US job cuts hit truck manufacturing, banking and Internet companies

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The first weeks of August have seen a continuation of corporate downsizing as the US economy continues to show signs of slowing. There was a surge of layoffs in July, when job cuts totaled 63,967, a 17 percent increase over layoffs in July of 1999, and a 370 percent increase over the statistics for June of this year. This trend is affecting a wide range of sectors, from manufacturing to new Internet startups, as corporations move to increase efficiency and maintain profits through layoffs and restructuring.

Freightliner, a truck manufacturer owned by DaimlerChrysler, announced this week that it would cut 3,750 jobs—almost 20 percent of its workforce—at its plants in the US and Canada. The company anticipates that heavy-duty truck sales will decrease by 25 percent in the next quarter, and cites rising interest rates and high gas prices as reasons for the cuts.

Only a day later, on August 15, another manufacturer of trucks—Navistar International—announced that it would cut 1,100 white-collar jobs after a fall in earnings. The corporation also referred to high interest rates and gas prices, as well as an oversupply of used trucks, as sources of declining sales. “To continue as a strong company, we must continue to deliver strong financial results regardless of market conditions,” said Navistar CEO John R. Horne, saying the layoffs were necessary.

In other sectors, First Union Bank announced that its layoff projections for the year had risen from 3,500 workers, as announced in June, to 5,291. First Union Corp. is in the midst of a massive restructuring plan involving the shutting down of its home equity loan subsidiary, The Money Store. The layoffs would represent over 7 percent of its workforce, which currently numbers 72,800.

Agilent Technologies Inc., a manufacturer of test and measurement equipment, reported that it would cut 650 jobs as part of a restructuring process of its health care unit. The company, a spin-off from Hewlett Packard Co., has been troubled by its health care unit, which has not been profitable. These problems transferred into declining stock value, which has recently sunk to less than a quarter of its 52-week high. In order to improve efficiency, Agilent has also begun moving operations outside of the United States. The news of layoffs was greeted with enthusiasm on Wall Street, with the company's stock rising by more than 5 percent.

After a merger with US West Communication Inc., Qwest Communications International Inc. announced that it would lay off between 2,000 and 4,000 workers by the end of the year. The layoffs are part of a general restructuring plan enacted after the $85 billion merger. Dow Corning Corp., maker of silicone-based products, said it plans to cut between 600 and 800 jobs in an effort to increase profitability.

As a result of the slowdown of the Internet company stocks, layoffs have been widespread throughout the sector as companies restructure in order to remain competitive. Komozo.com, an Internet company that provides home delivery of various consumer products, will be laying off over 300 workers—over 10 percent of its workforce. The company has introduced new technology and cross-trained many of its employees so that they can cover for workers who are laid off. In an attempt to become profitable, medical service provider Healtheon/WebMD Corp. has begun a series of layoffs, reportedly cutting 100 jobs in the first wave, though more layoffs are expected.

Other new technology-related layoffs this month include 430 workers at software maker Informix, 18 percent of the workforce at business software maker Infinium Software Inc., 34 employees of Internet company eHobbies, 50 employees of ePods and 170 jobs at NBC's web division. In addition, FedEx Corp. reported that it may eliminate up to 200 jobs in its information technology section.