

US companies announce more mass layoffs

Joe Kishore
9 December 2008

The ongoing assault on jobs in the US continued unabated on Monday, with several major companies announcing planned layoffs numbering in the thousands. Nearly 2 million jobs already have been cut so far this year.

Topping the list was Dow Chemical, which announced on Monday that it would cut 5,000 full-time workers and close 20 plants next year as part of a major company reorganization. The company also announced that it would temporarily idle 180 plants.

Dow, headquartered in Midland, Michigan, is the second-largest chemical company in the world. It is the world's largest producer of plastics, including many that are used in the automotive and construction industries, two sectors in the midst of a sharp economic slump. Dow's products are used in a wide variety of production and consumption goods and is therefore a barometer of the general state of the world economy.

Dow CEO Andre Liveris said that planned cuts had been accelerated "given the deterioration of the world economy and most of our markets."

The cuts in Dow's full-time staff represent approximately 11 percent of its global workforce of 46,000. It will be temporarily idling 30 percent of its operations and cutting about 30 percent of its contract labor (6,000 jobs). The company has not given any details on which plants will be affected.

In a conference call, Liveris pledged to maintain the company's regular dividend payment to shareholders, despite the economic downturn.

The announcements at Dow come less than a week after DuPont, another major chemical maker, announced cuts of 2,500.

Also on Monday, 3M, a conglomerate that produces a wide variety of consumer and commercial products, said that it had already cut nearly 1,800 jobs in the fourth quarter of 2008, on top of 1,000 cuts in the third

quarter. The jobs have been cut in US, Europe, and Asia.

Anheuser-Busch InBev, the world's largest brewer, said it would cut about 1,400 jobs, or about 6 percent of its workforce in the US. Most of the jobs will be salaried positions at its St. Louis headquarters.

On top of earlier announced cuts of more than 1,000 salaried workers, about a quarter of the company's salaried jobs will be eliminated. In addition, Anheuser-Busch announced that it would shed 415 contractor positions.

Monday's announcements add to a bleak jobs outlook as the US enters into deep recession and possible depression. US payrolls fell by 533,000 in November, the biggest fall since 1974. Last week, a number of major companies announced thousands of layoffs, including GM (2,000 workers), AT&T (12,000 workers), and Credit Suisse (5,300 workers).

Official unemployment is at 6.7 percent, but this vastly underestimates joblessness in the US. In November alone, over 400,000 workers left the job market, meaning they are no longer counted as unemployed.

Over the next several weeks, major industrial companies in the US are set to announce their earnings projections for the next year, and analysts expect more mass layoffs.

A report in Reuters on Monday ("Wall street braced for grim views from industrials" by Scott Malone) noted, "Investors expect many US industrials to follow the lead of 3M, which on Monday set a profit target for next year that was about 12 percent lower than analysts had forecast. What will be on their mind is how General Electric, United Technologies and other manufacturers plan to ride out the deepening global recession. More job cuts are likely to be a key theme."

A CNN report cited Bernard Baumohl, chief economist at the Economic Outlook Group: "The

economy is now deteriorating with frightening speed and ferocity—it's truly horrific. We'll see significant declines going forward."

CNN reported, "Baumohl expects December's job loss total to exceed November's 533,000 announced by the government Friday, but remain in the 550,000 to 600,000 range. He predicts the economy will have lost 3 million to 4 million jobs for the two years ending Dec. 31, 2009."

Both full and temporary employment is falling off a cliff. Outplacement firm Challenger, Gray & Christmas said that job cut announcements from US companies were the second-highest on record in November. Temp agencies also shed over 100,000 jobs last month, the highest since figures began to be collected in 1985.

And this is only the beginning. The planned massive restructuring of the US auto industry—with or without a loan from Washington—will involve tens of thousands of job losses at the Big Three alone, and these losses will ripple throughout the economy. One analyst predicted that dealerships across the country would shed up to 100,000 jobs in response to the decline in sales at General Motors.

The Conference Board, an independent research group, said on Monday that job losses in the recession could total 3 million by the middle of next year. This represents approximately 1 percent of the total US population and more than 2 percent of the employed population.

A figure of 3 million job losses is in fact a conservative estimate. Including projections for December, losses for 2008 could reach close to 2.5 million, and by all indications job cuts are accelerating. Under these conditions, the 3 million figure could be reached some time early in the New Year.



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