# US job cuts accelerated in September

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American corporations continued to eliminate tens of thousands of jobs in September in a further sign of the economic downturn in the US. Non-farm payroll employment fell by 43,000 jobs last month, according to a Bureau of Labor Statistics report released Friday. Many analysts had predicted a small gain in jobs rather than a loss last month, which was the first since payrolls fell by 21,000 in April.

Job losses were concentrated in durable goods manufacturing, industrial machinery and transportation equipment. Thirty-five thousand manufacturing jobs were wiped out last month, bringing the total to 100,000 in August and September. Employment in transportation, particularly the hard-hit airline and trucking industries, fell by 32,000 jobs.

In an effort to generate some good economic news and stem the continuing slide on the stock market, the US media reports on the government figures focused on the slight fall in the official unemployment rate last month, to 5.6 percent from 5.7 percent in August. The figure, however, is largely attributed to the high number of teenagers who held on to their summer jobs rather than leaving the workforce, as many traditionally do in the fall.

The media's efforts to bolster the market failed, however, with the Dow Jones Industrials falling 188 points Friday, ending the sixth straight week of losses on the New York Stock Exchange.

Other analysts had a more somber response to the jobless report. "Today's employment report confirms that we are in the midst of a sequel to the 15-month jobless recovery that followed the 1990-91 recession," said John A. Challenger, chief executive of the outplacement firm Challenger, Gray & Christmas. "Some analysts have been saying that the recovery is just six months away for two years. It now appears that a recovery, at least in the job market, is more elusive than ever."

Challenger, who noted that US companies had announced more than one million job cuts so far this year, said the employment situation is likely to worsen in the final months of 2002 because companies traditionally rush to cut costs before the beginning of the new year: "This year will probably be no different since there is no evidence of a significant upturn in capital spending and earnings remain under pressure. Add to the mix productivity gains and the result: employers are in no hurry to create jobs."

Several major metropolitan areas had jobless rates well above the national average, according to the Bureau of Labor Statistics. San Jose, California, the center of Silicon Valley, had the highest unemployment level in the US at 7.6 percent, up nearly 2 percentage points since 2001. Miami, Florida, with a 7.4 percent jobless rate, had the second highest in the nation.

An earlier report issued by the Labor Department said initial claims for unemployment insurance rose by 5,000 to 417,000 last week, while the previous week's figure was revised up by 6,000 from the original estimate. The four-week moving average, which takes into account weekly swings, rose to a five-month high of 423,000.

The official jobless rate provides only a glimpse of the social distress caused by the ongoing destruction of jobs. The number of workers officially listed as unemployed was 8.1 million last month. Less than half receive government unemployment benefits. Moreover, another 1.5 million unemployed workers were not even included in the official jobless figures because they had not looked for work in the last four weeks, although they reported that they wanted and were available for work and had searched for employment in the last 12 months. Still another 387,000 "discouraged workers" were also left out of the government's count because they had given up looking for work.

According to a number of recent studies by economists, the real level of unemployment among men would probably approach between 10 and 11 percent if the government took into account the number of male workers who have dropped out of the labor force. In the last two years alone, more than 2 million men have left the workforce and the government has little idea what has happened to them. With the elimination of higher paying manufacturing jobs and the general stagnation of wages over the last 20 years, many have turned to disability insurance—which pays around $800 a month—to pay their bills. Since 1990, the number of people receiving disability pay has nearly doubled, to 5.4 million.

The unrelenting destruction of jobs is reverberating throughout the economy. According to data released this month, mortgage delinquencies are increasing and home foreclosures have climbed to all-time highs, even though mortgage rates are at a 40-year low. The Mortgage Bankers Association of America said 0.4 percent of loans entered foreclosure in the second quarter and another 1.23 percent were still in the process—both unprecedented in the 30 years the group has been keeping track.

The biggest reason is rising unemployment, with sinking stock portfolios, illness and easy financing all contributing. The north-central United States, including layoff-hit manufacturing areas, topped all regions with 0.47 percent of loans entering foreclosure in the second quarter.

Over the last two weeks several companies announced major layoffs. **SBC Communications Inc**. last week said it would eliminate 11,000 more jobs, or 6 percent of its workforce. The massive regional Bell telephone company, which provides local service in 13 states, blamed the cuts on a weak economy and regulators it contends treat SBC and other regional phone companies unfairly. SBC has already eliminated 10,000 jobs this year.

One-third of the new job cuts would hit management jobs, mostly in Texas and surrounding states, spokesman Chris Talley said. He said the rest would total 2,400 in the Midwest SBC Ameritech region, 2,300 at SBC Pacific Bell in California and Nevada, 1,700 in the Texas-based SBC Southwestern Bell region and 300 at a Connecticut-based unit, SBC SNET.

Health insurer **Aetna Inc**. said Thursday it would cut 2,750 jobs or about 9 percent of its workforce. The second-biggest US health insurer said it would take an after-tax charge of $58 million in the third quarter to cover costs of eliminating 2,750 jobs.

**Hewlett-Packard Co**., the number one personal computer and printer maker, will cut 1,800 jobs in addition to the 15,000 layoffs planned in its merger with Compaq Computer Corporation. “Due to a continued market slowdown and HP’s clear intent to have a competitive, world-class cost structure, HP has increased its total number of planned headcount reductions to 16,800 by fiscal year 2003,” the company said in a statement.

Data storage company **EMC Corp**. said it would cut 1,350 jobs due to dismal spending on technology. Hopkinton, Massachusetts-based EMC also said it no longer expected to return to profitability for the second half of the year because companies worried about the economic outlook are holding off on technology projects that include EMC’s data storage products. “The IT (information technology) spending environment continues to be brutal. In fact, it got even worse at the very end of the quarter. Our third quarter was on track until late September,” EMC Chief Executive Joe Tucci commented.

**Fidelity Investments** said this week it would lay off 1,695 employees, or 5.4 percent of its workforce, to cut costs in the thirtieth month of a bear market. The Boston firm’s assets have tumbled from nearly $1 trillion at the market’s peak in early 2000 to $776 billion at the end of August. “With the bursting of the bubble, we are in the process of a significant shrinkage of the financial industry,” said Allen Sinai, chief economist at Primark Decision Economics in New York. “We’re seeing the manifestation of that in lost jobs—and we probably haven’t seen the end of it.”

**Delta Air Lines** will cut 1,500 more flight attendant jobs this fall because of the ongoing slump in the airline industry. Delta officials said the Atlanta-based airline will try to make this round of jobs cuts, representing 9.4 percent of its flight attendants, through voluntary offers. Last fall, about 3,200 flight attendants accepted leaves, early retirement and other offers as part of 10,000 job cuts.

In another job-cutting action related to the failing airline industry, Montreal-based **Bombardier**, the world’s leading maker of regional jets, has said it is to cut nearly 2,000 jobs, or 6 percent of its workforce, at its aerospace division. The job cuts will be made at factories in Canada, the US and the UK.

Other recent layoff announcements include:

* Fiber-optic equipment maker **Ciena Corp**. said it will lay off about 450 employees, or about 17 percent of its work force.

* Private jet maker **Cessna** announced Monday it was laying off 400 workers after it failed to get enough takers for voluntary buyouts. The company said in June it hoped to reduce its workforce by about 900 people, or 6.9 percent of its worldwide workforce of 13,000, through voluntary buyouts.

* Specialty materials manufacturer **Carpenter Technology Corp**. will eliminate about 500 jobs in response to weak demand in the aerospace market and other industries.

* Telecommunications equipment maker **Tellabs Inc**. said it expects to post a third-quarter loss and will cut 800 jobs, or 14.5 percent of its workforce.