

US jobless claims soar

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The US Labor Department reported that in the third week in September new claims for unemployment insurance rose to levels not seen for more than nine years, when the US economy was coming out of its last recession. The number of new jobless workers applying for assistance jumped to 450,000 from 392,000 the week before.

The economic downturn—well under way before September 11—has been exacerbated by the terror attacks. In many cases, however, US corporations have used the tragic events to press ahead with previously planned mass layoffs as well as other attacks on workers' living standards. In the past two weeks, airline and other travel related companies have set the pace for the almost daily announcements of mass layoffs by US firms.

On September 26 alone another 25,000 new layoffs were announced. These included 13,000 at **Delta Airlines**; 5,000 at **LSG Sky Chefs**, a Texas-based airline caterer; and 2,500 at the Providence, Rhode Island-based **Textron** company.

Other companies recently announcing huge job cuts include Iowa-based **Rockwell Collins**, which is cutting 2,600 jobs, 15 percent of its workforce, and **Advanced Micro Devices**, which is cutting 2,300 jobs, including 1,000 in Austin, Texas. California-based semiconductor maker **Atmel** is cutting 2,500 jobs, or 26 percent of its workforce. Meanwhile the Canadian-based aircraft manufacturer **Bombardier** is planning to lay off 3,800 workers.

Mark Zandi of Economy.com, said layoffs in the US airline and travel industry could climb to 500,000. "Almost everyone is being touched by unemployment now," Zandi said, "You may not have lost your job, but you know someone who has."

In New York City up to 100,000 workers are likely to lose their jobs as result of the economic fallout from the World Trade Center disaster, according to a

government estimate. Already 10,800 people filing for unemployment benefits have listed the terrorist attack as the cause of their situation. (See "New York economy hit hard by terror attacks")

The downturn in the economy is seriously impacting the budgets of state governments. Over the past five years states have cut taxes by \$35-40 billion. Now, faced with falling tax revenue, many are enacting drastic cuts in spending. Among the hardest hit are states heavily dependent on tourism. In Hawaii, Democratic Governor Benjamin Cayetano has called for the convening of a legislative session October 15 to deal with what he calls "the worst economic crisis" in state history. Florida Republican Governor Jeb Bush has also called a special legislative session. The Florida state budget deficit is \$265 million and growing and social service programs are expected to be the first target of cuts.

New York state is predicting a \$1 billion revenue shortfall over the course of its next fiscal year. Meanwhile, the District of Columbia is expecting a loss of \$80 million in the first six months of the fiscal year beginning October 1.

Even before the September 11 terrorist attack, 2001 promised to be a record-setting year in terms of the number of firms carrying out mass layoffs, defined as cuts of 50 or more jobs. The US Bureau of Labor Statistics reported that there were 1,474 cases of mass layoffs affecting 163,262 workers in August 2001, a 96 percent increase from the previous August. Reflecting the fundamental character of the downturn, the manufacturing sector accounted for 41 percent of all mass layoffs. California reported the largest number of workers filing initial claims for unemployment benefits related to mass layoffs, 50,343. Michigan was in second place with 12,914. Pennsylvania and Texas followed with 12,425 and 9,955 claims respectively.

Among manufacturers announcing job cuts during the

past week was **General Motors**, which announced it would stop producing its Chevrolet Camaro and Pontiac Firebird models and close its Ste. Therese, Quebec assembly plant next year. Carmakers **GM**, **Ford** and **Chrysler** announced the temporary layoff of 17,900 workers for the week of October 1 in the US and Canada. The temporary shutdowns include GM's Lake Orion, Michigan assembly plant and its Wentzville, Missouri and Baltimore, Maryland van plants. Ford said it would temporarily close its Atlanta, Georgia assembly plant and a minivan plant in Oakville, Ontario. Chrysler, meanwhile, is idling its large minivan plants in Windsor, Ontario.

Steelcase, based in Grand Rapids, Michigan, the largest US office furniture manufacturer, sent letters to 1,000 workers last week warning that they may be laid off if sales do not improve. The company, which employs 20,000 worldwide, had already announced thousands of layoffs. Another office furniture maker, **Herman Miller** based in Zeeland, Michigan, said it is cutting 750 jobs, including 300 in western Michigan.

Cincinnati, Ohio-based **Milacron** is cutting another 800 jobs, citing declines in capital spending and industrial production in North America. The firm provides metalworking and plastics processing tools and equipment.

The effects of the collapse of the Internet boom continues to be felt. On September 28 the Internet content and service provider **ExciteAtHome** filed for bankruptcy. Earlier in the week the Palo Alto, California-based company announced 500 layoffs, 25 percent of its workforce. The company has a current debt of \$1 billion. **Clarent** of Redwood City, California, which makes Internet-based phone systems to transmit voice data, is laying off 50 percent of its workforce, or 350 employees.

Technology and communications firms are also struggling. **Lucent Technologies** is laying off another 900 workers at its North Andover, Massachusetts plant. The facility makes high-speed optical networking systems. Expressing the prostration of the unions before the mass layoffs in the telecom industry, one local official said, "There's no work right now. It's obvious to everybody. There are no orders coming in."

MicroStrategy and **Net2000** communications, based in Northern Virginia, are cutting hundreds of jobs due

to economic uncertainty and slowing demand. **MicroStrategy**, a software company, cut 200 jobs on September 27. **Net2000**, which provides phone, video and Internet services to businesses, is cutting 300 jobs.

Dewitt, New York telecommunications firm **Telergy** is cutting 298 jobs, two thirds of its workforce. The company, founded in 1995, has built 2,500 miles of fiber optic cable in the US and Canada.



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