The new year brings thousands of new job cuts in the US

Our correspondent
27 January 2000

A new wave of job cuts has hit American businesses, affecting tens of thousands of lives and dozens of communities. Corporations making record profits and those in financial difficulty alike continue to downsize their operations to maintain or improve “investor confidence,” while the trend of mega-mergers, which always carries a high human cost, continues unabated. In fact, Challenger, Gray & Christmas reports that job cuts resulting from mergers and acquisitions in 1999 reached a five-year high of 79,219. One out of four jobs cuts in December, or 10,683 layoffs, resulted from corporate combinations.

“It is likely that merger/acquisition-related job cuts will continue to rise this year, if Wall Street prognostications are correct. Analysts predict more marriages of technology firms as companies in that sector battle to determine the survival of the fittest,” declared John A. Challenger, chief executive of the outplacement firm. Challenger helpfully advised those most at risk “to inform your bosses about your accomplishments and work record. It is definitely not the time to ask for a raise or extra vacation.”

The boast of US government and corporate officials is that American businesses, unlike those in Europe and elsewhere, are free to dispose of “surplus” workers if and when they like, virtually without restriction. This, and the systematic suppression of wages bound up with it, is considered a key to the current profit and stock market boom.

These are some of the companies and institutions announcing job cuts:

* Venator Group Inc., formerly Woolworth, announced Tuesday that it was slashing some 3,700 jobs and closing 358 “underperforming” stores. The firm is cutting about 30 percent of its sales and corporate staff in the US and Canada, including 600 corporate staff and 3,100 store employees. Scheduled to be closed are 123 Foot Locker, Lady Foot Locker and Kids Foot Locker stores, 27 Champs stores and 208 Northern Group stores

On the news of the job cuts and store closures, Venator stock rose 12½ cents to $6.50 a share on the New York Stock Exchange. Al Kingsley, senior managing director at Greenway Partners, which owns 14 percent of Venator and has been a vocal critic, lauded the move. “The whole athletic footwear and apparel industry is shrinking, and Venator is helping it by shrinking a lot. That is good for everyone in the business.”

* The newly merged Warner EMI Music expects to cut about 3,000 people, or 13 percent of its workforce. The global company, valued at $20 billion, expects to save $400 million annually through layoffs and other cost-cutting moves. Time Warner shares were down in New York, while in London EMI shares soared 11.1 percent after news of the merger.

* The Detroit Medical Center announced January 5 that it planned to lay off as many as 2,000 workers, or 10 percent of its workforce. Asked about the impact on patient care, executive vice president and chief operating officer of the DMC, David Coats, commented, “We are absolutely certain patient care will not be affected. In some areas, we have too many people taking care of people.”

The hospital, with 19,000 full-time employees, is Detroit's largest private employer. It has 3,000 beds at eight hospitals in Wayne and Oakland counties, and 100 outpatient centers.

Coats is part of a reorganization team from the Hunter Group, a St. Petersburg, Florida, consulting firm. The team was called in to make recommendations on ways to stem losses that exceeded $50 million in 1998.

* The *Wall Street Journal* reported last week that Lockheed plans to cut 2,000 jobs and consolidate its space and military aircraft management as part of an ongoing restructuring effort. The cuts reportedly include hundreds

of executives at the company's headquarters in Bethesda, Maryland, perhaps as many of 30 percent of the 500 to 700 people working there.

Lockheed stock has lost 45 percent of its value over the past year as the defense contractor has repeatedly announced disappointed earnings.

* After weeks of rumors, Pratt & Whitney, the jet-engine maker and unit of United Technologies, revealed January 21 that it will eliminate up to 1,700 jobs, or about 8.5 percent of its US workforce. Most of the cuts will take place in Connecticut; these cuts are on top of 3,500 already announced.

About 1,500 layoffs will come from the hourly workforce, mostly workers at plants in East Hartford and North Haven, Connecticut. United Technologies shares gained 1 5/16 to close at 60 5/8 on the New York Stock Exchange following news of the cuts.

* Interpublic, the world's second largest advertising group, is cutting as many as 900 jobs from the merger of two of its global advertising agencies, Lowe & Partners Worldwide and Ammirati Puris Lintas. The plan involves a cut of approximately 7 percent of the workforce.

* This is the sort of thing that appears nowadays in the press without comment: “Shares in Coca-Cola Co. rose in pre-opening trade on Wednesday after a report that the soft-drink maker plans the most sweeping layoffs in its history.”

Setting off this flurry of investor activity was a report in the *Wall Street Journal* indicating that the world's largest soft-drink maker might lay off more than 4,000 workers at its Atlanta headquarters and worldwide, or about 13 percent of its workforce.

* AT&T, the telecommunications giant, apparently will slash its executive ranks by as much as 25 percent, as the company goes ahead with plans to save $2 billion. The cutbacks, according to the *Wall Street Journal*, “are likely to include hundreds, if not thousands, of positions.”

* Graphic Packaging Corporation announced a reorganization plan January 20 that will include the closure of two plants and job cutting elsewhere. The facilities scheduled to be shut down are located in Saratoga Springs, New York, and Boulder, Colorado. Each currently employs about 200 people.

* Osmonics Inc. of Minnetonka, Minnesota, a maker of water purification and fluid filtration products, plans to close its operations in Phoenix by September, eliminating 50 to 100 jobs.

* As part of the ongoing “shakeout” of online retailers, Beyond.com is laying off 20 percent of its staff. The Santa Clara, California-based firm is only the latest company vying for consumers on the Web to announce job cuts. About 75 employees will lose their jobs.

* Schein Pharmaceutical, based in Florham Park, New Jersey, will cut 15 percent of its 1,625 workers, because of narrower profit margins in its generic pharmaceutical business.

* Jones Lang LaSalle, a real estate services firm based in London and Chicago, announced January 19 that it will cut approximately 4 percent of its US workforce. Jones Lang LaSalle operates in 100 markets in nearly 35 countries on five continents.

* The US Enrichment Corp., which operates the only two uranium enrichment plants in the US, is considering cutting jobs and closing one of its facilities. The Bethesda, Maryland-based firm was a government entity until 1998 when it was privatized “to better compete in a global market.”

USEC employs about 2,100 workers in Portsmouth, Ohio, and 1,700 in Paducah, Kentucky. It has been losing money on a contract to sell enriched Russian uranium to utility companies worldwide. The deal was apparently set up by the US government to prevent Soviet-era warhead uranium from falling into the hands of “rogue nations and terrorists.”

* Ford Motor Co. will eliminate 800 jobs and scale back production of Fiestas at its plant in Dagenham, England, east of London. Another 700 jobs could be lost across Ford's other British operations. Ford in Britain has experienced a number of industrial disputes in recent months. Its salaried staff voted last week to hold a strike; in November, there were work stoppages in Dagenham and at Ford's components plant in Enfield.