

Corporate Canada announces staggering job cuts

A correspondent
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A spate of layoffs announcements have come from corporate Canada in recent weeks, including some of the largest in the country's history. The industries affected include telecommunications, auto manufacture, forestry, air travel and aerospace.

While economists are divided, some now say that Canada is in a recession. Last month Bank of Canada Governor David Dodge said, "We are close to zero [growth] for the second half" of the year. Dodge, who remained resolutely bullish about Canada's economic prospects through the summer, concedes a "mild" recession "is certainly possible."

Some of the job cuts are connected to the disruption and downturn in air travel caused by the September 11 terror attacks in New York and Washington. Business analysts, however, admit many companies are "piggy backing" layoff announcements and concession demands onto the terror attacks.

Last week telecommunications manufacturer **Nortel** said it is slashing its workforce by an additional 19,000 through the sale of "non-core" business and 10,000 layoffs. A year ago, Nortel was the crown jewel of Canadian capital, its stock valuation representing almost a third of the value of all stocks listed on the Toronto Stock Exchange. Since then, Nortel has lost 90 percent of its capitalization. At the beginning of the year, Nortel had a worldwide workforce of 94,500. Once the latest downsizing is completed, Nortel will have shrunk its workforce by more than half, to 45,000.

Nortel took huge write-offs earlier this year, revaluing assets and inventory and booking restructuring charges for layoffs, said industry analyst Mark Goldberg. "So now, to be hit with yet another painful write-down and with new layoffs, I think we have a right to be surprised," he said.

The puncturing of the Nortel bubble is far more than

just a psychological blow to Canadian capital. Not only is Nortel Canada's premier high-tech company, it is one of the few Canadian-based transnationals with genuine global reach. Moreover, it has long accounted for a major portion of Canada's private sector research and development.

JDS Uniphase, another key Canadian high-tech firm, has also announced further job cuts. Of the 10,000 workers on the company's payroll at the beginning of the year, only 3,400 will remain come the end of December.

The auto industry, the other sector of Canadian manufacturing that has experienced significant growth in recent years, is also in a downturn. **General Motors** announced in mid-September that it will permanently close its Boisbriand, Quebec assembly plant next year, eliminating 1,500 jobs. Last week, 10,000 Big Three assembly plant workers were on temporary layoff and two **DaimlerChrysler** heavy truck plants that employ 1,500 workers are reportedly threatened with permanent closure.

On October 4, the country's sixth-largest auto parts manufacturer, **A.G. Simpson**, filed for bankruptcy protection. The privately held company says it is putting three of its eight plants up for sale, two in Ontario and one in the US, but that if it finds no buyers the plants will be closed. Several other auto parts firms have recently been granted bankruptcy protection or gone bankrupt, including **Alloy Wheels International**, **Autosystems Manufacturing** and **Versatech Industries**.

Since the beginning of August 10,000 forest workers in British Columbia have been laid off. The industry blames the job losses on the US government's imposition of countervailing duties on softwood lumber imports from B.C. and most other Canadian provinces.

Many of the biggest job cuts have come in air travel and aircraft manufacture.

Air Canada, the country's largest carrier and the world's eleventh biggest, is in danger of going bankrupt. While Air Canada management is trying to blame the events of September 11 for its financial tailspin, the company secretly sought a \$1 billion government bailout in August. Now it is pleading for a \$3 billion government cash injection and has said it must eliminate 9,000 jobs, more than double the number targeted in August. The airline is cutting 20 percent of its flights and retiring 84 of its 362 planes.

In 1999 Air Canada gobbled up the failing Canadian Airlines, but has not shown a profit since the second quarter of 2000. The federal government and the unions have waved legal and contractual restrictions placed on Air Canada when it took over Canadian Airlines, to prevent massive job losses.

Charter carrier **Air Transat** announced September 24 that it was cutting 1,300 jobs. Air Transat's balance sheet, like that of all airlines, has suffered due to spiralling oil prices, but it has also been hurt by consumer fears about a poor safety record.

Due to a wave of cancellations on new plane orders, aerospace manufacturers have announced major job cuts. On September 26, **Bombardier** said it would cut 3,800 jobs worldwide and would have to lay off a further 2,700 if demand does not pick up soon. More than two-thirds of the Bombardier job cuts are targeted at its Canadian operations.

Pratt & Whitney is cutting 600 jobs at its Montreal-area engine plant, while **Bell Helicopter** is laying off 285. To date there are 5,200 confirmed layoffs in Canada's aerospace industry, more than 5 percent of the total workforce.

Canadian provincial governments have responded to the worsening economic situation by shifting further right. Alberta's Tory government has said it will reduce government spending by \$1 billion this year, but has provided scant details as to where the cuts will be made. Ontario Premier Mike Harris has moved forward corporate and personal income tax cuts slated to come into effect January 1, and signalled his government is planning a new round of spending cuts. Federal Liberal Finance Minister Paul Martin has vowed the government will not allow a budget deficit to accrue. Last year, the Liberals announced a five-year \$100

billion tax-cutting plan that ensured projected federal surpluses would not be reinvested in public services, but instead redistributed to the well-to-do and big business.



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