

US unemployment rate rises in March as businesses slash nearly 8,000 jobs a day

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The official US unemployment rate increased to 4.3 percent in March, from 4.2 percent in February, as US corporations slashed jobs at a rate of 7,755 per day in response to lower earnings and the slowing US economy.

The Labor Department said Friday that a total of 86,000 jobs were lost in March—the first time jobs were cut from payrolls faster than they were created since August of last year. Economists had originally forecast a net increase of 58,000 jobs, but a wave of layoffs by manufacturers, retailers, technology companies, investment firms and temporary-placement companies produced the steepest decline for any month since November 1991.

Challenger, Gray & Christmas, a firm which tracks downsizing announcements from private companies and state governments, said layoffs reached 162,867 in March—the largest total since 1993. March was the fourth consecutive month that layoff figures exceeded 100,000, according to Challenger, which said this was the first time that had occurred since it began recording daily job cuts in 1993.

In the first quarter of 2001, 406,806 layoffs were reported—more than for all of 1990 (316,047), during the beginning of the last recession in the US. Job cuts during the first quarter of 2001 were 187 percent higher than the first quarter of 2000 (141,853). The year 2001 is well on its way to being the highest job-cutting year of the past decade, surpassing 1998 when 677,795 jobs were eliminated.

Bureau of Labor Statistics Commissioner Katherine Abraham noted that jobs in the service industry—usually a key sector for employment growth—had only increased by 11,000 in March, largely because thousands of temporary workers had been laid off. “The unusually small gain reflected the sharp decline of 83,000 in help-supply services, an industry comprised largely of temporary help firms, which provide workers to other business, including those in manufacturing,” she said.

Job cut announcements this week are too numerous to report in full, but the following are some of the largest reported layoffs.

The DuPont Company announced it was shutting plants and cutting 4,000 employees, as well as another 1,300 contract workers, as part of a plan to move assets out of less profitable businesses. About half of the cuts will come in the chemical

giant's nylon and polyester businesses, and about 3,000 of the jobs will be eliminated in the US.

While the slowing economy and the high cost of oil, gas and transportation have undermined profits in the industry, Gary M. Pfeiffer, DuPont's chief financial officer, said that the cuts would have been made even if the economy had continued to boom. “This is about positioning ourselves for sustainable growth,” he said.

Wall Street investors bid up DuPont's shares 26 cents on news of the layoffs. But many analysts shrugged off the job cuts as too little, too late. “They're like a perennial dieter, they'll shed a few pounds, become complacent, then go through liposuction again,” an analyst at Lehman Brothers said.

Visteon Corp., the world's second largest auto parts supplier, announced this week that it has laid off 12 percent of its white-collar workforce in the US. The layoffs come on top of the temporary layoff of 6,000 US hourly workers announced in January. Visteon, the former parts division of the Ford Motor Co., is the latest supplier to announce mass layoffs in response to the slowdown in the US auto industry. Last week, number one Delphi Automotive Systems, spun off from General Motors two years ago, announced it was cutting 11,500 jobs from its global workforce. Earlier in the year Federal-Mogul, the largest maker of automotive engine bearings and seals, cut 1,100 jobs and shock absorber manufacturer Tenneco Automotive eliminated 1,100 salaried workers.

Rumors of the impending layoffs at Visteon had been circulating for months and the firings were carried out in a particularly brutal fashion. The *Detroit Free Press* described how one worker, a 46-year-old engineer, learned of his fate. The worker was met at his office by a company manager at 8 a.m. and escorted to a conference room to meet with a department director. “The director,” the paper reported, “who appeared to be reading from prepared text informed [him] that he was being terminated for economic reasons. He was later escorted to his office to clear out his belongings and say good-bye to his colleagues. The process took about an hour.”

The *Detroit News* reported how the auto industry slowdown was affecting engineering school graduates, who just a few years ago had the option of picking from several job offers and were receiving signing bonuses averaging \$3,400 for accepting

a new job. “Those heady days are gone for now,” the newspaper commented. At Kettering University—formerly General Motors Institute—in Flint, Michigan, 50 students were recently laid off from work-study positions at companies such as Johnson Controls and Cisco Systems.

Supervalu, a Minneapolis-based food wholesaler and retailer, announced the elimination of 4,500 jobs after losing an account with Kmart corporation.

Lucent Technologies is cutting 1,000 jobs in Massachusetts, twice the number previously announced when the company said in January that it would eliminate 16,000 jobs worldwide. **Sycamore Networks**, the Chelmsford, Massachusetts optical networking company, said it will lay off 140 workers and slash earnings forecasts. Sycamore cited the same set of factors that have undermined other telecommunications equipment suppliers, such as Lucent Technologies and Nortel. Carriers are abruptly slowing down or abandoning spending on network upgrades as they struggle to make profits on their huge investments and try to determine how severe the US economic slowdown will be.

Telecommunications startup company **WinStar Communications Inc.** on Thursday said it would cut 2,000 out of 4,700 employees, or about 43 percent of its workforce, and halt its domestic and international network expansion in order to save money. WinStar, whose stock price has plunged 99 percent over the past year, is just one of several emerging communications companies hurt by a slowing economy, tightening capital markets and stiff competition. Broadband company **CommScope** is cutting 500 jobs.

Mattel Inc. is closing its last factory in the United States—a western Kentucky plant that produced toys such as Barbie playhouses and battery-powered pickups for nearly 30 years. The company is shifting production at the 980-employee plant to existing factories in Mexico. The plant was opened by Fisher-Price in 1973 and was acquired by Mattel in 1993. The layoffs are to begin in June as part of a company-wide restructuring announced last fall. Seven distribution centers will remain in the United States, in Hebron, Kentucky and in California, Texas and Wisconsin.

New Jersey-based **SL Industries** will cut about 400 jobs, mostly at its manufacturing facilities in Mexico, because of declining orders for its telecommunications equipment. The company said Friday it will begin cutting jobs at its Oxnard, California-based Condor DC Power Supplies subsidiary this month. The job cuts represent nearly 28 percent of Condor's 1,500-employee workforce. SL Industries designs, manufactures and markets power and data quality equipment and systems for industrial, medical, aerospace and consumer applications. “We have seen large world-class telecommunications companies seeing a recession. That gave us a lot of concern that this recession will be somewhat prolonged,” company Vice President David Nuzzo said.

ON Semiconductor Corp. announced Thursday it plans to

cut 550 jobs, or about 5 percent of its workforce, as it consolidates its global manufacturing operations to trim costs. The Phoenix, Arizona-based semiconductor maker, which went public nearly a year ago, will also eliminate 80 manufacturing jobs through attrition. The company hopes the moves will save \$100 million a year. At the same time, the company said it would expedite moving its manufacturing plants into lower-cost regions, phase out higher-cost supply contracts in favor of internal manufacturing, cut materials costs from suppliers and streamline overhead.

Job cuts in Internet-related companies, which have led to some 66,000 dot.com layoffs nationwide since December 1999, continued this week. California-based Internet network and search company **Inktomi**, announced 250 job cuts. **Egghead.com** and **TheStreet.com**, laid off 178 and 40 employees respectively. **Yahoo!** warned that its first quarter earnings would be near zero, and that layoffs were likely. **BMC Software** cut 440 jobs; **Onyx** software laid off 125 and **Akami Technology** eliminated 180 workers.

The fall on the stock market led investment firm **Credit Suisse First Boston** to cut 350 jobs, **Salomon Brothers** to eliminate an unspecified number and **Morgan Stanley** to warn of cuts.

Other layoffs include: Defense contractor **Raytheon**, which will cut 450 jobs at its Kansas-based aircraft unit, and the **Detroit Public Schools**, which will cut 473 management positions and outsource the jobs of 3,000 custodial, transportation, building maintenance and food service workers, in a cost-cutting move that will also involve the closing of schools.

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