Thousands more US layoffs in wake of Ford job-slashing

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Last week's announcement by Ford Motor Company that it would eliminate 35,000 jobs, including 22,000 in North America, was the sharpest expression of a job-cutting trend that has continued unabated in the US in the new year. Two million jobs were shed by US corporations in 2001, and the first two weeks of 2002 have seen further layoffs carried out in all segments of the economy—from retail to manufacturing to finance.

The report on the Ford cuts was followed this week by an announcement from **General Motors** that the company would make no profit-sharing payments to hourly workers in the US or hand out annual incentive awards to executives. GM earned $255 million in the fourth quarter of 2001, an improvement over a third-quarter loss of $368 million, but down sharply from $609 million in earnings in the fourth quarter of 2000.

The Ford job cuts are expected to have a devastating impact on auto parts suppliers, who have already been hard hit by the economic downturn. According to a United Autoworkers Publication, "Jobs, Pay & the Economy," employment in major parts-producing industries has fallen by nearly 10 percent since the second half of 2000.

Southfield, Michigan-based **Lear Corp**., which produces automotive interior systems, cut its workforce by 4,800 in 2001. **Visteon Corp**., Ford's largest-single supplier, last year eliminated 2,000 jobs and reduced 401(k) contributions. David Cole, president of the Center for Automotive Research in Ann Arbor, Michigan, commented on the Ford announcement: "It's absolutely painful and challenging for suppliers any time to deal with change of this magnitude, this restructuring. The whole extended enterprise is going to feel a certain amount of pain."

In a related cut-back, **Wabash National Corp.** announced January 9 it will cut 480 jobs at its Lafayette, Indiana plant, citing a continuing drop in demand for truck-trailers. The layoffs will reduce the plant's workforce to about 2,000 full-time employees, down from around 5,000 as recently as the 1990s.

Retailers across the country have also been hard hit by the ongoing economic downturn and the aftermath of September 11, which together have impacted consumer confidence and negatively affected sales. After a disappointing holiday season, **Jacobson Stores Inc.** filed for bankruptcy protection Tuesday in Detroit. The 134-year-old upscale retailer will close five stores in Ohio and Florida and eliminate 520 positions out of its 4,000 workforce. **Target Corp.** announced last week that it will cut 200 full-time jobs in its **Marshall Field's** department store unit, affecting workers at 16 out of 64 stores.

The board of directors of Troy, Michigan-based **Kmart Corp.** met behind closed doors this week to discuss a plan of action to confront the company's worsening economic position. Kmart stock has lost more than half its value since the beginning of 2002, closing Tuesday at $2.45 a share, the lowest in decades. Options reportedly under consideration include closing under-performing stores, selling the company or filing for bankruptcy protection. Kmart has more than 2,100 stores and 250,000 employees.

In Detroit on Tuesday, another institution founded by Henry Ford announced a downsizing plan. **Henry Ford Health System** said it would eliminate 500 jobs, close three clinics and consolidate two Metro Detroit-area hospitals. Henry Ford, founded in 1915, lost $36.8 million from January through September 2001. The health system employs 18,000 full- and part-time workers.

Another major metropolitan hospital, Boston's **Beth Israel Deaconess Medical Center**, said last week it would lay off 500 to 700 employees, or 10-15 percent of its staff. Hospital management said the job cuts were necessary to forestall the possibility of selling the Harvard Medical School teaching hospital to a for-profit health-care company. Beth Israel Deaconess has lost at least $50 million a year for the past three years.

The airline and aerospace industry continues to downsize, and company plans to eliminate jobs and attack wages and benefits are meeting with growing anger among workers. **United Airlines** Chief Executive Jack Creighton delivered a message to employees, taped last Sunday, stating: "All employee groups must contribute to labor-cost reductions of several billion dollars over the next few years." The airline lost $1.8 billion in the first nine months of 2001.

United's mechanics have gone without a pay raise since 1994. George W. Bush recently appointed a presidential advisory board to block a mechanics strike at the airline and

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propose a settlement, but either side can reject the proposal. United's mechanics could strike February 20 if a new contract has not been agreed to and Congress has not imposed a settlement.

Jeff Zack, a spokesman for the Association of Flight Attendants, commented on Creighton's statement: "We have a contract. We'll be glad to talk to them about how they can fix United's problems, but we're not talking about concessions." United workers took pay cuts in 1994, and pay was not restored to 1994 levels for many employees until mid-2000.

Houston-based **Continental Airlines** announced plans last week to furlough 100 more pilots in March. By the airline's count, this will bring to 539 the number of pilots laid off since September 11, or about 8 percent of its flying force. The pilots' union says the number of layoffs is higher, 929. Many of the sacked pilots have been offered jobs at Continental Express, thus bumping pilots at the commuter subsidiary.

The aircraft industry also announced cutbacks over the past week. **Bombardier Aerospace** will lay off 800 workers at its manufacturing plants in Wichita, Kansas and Arizona. The cuts come about three months after the Canadian-based company said it would slash 3,800 jobs worldwide. Wichita has been particularly hard-hit by the slump in the aviation industry. More than 7,000 have lost their jobs in the city since September 11, with most of these coming at a **Boeing Co.** facility, where 5,000 are being laid off.

Lockheed Martin Corp. will eliminate 700 more jobs this year, the company announced last week. The vast majority of job reductions will come at its space systems division headquarters in Denver, Colorado due to the completion of three government projects, including rocket design, development and production.

Basic manufacturing industries continue to shed workers as companies announce downsizing and restructuring. Greensboro, North Carolina-based **Burlington Industries Inc.** reported January 10 it plans to cut 4,000 jobs in the US and Mexico as part of a restructuring plan. The layoffs amount to more than a third of the workforce at what was once the world's largest textile maker. The company filed for bankruptcy protection last year.

International Paper reported January 7 that it plans to cut 350 jobs, close a mill in Oswego, New York and reduce its containerboard capacity by 100,000 tons. The company announced 3,000 job cuts last June. **Ecolab Inc.**, which makes cleaning, sanitizing and maintenance products, said January 10 it would eliminate 350 to 450 jobs over the next year in an effort to streamline operations.

Telecommunications and high-tech companies continue a downward slide that began long before September 11. Network equipment maker **3Com Corp.** announced Tuesday plans to cut about 500 jobs, or 8.5 percent of its workforce. The Santa Clara, California-based company workforce has been reduced to about 5,400 from about 12,000 only a year ago. 3Com lost $104 million for the three months ended November 30.

Technology giant **Motorola**, based in Schaumburg, Illinois, confirmed January 8 its plans to slash the jobs of about 20 percent of its 600 top executives by the end of March. Motorola expects to have eliminated 48,400 jobs by the end of the year, reducing its workforce by nearly a third compared to August 2000, when the company employed 150,000.

AT&T revealed January 4 it plans to lay off 5,000 workers this year, the majority of them management positions in the company's business, consumer and corporate units. The company currently has about 120,000 employees. AT&T, which sold its cable business to Comcast Corporation last month, is one of a number of struggling US telecommunications companies that have cut jobs in the recent period, including **SBC Communications**, **BellSouth**, **Sprint** and **Qwest Communications**.

Merrill Lynch & Company, the nation's largest brokerage firm, reported January 9 that it had cut 9,000 jobs since October, in addition to 6,000 cut earlier in 2001. The company said it would take a $2.2 billion charge against its fourth-quarter profits to cover the cost of the job reductions and other expenses.

Other cutbacks to hit the financial sector include:

* 700 job cuts at **Equifax**, a credit reporting company;

* 2,000 layoffs at Philadelphia-based **Cigna Corp.**, the nation's No. 3 health insurer;

* 370 job cuts and 25 office closures at **CDI Corp.**, a staffing company, also based in Philadelphia;

* 160 employees to lose their jobs at **John Hancock Financial Services**' Boston headquarters.

Minnesota Public Radio (MPR), one the nation's largest public radio networks, will cut up to 13 people from its workforce of about 350. MPR President Bill Kling commented, "Like all media companies here and nationally, we are feeling the effects of the recession because of an extreme reduction in advertising budgets."

Citing the weak economy, the impact of September 11 and the anthrax attacks, the **United States Postal Service** announced January 9 it would cut as many as 15,000 jobs this year, in addition to raising the price of a first-class stamp to 37 cents in June.

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