 that the medical device maker will eliminate 14 percent of its staff, or about 2,000 workers, over the next 12 months as part of its takeover of Schneider Worldwide, a former unit of Pfizer Inc.

Trans World Airlines will cut about 1,000 jobs and take other cost-cutting action, following the tenth consecutive year of losses, the company reported Wednesday. The St. Louis-based carrier disclosed that it lost $79 million in the last quarter of 1998, bringing losses for the year to $120 million.

Internationally, Japan's NEC, the country's biggest computer maker, said Thursday that it plans to cut 15,000, or nearly 10 percent of its labor force, over the next three years. It has experienced slumping sales and massive losses at its Packard Bell division. Some 6,000 of the cuts will be imposed outside Japan. NEC disclosed that it expects to lose $1.5 billion this year. Packard Bell suffered a $500 million loss in 1998.

British-owned BP Amoco reported Wednesday that it is accelerating its cost-cutting plan and will dismiss 10,000 workers, up from 7,000 planned in August. Danka Business Systems, the office imaging equipment supplier based in London and St. Petersburg, Florida, revealed plans Wednesday to slash up to 1,400 of its 20,000 jobs. It will close a number of plants worldwide and consolidate others.

Sweden's Gambro A.B., the world's second-largest business in products relating to kidney dialysis, announced this week that it would cut 1,000 jobs, including at least 450 in the US--in Colorado, Virginia and Oklahoma. The T. Eaton Company, the Canadian retailer, disclosed plans Wednesday to eliminate approximately 200 jobs.

Other US job cuts:

• Cone Mills Corp., producer and printer of fabrics, of Greensboro, North Carolina--650 jobs

• Wyman-Gordon, a manufacturer of commercial forgings and castings, of Grafton, Massachusetts--350 jobs

• Imperial Sugar of Sugar Land, Texas--270 employees laid off or transferred

• Carbide/Graphite Group of Pittsburgh, Pennsylvania--230 jobs

• JPS Textile Group of Greenville, South

Carolina--180 jobs

• BF Goodrich of Richfield, Ohio--150 jobs

• Chevron Corporation of San Francisco, California--94 jobs

• Polygram Filmed Entertainment, the Hollywood film studio--31 jobs

• Microlog Corp of Germantown, Maryland--30 jobs

• Service Merchandise Company of Brentwood, Tennessee--closing 134 stores

In a speech to the American Council of Education Tuesday, US Federal Reserve Chairman Alan Greenspan noted that a changing economy has raised worries about job losses among US workers. "The rapidity of change in our capital assets, the infrastructure with which all workers must interface day-by-day, has clearly raised the level of anxiety and insecurity in the workforce," the Fed chairman remarked.

In past comments, Greenspan has boasted that rising job insecurity, making workers less willing to fight for substantial wage increases, is one reason inflation has remained so low under conditions of a tight labor market. He made no reference to that side of the matter in Tuesday's speech. Greenspan referred to a study carried out by a private firm, International Survey Research, which found that during the recession of 1981, 12 percent of US workers feared losing their jobs. Remarkably, he said, the same research showed that economic insecurity has risen, not fallen, in the "robust economy" of the late 1990s.

"In today's tightest labor market in two generations, the same organization has recently found that 37 percent [were] concerned about job loss," Greenspan said.