US jobless claims approach nine-year high

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For the week ending October 13, new jobless claims rose by a seasonally adjusted 6,000, to 490,000, the US Labor Department reported Thursday. This was the second largest number of workers applying for unemployment benefits in nine years, trailing only the 535,000 claims filed in the last week of September. The four-week average of new claims reached 491,250 last week, the highest level since April 1991 when the US was in the midst of the last recession.

In a sign those losing their jobs are remaining unemployed for longer periods, the number of workers continuing to claim state unemployment benefits for the week ending October 6 rose by 152,000 to 3.65 million, the highest level in more than 18 years. Even this figure doesn't reflect the complete jobless picture, as only one in three workers qualifies for unemployment compensation as changes to states' jobless programs over the past two decades have made it harder for workers to collect benefits.

The official unemployment rate held at 4.9 percent last month. Economic analysts predict, however, that the jobless rate could jump to 5.3 percent in October and possibly approach 6 percent by the end of the year. In New York City, the jobless rate jumped to 6.3 percent from 5.8 percent in August. This rate does not fully reflect the impact of the collapse of the Twin Towers, as anyone who worked for any portion of the week of September 11 was considered employed. Since the disaster, 21,930 people in New York City have requested jobless benefits.

Other economic indicators also point to the probability, now widely suggested, that the US is in an economic recession. Industrial production continued to plummet in September, the twelfth straight month of decline, according to a report issued earlier this week by the Federal Reserve. The last time there was a string of 12 consecutive months of decline in industrial output was the period from November 1944 through October 1945. Production at the nation's factories, utilities and mines fell by 1 percent last month, the worst showing since June, when industrial output declined by the same amount. That followed a 0.7 percent decrease in August. Operating capacity sank to 75.5 percent in September, the lowest level since June 1983, as companies cut back production in the face of sagging demand.

Basic industry continued to be hard hit this week by the economic slide. **Bethlehem Steel Corp.** announced October 15 that it was filing for Chapter 11 bankruptcy protection. The company cited competition from steel imports from Eastern Europe and Southeast Asia for plunging profits and share values. Bethlehem was founded in 1904, and as recently as 1960 employed 100,000 people and earned annual profits of more than $100 million. Bethlehem CEO Robert Miller, who claims that job cuts will not be massive, says that the company's 13,000 remaining workers will be called on to increase productivity.

National Steel Corp. announced Thursday that it will indefinitely idle a blast furnace at its Great Lakes operations in Ecorse, Michigan. The company cited bloated stockpiles and slumping steel prices. National, which employs more than 3,200 in Ecorse, said the 100 workers affected by the move will be transferred to other operations.

Ingersoll-Rand Co., manufacturer of Bobcat loaders and Schlage locks, reporting a 87 percent plunge in profits in the third quarter. The company said air compressor sales dropped 7 percent in the quarter, while sales in industrial products fell 4 percent. Ingersoll-Rand is eliminating 4,000 jobs and closing 51 plants and offices as part of a restructuring plan announced last year.

Muskegon, Michigan-based **SPX Corp.** announced Friday it would eliminate 500 jobs, in addition to 2,000 it previously announced would be cut as part of a cost-reduction effort. The industrial products and technical systems maker said it had already reduced its workforce by more than 1,600 and closed 28 manufacturing, sales and administrative facilities. SPX employed 28,000 worldwide before the job-slashing began.

US auto companies announced hefty profit losses and temporary plant shutdowns this week. **General Motors Corp**. posted a third-quarter net loss of $368 million, down from net earnings of $829 million in the same quarter of last year. It also downgraded its profit forecast for the fourth quarter by 69 percent. GM cited weakening US demand, pricing pressures and discount incentives for its poor performance. The automaker will idle two North American car plants and a light truck plant new week to cut inventories.

GM Europe also said it would cut 1,600 jobs on the continent, where it suffered sharp profit losses. This includes 1,200 hourly and 400 salaried workers at GM's Opel AG plants in Bochum, Germany and Antwerp, Belgium.

Ford Motor Co. reported a $692 million third-quarter net loss on Wednesday, with falling sales, the Firestone tire recall and weakening consumer confidence all contributing. Ford plans to idle two plants that build the Taurus, Escort, Focus and Mercury Sable models next week.

DaimlerChrysler's faltering **Chrysler Group** is expected to announce another sizeable quarterly loss next week. Chrysler plans to idle production over the next several weeks at plants that produce the Chrysler Sebring, Concorde and 300M models, and the Dodge Stratus and Intrepid.

The slowdowns at GM, Ford and Chrysler are impacting companies that supply the auto industry. Automotive parts maker **Dana Corp.** on Wednesday reported a $8 million third-quarter loss and said it will eliminate more than 10,000 jobs, or 15 percent of its workforce. **TRW, Inc.**, the biggest US maker of air bags, announced it would close an engine-valve plant in Cleveland by mid-2002 and eliminate 500 jobs. These cuts are in addition to 3,500 automotive and aerospace layoffs TRW announced earlier this week. Krestec Engineering has put on hold plans to build a stamping plant in Dundee, Michigan. The facility had been expected to supply 200 jobs.

Layoffs in the aerospace industry have accelerated in the wake of the September 11 attacks. Jet engine maker **United Technologies Corp.** announced Tuesday that it plans to eliminate about 5,000 jobs, or 3.2 percent of its workforce. These cuts include 8 percent of the jobs in its Pratt & Whitney jet engine division and 9 percent of those at aerospace supplier Hamilton Sundstrand.

Aircraft maker **Boeing** announced Thursday deep production cuts for jetliners over the new two years, including the possibility of halting production of the 717, its smaller model. The company is also considering shutting down its Long Beach, California production line. Boeing says it will deliver 522 jets this year and 350-400 next year. Prior to September 11, the company had predicted it would deliver more than 500 aircraft in 2002.

Already feeling the impact of the downturn, telecommunications and computer companies are planning further job cuts as the airline industry and other customers delay purchases in the wake of September 11. **Unisys Corp**. reported Monday that it will cut 3,000 jobs, or 8.1 percent of its worldwide workforce. The company's 37,000 workers provide computer services and equipment for financial, transportation, communications and other companies and government agencies in 100 countries.

EMC Corp., Massachusetts' largest technology company, said it would lay off 1,600 workers in addition to 3,900 job cuts announced earlier this year. The company, which produces big disk-drive cabinets and software, announced a third-quarter loss of nearly $1 billion, the first in more than a decade, citing waning sales from airlines, banks and other customers.

Sprint Corp., the nation's third-largest long distance provider, announced Wednesday it will lay off about 6,000 employees, or 7 percent of its workforce, and eliminate another 1,500 contract workers' positions. Sprint cited the weakening economy and "a rapidly changing industry landscape." The company also said it would discontinue its money-losing voice and high-speed Internet unit.

BellSouth Corp., the third-largest local telephone company serving nine states in the Southeast, posted a 99 percent third-quarter drop in net income and said it will shed 3,000 jobs, or 2.8 percent of its workforce. Communications chipmaker **PMC-Sierra Inc.** announced Thursday it would cut 350 jobs, or 24 percent of its workforce, and close engineering projects. The Santa Clara-based company announced its sales were off 69 percent from a year ago.

Financial services firms announced a number of staggering job reductions over the last week. Management sources at **Merrill Lynch and Co. Inc.**, the largest US brokerage house, told the *Wall Street Journal* that it may eliminate as many as 10,000 jobs. The *Journal* reported senior executives at Merrill Lynch are readying for a major overhaul, including the possible suspension or reduction of operations in Japan, Canada, Australia and India. US operations under review include the firm's asset-management group, and its trading and investment-banking operations.

Securities-trade firm **Bear Stearns Cos.** announced Thursday plans to cut 830 jobs, or 7.5 percent of its workforce of 11,147. **J.P. Morgan** says it expects to cut about 6,000 staff from its investment bank services and 1,500 from its private bank and money-management operations by the end of the year. **FleetBoston Financial Corp.** says so far this year it has cut about 750 jobs from its capital markets unit.

Tourism and hotel sales have dropped off sharply over the last month. More than 15,000 casino and hotel workers have lost their jobs in Las Vegas. New York, San Francisco and Washington hotels have also experienced huge losses in business, with many laying off one-fourth of their staffs or more.

Fast food giant **McDonald's** said Wednesday it is eliminating 500 to 700 jobs, the second major downsizing of its US corporate staff in three years. The staff reductions represent nearly 10 percent of all US corporate employees. The cutbacks follow three straight quarters of falling profits.