

US companies lay off thousands as jobless claims climb

Paul Sherman
27 April 2002

The number of workers receiving unemployment insurance continues to rise, hitting a 19-year high, as businesses slash more jobs despite claims of an economic recovery in the United States. Lucent Technologies, Ericsson and SBC Communications are among the companies that have announced thousands of additional layoffs this past week.

According to a report released by the US Department of Labor last week, as of April 13, 3.84 million workers were receiving unemployment insurance (UI), an increase of more than a million people compared to the same time last year. This is the highest number people receiving jobless benefits since February 1983.

The number of first-time claims also increased, to 445,000 for the week ending April 13, and the four-week average also rose to 448,750. Total employment fell by 425,000 in March, and 40,000 jobs were cut in both manufacturing and construction. In the first three months of 2002, 51,078 jobs were lost in the retail sector.

The increase in the number of people receiving UI benefits reflects both the increase in the number of workers without jobs and an increase in the length of time it takes laid-off workers to find new employment. The number of workers who have been out of work for more than six months has almost doubled from a year ago.

Despite these increased figures, the Labor Department's report does not present the true picture of unemployment in the US. Just four out of ten jobless workers receive unemployment benefits. According to official figures, there are 9.5 million people without jobs. While more than 8 million workers are officially unemployed, another 1.3 million workers are jobless but are not counted because they have given up looking for work.

Since September 11, jobless benefits have run out for almost 2 million workers. Since January, over 80,000 workers have exhausted their UI benefits each week. Congress legislated a 13-week extension of unemployment benefits and President Bush signed it into law last month with much fanfare. Under the law, workers receive one week of extended benefits for every two weeks of benefits they received under their initial claim. But according to an analysis conducted by the Center on Budget and Policy Priorities, this means that more than 40 percent of those who exhaust their benefits will receive less than the 13 weeks.

Only nine states guarantee 26 weeks of benefits to all unemployed workers who qualify for UI benefits. Last year 42 percent of unemployed workers who qualified for UI benefits received them for less than the full 26-week period.

Nationally, just 18 percent of low-wage workers and 12 percent of part-time workers receive UI benefits. In addition, workers who did not work at least 20 weeks during their "base period," the year during which UI benefits are calculated, will not receive any extension.

Furthermore, unlike the massive tax cuts given to the wealthy, the UI extension is set to expire on December 31, 2002. Workers who are laid off now and exhaust their initial unemployment benefits in November and December will only receive a few weeks of the extended benefits before the program terminates.

These measures especially hurt the millions of former welfare recipients who have left the welfare rolls for jobs but who have not worked long enough or earned enough to qualify for jobless benefits. Moreover, as workers lose their jobs and UI benefits they will find that most of the social safety net programs they might have turned to in the past have been destroyed.

Unemployment in March climbed to 7.5 percent in

New York City and Connecticut lost another 3,300 jobs. The Michigan jobless rate rose to 6 percent. Hardest hit over the past week was the telecommunications sector, which continues to make major cuts.

Lucent Technologies announced April 22 plans to eliminate 6,000 more jobs by September. At its peak, the telecommunications equipment maker employed 136,000 workers. Over the last year and a half, over 50,000 have lost their jobs and another 30,000 were cut as the company sold or spun off business units.

Ericsson, the Swedish maker of cell phones and other telecommunications equipment, announced April 22 it was cutting its global workforce by 20,000, from 85,000 to 65,000. Some business analysts have suggested that this job slashing is inadequate.

Nippon Telegraph and Telephone of Japan, the largest phone company in the world, plans to cut 17,000 jobs or about 8 percent of its total workforce, according to an April 19 announcement. The company reported a \$6.7 billion loss for the fiscal year ending March 31 and said that it would conduct massive cost-cutting to restore profits by 2005.

On April 18, **SBC Communications**, the local phone provider in much of the Southwest and West, announced plans to slash 4,000 more jobs on top of the 10,000 workers it eliminated over the past six months.

Corning Inc., the world's largest maker of fiber-optic cable, said April 23 it plans to cut 4,000 salaried workers, or about 12.5 percent of its 32,000-person workforce. Last year the company closed several of its manufacturing plants.

General Electric Co.'s huge financing arm is eliminating 7,000 jobs, or about 8 percent of its 90,000 global workforce, the company reported April 15.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact