

1999 saw near-record job cuts in the US

Our correspondent
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Robust consumer demand in the US over the holidays slowed the rate of job cut announcements, according to Challenger, Gray & Christmas, the international outplacement firm. Nevertheless, job cuts in 1999 nearly reached the previous yearly record for the decade. December's figure—44,682 cuts—was down 50 percent from December 1998, and 6,000 below November's total.

The 1999 job cut total, 675,132, fell less than 3,000 short of surpassing the record number (677,795) set last year. By comparison, in 1989 there were only 111,285 job cuts. The massive number of layoffs, combined with a relatively low unemployment rate, gives an indication of the volatility of the job market and the rapid growth of part-time, temporary and other forms of “contingent” employment.

Firms recently announcing layoffs include:

- * Pratt & Whitney—The jet-engine manufacturer, based in East Hartford, Connecticut, is making further job cuts in response to an extended slump in the world aviation market. The restructuring plan already in place, initiated in 1998, involves the elimination of 3,500 jobs by the end of this year, reducing the global workforce to around 30,000.

Company President Louis Chenevert told the press: “Despite all these cost-reduction and improvement initiatives, we still need to further adjust to the volume drop [in deliveries of engines].... We have to size our workforce, both hourly and salary, accordingly. I don't see things getting any easier for us this year as the [industry] downturn continues.”

Chenevert noted that while industry customers ordered some 1,200 large commercial airplanes in 1998, they will order only half that number in 1999. Military sales are also declining.

- * Budget Rent a Car—One thousand jobs are slated to go at Budget, according to a company spokesman. The downsizing will affect 20 to 25 percent of employees

not involved in customer service.

Budget is also getting out of the car sales business and plans to close 39 “redundant or unprofitable” locations in the next few months. The company plans to cut overhead and other expenses by \$100 million a year.

- * United Distillers & Vintners—The distillery in Allen Park, Michigan is scheduled to close June 30, according to a company spokesman. The closure of the facility, which bottles some 13 million cases of spirits a year, including Smirnoff and Popov vodkas, will eliminate the jobs of 360 workers.

Some employees are being transferred to plants in California, Illinois and Toronto, Ontario. The company laid off 41 workers last week as part of its preparation to close the distillery.

- * Pennzoil-Quaker State—The motor oil firm announced plans January 7 to shut down its last remaining refinery in Pennsylvania in June. Three hundred people will lose their jobs in Rouseville, where there has been a refinery since the 1880s.

Quaker State moved its company headquarters from Oil City, Pennsylvania to Dallas last year before its merger with Houston-based Pennzoil.

Workers in Rouseville were stunned by the announcement, according to the Associated Press. One employee commented, “It's like being in a 25-year marriage and finding out your wife's been sleeping with somebody. My dad worked here 30-some years.” Another worker said he didn't know what he would do. “I don't think there's going to be lot of opportunity for those of us who lose our jobs.”

- * Value America—The online retailer is cutting nearly half its workforce as it narrows its focus to selling computers, electronics and office supplies. The company's two founders resigned.

Value America had been offering everything from food items to CD players. The remaining lines account

for 95 percent of the firm's income.

About 280 positions, 47 percent of the total, will be eliminated.

* Guilford Mills—The denim producer announced January 5 that it was shifting dyeing and finishing operations from its Greenberg plant in the Greensboro, North Carolina area to a new plant under construction in Mexico. The move involves the elimination of more than 200 jobs.

Guilford Mills also reported layoffs of 75 middle managers and support personnel, effective immediately.

The dyeing and finishing operations account for about 12 percent of the company's workforce. Guilford Mills is one of Greensboro's largest employers.

* Frozen Food Express Industries—The shipper of perishable foods announced January 3 that it was cutting 150 non-driver jobs and reducing its trailer fleet by more than 20 percent.

According to a company official in Dallas, there has been “some weakness in demand for refrigerated freight services.” The company expects to post a loss in the fourth quarter of 1999.

* Titan Motorcycle—The Phoenix-based firm announced January 5 that it was reducing its workforce by 17 percent. Most of the job cuts, scheduled to take place over the next three months, will take place in manufacturing.



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