# As layoffs continue, US consumer sentiment lowest since 1993

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According to an influential survey, American consumers have a dimmer view of their own economic condition and prospects for the future than at any time since the recession of the early 1990s. The University of Michigan's index of consumer sentiment, issued twice a month in preliminary and final forms, slipped to 87.8 in mid-February, the lowest rating since November 1993. The index has fallen more than 21 percent in 12 months from its high point of 112 in January 2000. As recently as November 2000 it stood at 107.6.

An economist at Lehman Brothers commented to Reuters: “Layoff announcements appear to have finally forced themselves into America's psyche.”

The University of Michigan's expectations index, which measures attitudes about the immediate future, tumbled as well, from 86.4 in January to 77.6, also the lowest since November 1993. The expectations index has fallen by almost a quarter in three months. The current conditions index fell to its lowest point since December 1995. An economist at Goldman Sachs called the data “unheard of outside of recession periods.”

The Michigan figures follow the publication of the ABC/Money consumer index early last week, which indicated that Americans were now pessimistic about the future, and a Conference Board survey released at the end of January reporting the largest drop in the level of consumer confidence since October 1990.

The Federal Reserve Bank of Philadelphia reported February 15 that the manufacturing sector in the mid-Atlantic region shrank for the third straight month. The regional Fed bank indicated that its index of regional business conditions inched up in early February to -30.5 from -36.8 in January, but the index's below-zero position still indicated a sharp contraction. The bank, one of 12, serves the third economic district, covering Delaware, eastern Pennsylvania and southern New Jersey.

Meanwhile the job slaughter continues. These are some of the most recent cuts:

**Dana**, the auto parts maker headquartered in Toledo, Ohio, posted a fourth-quarter loss of $84 million February 13 and revealed that it has eliminated 10,000 jobs, 12 percent of its workforce, in recent months. A glut of vehicles and slow US sales have forced automakers to cut production and reduce their orders of parts in recent months. In addition, the car companies are demanding lower prices from suppliers; Chrysler has imposed a 5 percent price cut on all its supplies this year. Dana has closed 11 plants in little over a year. The firm was also hurt when Ford cut production of the Explorer following the scandal involving its Firestone tires.

**Goodyear**, the tire maker, announced the elimination of 7,200 jobs, or about 7 percent of its global workforce. The company lost $102 million in the fourth quarter of 2000. The Akron, Ohio-based firm said most of the cuts would take place outside the US. “We are in a recession in the manufacturing industry,” declared Samir Gibara, Goodyear's chairman and chief executive officer.

Blaming the rapidly deteriorating economic climate in the US, the Canadian telecom equipment maker **Nortel** announced plans February 15 to slash 10,000 jobs, 6,000 more than it had announced in January. Nortel is the world's top supplier of optical gear for telephone and Internet data networks. On news of the layoffs the company's stock plunged 33 percent. John Roth, chief executive of Nortel, declared that the company now expected the US market slowdown to continue “well into the fourth quarter of 2001.” **Motorola** and **Lucent**, major rivals of Nortel, have announced mass layoffs in recent weeks.

**Dell Computer**, based in Round Rock, Texas, revealed that it was cutting 1,700 jobs on February 15. The announcement followed weeks of rumors. Dell's shares fell 8 percent on word of the news. The firm plans to eliminate nearly 8 percent of its 22,000 jobs in central Texas, primarily in administration, marketing and product support.

Officials at copier giant **Xerox** declared it was premature to specify the number of jobs it would eliminate this year, after a company official indicated that as many as 10,000 jobs would have to go. Xerox, based in Stamford, Connecticut, announced plans to cut 4,000 positions in

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January. Carlos Pascual, an executive vice president, was quoted in the press February 14 as saying that the struggling company would end up cutting “something around 10,000” jobs in 2001.

**American Management Systems**, a technology consulting firm in Fairfax, Virginia, will lay off about 700 workers, approximately 10 percent of its US-based workforce, as part of a restructuring plan. Earnings in the last quarter of 2000 were down 10 percent from the same quarter a year earlier. Five percent of the company's staff were discharged February 15 and another 5 percent will be let go later this year.

The broadband unit of AT&T, based in Seattle, Washington, will cut 450 workers in Washington state. The layoffs, representing about 4 percent of **AT&T Broadband**'s workforce in the state, will primarily affect construction workers. Storage hardware maker **EMC**, in a move that the company asserts is unrelated to economic woes, is laying off several hundred employees. The firm is located in Hopkinton, Massachusetts. Digital sports entertainment firm **Quokka**, headquartered in San Francisco, is cutting 217 jobs. Quokka, which broadcasts sporting events on the Internet, laid off 90 employees three months ago.

Telecommunications provider **CoreComm** said February 15 it would cut nearly 10 percent of its staff, or 175 jobs. In November CoreComm cut 200 jobs. **Zefer**, a privately-held Internet consulting firm based in Boston, revealed February 12 that is has laid off 120 workers. Many companies in the sector—including **Scient**, **iXL Enterprises** and **Razorfish**—have recently cut jobs. **Etown.com** went out of business in San Francisco on February 14, one month after workers were scheduled to vote on union representation. Etown laid off 22 percent of its workforce last autumn; at the time the company closed down it had about 101 employees. **Vicinity**, a provider of Internet, wireless and telephone-based marketing tools, announced February 15 it would cut 20 percent of its workforce, or 40 jobs, in response to “current market conditions.”

Television network **NBC** reported February 16 that it planned to cut 85 jobs at its entertainment studios in Burbank, California, its CNBC financial news cable television network and CNBC.com. Additional cuts will be carried out at the NBC network and the 13 local television stations it owns. This is part of a “retrenchment” at NBC announced last month; 600 jobs in all are expected to be cut.

**Ford** announced February 13 that it was eliminating the night shift at its Avon Lake plant in the Cleveland, Ohio area, and that up to 500 workers could lose their jobs. **Ansell Golden Needles** revealed last week that it was planning to close its Wilkesboro, North Carolina, plant and reopen in Mexico. The glovemaking facility is the largest textile plant in Wilkes County, located in the Piedmont Triad in northwest North Carolina. Ansell will terminate 175 employees on March 3 and within a year 700 to 800 people will be laid off or forced to relocate. According to a North Carolina state official, seven textile plants have closed in the state in the past three years.

On February 14 **Yankee Candle** of Whatley, Massachusetts reported plans to lay off about 14 percent of its workforce and close a distribution center in Salt Lake City, Utah, resulting in the loss of 180 jobs. The company is also cutting 275 positions at its Massachusetts facilities in Deerfield and Whatley. The cuts result from disappointing sales during the 2000 holiday season.

**Steelcase**, the well-known office furniture maker, is cutting 10 percent of its hourly workforce and between 200 and 300 salaried jobs in an attempt to improve profits as it struggles with slowing sales and tight pricing. The firm, based in Grand Rapids, Michigan, is closing a milling and woodworking unit in Colorado Springs, Colorado as well as its Solon, Ohio factory.

Toronto-based **Nexfor**, the papermaker, is closing a plant in West Carrollton, Ohio and consolidating production at its mill in Park Falls, Wisconsin. The restructuring move will cost 305 jobs, and is “aimed at eliminating unprofitable commodity paper grades in an oversupplied market.” The Ohio facility, near Dayton, will close March 9.

**National Steel**, which makes carbon-flat steel products, is cutting 200 employees, in addition to the 400 layoffs already announced. Company officials assert that the job eliminations, nearly one third of the workforce, plus a 70 percent reduction in overtime, will save National Steel $45-50 million a year. The company is based in Mishawaka, Indiana.

**Kraft Foods** will close its Boca Foods plant in Fort Lauderdale, Florida in September, eliminating 50 jobs. The **Grand Victoria Casino and Resort** in Cincinnati, Ohio has announced layoffs and indicated that more job cuts are in the offing. More than three dozen dealers have been let go, along with two dozen other workers, bringing the total number of layoffs at the casino to 250 over the past year.

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