

Layoffs mount, economic crisis deepens in the US

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11 November 2008

Monday brought a number of fresh indications—including mass layoffs, bankruptcies and negative labor market data—that the US is entering a deep economic crisis.

DHL Express, the country's third largest parcel delivery company, now joins the ever-increasing list of companies making massive cuts in its labor force. It announced on Monday that it was laying off 9,500 workers and shutting down hundreds of service centers. The cuts are in addition to a 5,400 employee reduction announced last May.

Economic conditions have also led to a reduction, for the first time since 2001, in the quantity of shipping that DHL and rivals Federal Express and United Parcel Service carry out.

The layoffs themselves will devastate the small town of Wilmington, Ohio, where DHL is headquartered. About 3,000 of the town's 12,000 residents work directly for the company, while the remainder relies on it indirectly. "They're taking away everything from me, my family, my friends—this whole town," DHL employee Sherry Barrett told CNN.

Also on Monday, Circuit City, the second largest electronics retailer in the US, filed for bankruptcy protection. Prior to the announcement, manufacturers had begun to cut off product line shipments fearing that the company would not be able to make its payments. Circuit City simultaneously announced 700 layoffs among its corporate staff.

Only one week ago the company announced that it was closing 155 of its retail stores and laying off 7,000 workers. Thousands more will undoubtedly lose their jobs

as a result of the bankruptcy announcement.

Nortel, a telecommunications firm, announced 1,300 layoffs along with a freeze on salary increases after reporting a third quarter loss of \$3.4 billion. It is not yet clear where the Canada-based corporation will carry out its latest headcount reduction, but it has operations at dozens of sites in the US and around the world.

On November 7, the nation's largest toymaker, Mattel, announced 1,000 job cuts worldwide, including more than 170 at its El Segundo, California, headquarters.

On November 6, GlaxoSmithKline, the world's second largest drug maker, announced it was laying off 1,000 workers in the US.

The financial industry is also preparing a new round of mass layoffs for 2009—as many as 150,000 worldwide and 70,000 in the US alone—according to a Monday report in the *Financial Times*.

Over the next few years, New York City may shed between 55,000 and 78,000 finance jobs according to a recent Federal Reserve Board survey. Financial sector layoffs for 2009 are likely to be made public later this month as major financial firms prepare their respective budgets for the upcoming year.

The dismissals will come on top of the massive reductions that have already taken place or are currently underway in the financial sector. Citigroup is in the midst of laying off 23,000; the collapse of Lehman Brothers and Bear Stearns has resulted in the loss of another 23,000 jobs; Merrill Lynch has fired 5,700; Morgan Stanley 4,400; and Goldman Sachs is dismissing 3,200 employees.

The series of announced layoffs—in virtually every sector of the economy—arrives on the heels of a sharp drop in employment in October, when 240,000 jobs were eliminated and the official unemployment rate soared to 6.5 percent.

Monday was also another bleak day for US auto giant General Motors. Its stock fell by 23 percent, reaching its lowest level in 60 years, after analysts for Deutsche Bank, JP Morgan, and Barclay's Capital warned investors that GM's prospects were grim.

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Deutsche Bank lowered its target for GM equity to zero dollars, predicting that GM was unlikely to avoid bankruptcy or "bankruptcy-like" conditions, and that any government bailout would not benefit shareholders.

Also on Monday, GM issued its quarterly report with the US Securities and Exchange Commission. It revealed that the mortgage component of its GMAC LLC financial arm may soon collapse, and that Delphi Corporation, GM's spun-off parts-maker, might never emerge from bankruptcy protection. GM controls 49 percent of GMAC, while Cerberus Capital Management LP, which owns Chrysler, controls 51 percent.

In another sign of a rapidly worsening economy, the Conference Board's monthly labor market index fell sharply. The Conference Board is a New York-based business research group. The index, which assesses eight employment-related economic indicators, has fallen 12 percent in one year. Part-time and temporary jobs have been especially hard hit over the past six months, the index reveals.

According to Gad Levanon, the Conference Board's Senior Economist, the data "suggests we will experience even greater deterioration in the labor market in the months ahead, and that the unemployment rate will continue to rise sharply well into 2009. The economic developments of the last two months made it clear to businesses that demand for goods and services in the US is declining, and businesses are responding by aggressively slashing their payrolls. Unfortunately," he said, "it seems this environment will persist for several more quarters and business leaders will continue reducing

their workforce."

As winter approaches, the federal government has done almost nothing to alleviate the suffering of millions of working class people who have been thrown on to unemployment lines, or who face home foreclosure, eviction, or personal bankruptcy.

The indifference of both the Democrats and Republicans to this social catastrophe engulfing millions stands in stark contrast to the alacrity with which they carry out the dictates of the financial aristocracy.

The federal government also announced an expanded government rescue package for the giant insurance company, American International Group, (AIG), this Monday, which will amount to a total of \$150 billion, \$40 billion of which will be invested directly into AIG despite the company's disclosed losses of \$24.5 billion from July through October.

According to a report by Bloomberg News, the federal government has extended over \$2 trillion in emergency loans to major financial concerns in the past fifteen months and the Federal Reserve Board has thus far refused to reveal who has received the taxpayer infusions. On November 7th, Bloomberg News filed a lawsuit against the board, demanding that it release information pertaining to the recipients of the \$2 trillion largesse, and also about the toxic assets which the US Government has now taken onto its books as collateral.



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