

US corporations continue to slash thousands of jobs

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The US Bureau of Labor Statistics (BLS) reported last Friday that American companies added a weaker-than-expected 96,000 jobs in September, failing to keep up with the number of new workers entering the labor force last month. The report coincided with announcements of 10,000 job cuts by North American corporations, as well as the release of figures showing that hourly wages are stagnating while prices for fuel, food and other living expenses are rising sharply.

The US unemployment rate remained at 5.4 percent, with more than 8 million Americans officially jobless and millions more not counted because they have given up searching for work. The percentage of potential workers in the labor force fell another 0.1 percentage points in September to 65.9 percent.

The paltry job increase—lower than the 150,000 new jobs expected by economists and needed to keep pace with the growth of the labor market—resulted in the fourth straight month of weak employment figures. The BLS also revised downward by 16,000 positions its estimate of job growth in August.

The outplacement firm Challenger, Gray and Christmas reported that layoff announcements were up 45.5 percent in September, reaching a total of 107,863 last month compared to 74,150 in August. According to the report, which tracks only those layoffs cited by major media outlets, job losses in September were concentrated in the computer, transportation, telecommunications and consumer products industries.

“Historically, the period from September 1 through December 31 is when we see the heaviest downsizing and this year appears to be on track to repeat that trend,” John Challenger, chief executive officer of the firm, told Reuters.

The BLS report, along with the new announcements of job slashing by US companies, further undermined the Bush administration’s claims that the American economy

has entered a period of sustained job growth. Nevertheless during Friday night’s debate Bush cited the employment figures as proof his tax cuts for the wealthy were working.

For his part Kerry repeated the well-known fact that Bush is the first president since Herbert Hoover to oversee a net loss in jobs during his term in office. Embracing the politics of austerity, however, the Democratic challenger offered no solution to the job crisis and only promised further tax breaks for corporate America.

Despite three rounds of tax reductions, an explosion of federal debt and an unprecedented 13 interest rate reductions by the Federal Reserve to stimulate the economy, the US has lost at least 585,000 jobs since January 2001. Large corporations are not hiring even though they are posting substantial profit increases and, in many cases, are flush with cash. While such factors traditionally lead to job growth, structural changes in the economy, including new labor-saving technologies and management methods to pump more productivity out of workers, as well as the outsourcing of production to lower-wage countries, have allowed companies to reduce their work force or restrict hiring.

In addition, corporate executives have been reluctant to hire new employees because of uncertainties in the economic and political situation. These include the massive government and trade deficits, rising oil prices and, not least, the war in Iraq.

To avoid the cost of hiring full-time employees, corporations have increased their “contingent” work forces. In September one-third of the new jobs created, or 33,000, were temporary positions, which in most cases pay lower wages and offer no benefits. According to the BLS, since January 2002, the US has added 369,000 temporary jobs, about half of the private-sector jobs created during this period. In 1982, there were 417,000 workers classified as temporary help—today there are more than 2.5 million.

Hourly wages continued to stagnate last month at the same time prices for gasoline, food, health care, education and other expenses continued to rise sharply. Wages rose by only 0.2 percent or 3 cents to \$15.78 last month, below the rate of recent months. Over the last year wages have only increased by 2.4 percent, well below the rate of inflation.

Job insecurity has also led to a drop in consumer confidence, which fell in September to the lowest levels since midsummer, according to the Associated Press-Ipsos consumer confidence index released last week. In August consumers cut back on borrowing by the largest amount since the end of 1990. Rising mortgage rates and fuel prices have led to fewer home and car purchases.

With crude oil prices setting record highs, the Energy Department last week warned that homeowners should expect their heating bills to rise this winter due to double-digit price increases for heating oil and natural gas. Gasoline is averaging \$1.94 a gallon nationwide, 36.5 cents higher than a year ago.

The percentage of people who feel confident about job security for themselves and the people they know dropped from 48 percent to 40 percent in September, according to the AP-Ipsos report. The number who said they were more confident of their ability to invest in the future dropped from 51 percent to 42 percent.

In September manufacturing jobs declined by 18,000 after two months of modest gains. Overall US manufacturers have slashed 2.7 million jobs since 2000.

Last week saw a series of new job cuts by North American corporations.

- * Telecommunications giant **AT&T** is eliminating 7,400 more jobs, bringing its 2004 jobs cuts to 12,300 jobs or one fifth of its workforce. The new layoffs follow an announcement that AT&T will reduce its traditional consumer telephone business following the loss of a court battle.

- * **Bank of America Corp.** said it would cut another 4,500 jobs beginning this month as a result of its merger with FleetBoston Financial Corp. and declining business in mortgages. The 2.5 percent reduction of the work force comes on top of 12,500 layoffs that the bank previously said it expected to see from the merger, which went through earlier this year.

- * **Bombardier Aerospace** said it is cutting 2,000 jobs starting in November because of weak demand for its Canadair Regional Jets. The cuts include 540 jobs in Northern Ireland, and 1,440 in the Montreal area.

- * **United Airlines** will reduce the number of planes it

flies by 13 percent and shift aircraft to profitable international routes to help stem losses and exit bankruptcy protection. The changes, which include the elimination of 68 planes from its fleet of 523 aircraft, will result in an undetermined number of layoffs, according to company spokesmen.

- * **Sysco Corp.**, the nation's largest food distributor, announced last week that it has eliminated 1,500 jobs over the past two months.

- * Information technology company **Unisys** plans to cut 1,400 jobs, or nearly 4 percent of its work force.

- * **Hedstrom**, which makes children's toy and leisure products, discontinued operations last Wednesday and laid off more than 800 employees.

- * **Eastman Kodak** said it would cut nearly 900 jobs at three of its manufacturing facilities in Europe as part of the company's shift from traditional film production to digital photography.

- * **Temple-Inland**, which makes packaging and building materials, announced it was slashing 1,500 jobs and take a third-quarter charge to sell its third-party mortgage servicing portfolio and reposition its mortgage origination activities.

- * Fiber optics network operator **Global Crossings** reported it would reduce its work force by 600 jobs or 15 percent due to falling sales.

- * Electronic components manufacturer **DDi Corporation** announced 175 job cuts at its Milpitas, California plant to cut costs.

- * **Raytheon Aircraft Company** in Wichita, Kansas, is eliminating 300 jobs by shifting its wiring systems division to a plant in Mexico.

- * **Hitachi Global Storage** will cut its US workforce by 400 people by the end of the year, with the bulk of the reductions coming from its technology operations in San Jose, California operation.



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