

# Holiday gift from US corporations—more job cuts and plant closures

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As the end of the year approaches, US companies continue to shed thousands of jobs. In the days leading up to the holidays, many workers received gifts from their employers in the form of pink slips, plant closures and uncertain futures.

Since employment peaked in March, 1.2 million US workers have lost their jobs. While new jobless claims fell for the third week in a row, dropping by a seasonally adjusted 11,000 to 384,000, this appears to be the result of more workers having given up the search for work and not a drop in layoffs. The Economic Policy Institute reports that the share of persons unemployed for at least 15 weeks increased by 6.1 percentage points over the past year, while the share unemployed less than 5 weeks fell by an equal amount.

The index of leading economic indicators—compiled by the Conference Board, a New York-based research group—rose 0.5% in November, 0.1% more than economists had expected. The index measured a growth in the money supply, a rise in stock prices and increased building permits, but reported a reduction in average weekly hours worked at factories and fewer expected orders for consumer goods and non-defense capital goods. The Commerce Department also reported the US trade deficit widened in October to \$29.4 billion from \$19 billion in September.

The situation in Michigan, a Midwestern industrial state, is indicative of the downturn affecting virtually every region of the country and all sectors of the economy as the year 2001 comes to a close. Michigan's unemployment rate stood at its highest level in more than seven years in November, rising four-tenths of a percentage point to 5.7 percent, a level not seen in the state since August 1994. The jobless rate was nearly 2 percentage points higher than the same month a year ago.

Michigan unemployment topped 300,000 for the first time since March 1994. Job losses hit manufacturing, retail, services industries, government, transportation and utilities and economists warn the state's unemployment rate will get worse before it gets better. The auto industry, one of the state's largest employers, is expected to see further losses as a result of borrowed sales from next year due to zero-percent financing currently offered by the Big Three automakers.

Dearborn, Michigan-based **Ford Motor Co.** announced plans December 17 to cut production indefinitely and lay off workers at plants that produce the Explorer sport utility vehicle and midsize Taurus. The No. 2 automaker faces its worst cash-flow crisis since the early 1990s, and has told investors it expects to lose \$900 million, before restructuring charges, in the fourth quarter—the third quarterly loss in row.

In January, Ford will make public a broad restructuring plan that will most likely include white-collar job cuts and reductions in North American auto production. Reportedly under consideration are plans to significantly reduce the speed of the assembly line at the Louisville, Kentucky factory that builds the Explorer and other Ford SUVs.

Also being discussed is the elimination of one of two production shifts at the Atlanta, Georgia plant that produces the Taurus, the company's largest-selling car. This could cost of the jobs of 800 of the plant's 2,300 hourly workers. Ford previously announced plans to eliminate a shift at its Edison, New Jersey truck factory, laying off 600 workers.

Last Friday, December 14, about 5,000 **Boeing Co.** workers in the Seattle, Oregon area finished their final shifts. Nearly 10,000 people have received pink slips at the aerospace giant's Seattle operations since the company began mass layoffs on October 12. Boeing

also plans to cut 1,500 of the present 5,000 jobs at its helicopter assembly plant outside Philadelphia. A decade ago, 7,000 workers were employed at the plant.

Boeing, hard hit by the combined impact of the recession and the September 11 events on the transportation sector, is proceeding with the layoff of 30,000 workers announced in the wake of the attacks. The company employed close to 200,000 people as recently as September, but has suffered a steep drop in demand for its jetliners. Alan Mulally, Boeing's commercial jet chief, said the company had no plans to reduce executive pay.

**Motorola, Inc.** announced another 9,400 job cuts on Tuesday. The Schaumburg, Illinois-based company has trimmed its workforce by one-third since August 2000. Including the latest cuts, Motorola has laid off more than 48,000 workers, with about 5,500 of these positions being transferred to other companies when the firm sold off some parts of its business. The company is expected to announce a fourth straight quarterly loss in January, and will post its first annual operating loss in 45 years.

Included in Motorola's latest job cuts are 4,100 from a companywide reduction that began in October and another 4,000 employees of the company's semiconductor products division. Some 1,300 workers in facilities producing wireless infrastructure products, broadband equipment and two-way radios will lose their jobs in the first half of 2002.

Atlanta-based **Bell South**, the No. 3 US local telephone company, announced December 14 it would eliminate 1,200 jobs, or about 2 percent of its workforce, in the first quarter of 2002. Bell South informed the Communications Workers of America that the non-management jobs would be cut from its network operations throughout the company's nine-state region.

**Kemet Corp.**, a maker of electrical parts used in cell phones and computers, reported December 18 it would cut 1,600 jobs as a result of a downturn in demand for electronics. The Greenville, South Carolina-based company said it would cut 600 staff in the US and 1,000 in Mexico.

Montreal-based **Alcan, Inc.**, the world second-largest aluminum producer, reported Wednesday it will close three plants in North America, including a foil plant in St-Laurent, Quebec, a packaging plant in Toronto and a

food flexible plant in Carson, California. The closures will result in a total of 90 layoffs. Alcan expects to sell its extrusion operations in Thailand and Malaysia before the end of the first quarter of 2002, shedding 460 jobs.

**FleetBoston Financial Corp.** said Wednesday it is laying off 700 employees. The Boston-based banking company will also take \$650 million in charges for the job cuts, investments gone bad, and exposure to the Argentine financial crisis.

**Random House**, the biggest publisher of general-interest books, has begun a round of layoffs to cut costs in response to a downturn in book sales. Over the last two weeks, three of the company's publishing houses—Doubleday, Broadway, Ballantine and Bantam Dell—have laid off about a dozen staff members. Additional layoffs are expected in the company's other publishing divisions.

After more than a century in business, **LTV Corporation** will shut its doors unless a government-backed loan comes through at the last minute. LTV, one of the nation's largest steelmakers, earlier this month put its mills on what is called "hot idle," which would allow them to be restarted quickly if necessary.

If the financial rescue package does not materialize, the company will ask the bankruptcy judge to end its labor contract. A shutdown would leave about 70,000 retirees and recent employees with reduced pensions and health care benefits or none at all. Under pressure from creditors, more and more companies are liquidating in bankruptcy and leaving their workforces to pay the price in lost jobs, retirement and other benefits.



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