

Marconi to cut 3,000 jobs worldwide

Mike Ingram
11 April 2001

British Telecoms equipment manufacturer Marconi confirmed Tuesday that it will axe 3,000 jobs over the next 12 months. The job losses represent five percent of its 55,000 strong workforce worldwide, but Marconi assured investors it would meet profit forecasts despite a US slowdown in technology stocks.

The announcement confirmed widespread rumours, producing an initial rise of 11 percent in the company's share prices, to 345 pence. The gains were halved subsequently, amid doubts that Marconi's markets would recover soon, but still showed that what is bad news for the workforce is not necessarily so bad for the company and its shareholders.

Half of the job losses will be in the UK. The company, which also has big operations in the US and Italy, has yet to say where the other 1,500 layoffs will fall. Unions are expecting factories in Liverpool and Coventry to be hit hardest. Liverpool has an unemployment rate of between seven and 10 percent, and Coventry has five percent unemployment. Both cities were reliant on the high tech telecom industries for economic regeneration, after the devastating closure of heavy industries in the 1980s.

The Manufacturing Science and Finance (MSF) union said it would be meeting Marconi workers' representatives on Wednesday to discuss its response. A spokesman told the press, "The job cuts seem to be a massive overreaction. It's a short-term measure to do with the share prices."

Marconi's share values had dropped more than 50 percent since the beginning of the year based on speculation that it would be forced to issue a profit warning. Now it is expected to report operating profits of around £800 million for the year just ended, compared with £750 million for the previous year.

The cuts are part of a reorganisation of the company into three divisions: Networks, Wireless and Enterprise. Marconi has already reduced its workforce by 2,900

this year, with the sale of its network factories under an outsourcing deal.

The reorganisation will result in a one-off cost of £400 million this financial year, but will produce savings of more than £200 million per year up to March 2003. It remains doubtful if this will be enough to prevent the company from suffering the fate of rivals such as Lucent and Nortel Networks who have already issued profit warnings.

Whatever the immediate fate of Marconi, the announcement has increased concerns within business and political circles over the ever-increasing possibility of recession in Britain.

According to a survey by PricewaterhouseCoopers (PWC), the professional services firm, and the Confederation of British Industry (CBI), the finance sector expects total employment to fall slightly over the next three months, the first forecast decline since June of last year.

A third of all brokers in Britain expect to cut jobs over the next three months, with securities trading houses expected to bear the brunt of initial job losses.

A number of companies have already announced layoffs since the survey of 147 companies was conducted between February 22 to March 14. Charles Schwab Europe, a unit of the worlds largest online broker, announced plans to cut its workforce by 20 percent and Barclays Stockbrokers is to shed five percent of its workforce.

The job losses in the technology and finance sectors come on top of heavy layoffs in industry such as 6,000 jobs lost at Corus steel and 2,000 at the British subsidiary of General Motors, Vauxhall, in recent months.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact