

US manufacturing and mining jobs continue to decline

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The US Labor Department's June employment survey showed that manufacturing and mining jobs are continuing to decline while overall hiring, particularly in the lower-paying service sector, expands.

US manufacturers lost 35,000 jobs in June, bringing the total job loss at factories since March 1998 to 488,000. Manufacturers continue to be hit hard by the global financial crisis that has eroded the overseas demand for US goods and increased competition from cheaper imports in the US.

Meanwhile American businesses created a total of 268,000 new jobs in June and the official unemployment rate was 4.3 percent, rising slightly above May's 29-year low of 4.2 percent. The bulk of the hiring, however, was in service jobs, including 20,000 new jobs at amusement parks and other recreation centers and 13,000 at financial institutions, including banks.

Last Wednesday the Federal Reserve boosted a key short-term interest rate by a quarter point, citing concerns that a tight labor market could begin pushing inflation higher as workers demand higher wages. The labor department reported that average hourly earnings were up 3.7 percent over the previous June, to \$13.23.

The slight wage increase and the concern over another possible rate hike did little to dampen the enthusiasm of Wall Street investors. The Dow Jones industrial average closed Friday at a record 11,139.24, after posting the largest weekly point gain in its 103-year history—586.68 points or more than five percent. The Standard & Poor's 500 and the Nasdaq composite also rose to record highs.

Ricky Harrington, a technical analyst with Wachovia Securities in Charlotte, North Carolina, said, "The markets blew right past it [the June employment report.] At this stage, we've got strong momentum and

a real mania for stocks. It would take awfully bad news to change investor psychology and turn them away from this market," he said.

Harrington noted that the market was benefiting from an influx of money from mutual fund managers, who settled their portfolios last week as the second quarter drew to a close Wednesday. "In this kind of market, money managers don't want to be caught with cash on hand," Harrington said, "They want to show their clients that they're fully invested."

Wall Street's rise has coincided with an unrelenting pressure on workers to accept job insecurity, stagnating wages and ever-increased demands for speed-up. Over the last two weeks scores of companies announced downsizing plans that will affect tens of thousands of workers.

Copper giant Phelps-Dodge Corporation and Australian-based Broken Hill Propriety (BHP) announced they were cutting back operations and laying off thousands of workers due to the worldwide slump in copper prices. The price of the metal has slid from \$1.18 a pound in 1996 to an average of 65 cents this year, because of overproduction and a slowdown in construction demand in Asia.

Phelps Dodge will lay off 1,650 workers, by temporarily closing its smelter in Hidalgo, New Mexico, and the smaller of two concentrators at its Morenci, Arizona, mining complex. The company will also slice production in half at its copper refinery in El Paso, Texas, and close smaller facilities in Montville and Fairfield, New Jersey and Hopkinsville, Kentucky. Internationally Phelps Dodge will cease manufacturing in Ecuador, close a small rod mill and magnet wire facility in Venezuela and a chemical plant in the Philippines, and sell off its Witkop mine in South Africa.

BHP announced it would put 2,630 workers in Arizona and Nevada out of work by shutting its entire mining and smelting division in the US southwest. The closures, which are scheduled to be completed by the end of August, will idle the Robinson, Nevada, and San Manuel, Arizona, copper mines as well as the giant San Manuel copper smelter and refinery.

BHP's new American manager director Paul Anderson, who ordered the shutdowns, said, the United Steelworkers union was sympathetic to BHP's plight, and that "this would not have come as a surprise to the unions." However, fearing equipment would be vandalized, workers were not notified in advance by the company of the pending closures.

In an attempt to keep pace with the cost-cutting plans of a newly merged Exxon-Mobil oil conglomerate, Chevron Corporation revealed plans June 23 to eliminate 2,500 jobs before spring 2000, more than doubling an earlier estimate of payroll reductions.

In banking and insurance, Wells Fargo will cut 1,000 teller jobs at its Norwest Bank branches as part of the newly merged bank's plans to reduce its workforce. The cutback is part of the San Francisco-based company's effort to eliminate about 4,600 jobs since its merger with Minneapolis-based Norwest. ACE Ltd. July 3 said it completed its \$3.45 billion acquisition of CIGNA Corp.'s property-casualty insurance business and will cut 1,500 jobs.

Layoffs also hit the computer industry. IBM, the world's largest computer maker, said June 28 that it was eliminating 1,100 jobs at its San Jose, California-based data storage facility, as part of a previously announced restructuring of its Storage Systems Division. The company will manufacture the computer storage devices at other IBM facilities in Japan, Mexico and Hungary.

Following the announcement by Compaq computer, the world's largest PC maker, that it would take losses of 15 cents a share in the second quarter, analysts expect the company to announce plans to eliminate 9,100 jobs to return to profitability.

Dallas-based CompUSA, the nation's biggest computer retailer, announced that it may close up to 14 of its 211 stores and cut up to 7 percent, or 1,500, jobs as it changes focus away from low-margin desktop personal computers. San Jose-based computer drive maker Komag also announced 400 layoffs and lower-

than-expected earnings.

DuPont Co. announced July 1 that it plans to restructure its \$2 billion crop protection business, eliminating some 800 jobs, or about 15 percent of the workers involved in production of insecticides and herbicides. DuPont recently carried out a \$7.7 billion merger with agricultural genetics and technology supplier Pioneer Hi-Bred International. Novartis AG, the biggest maker of herbicides, fungicides and insecticides, also said it will cut 1,100 jobs worldwide to reduce costs.

Other layoff announcements include: watchband and jewelry maker Hirsch Speidel (200); American Greetings Card Corp. (650); Boeing Co. Ridley helicopter division (400); Cordant Technologies (115); and BASF chemical company which will eliminate 200 jobs by closing its Rensselaer, New York plant outside Albany.



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