

Tens of thousands more jobs eliminated in the US

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The massive destruction of jobs, along with attacks on retirement funds and other benefits, continues in the US, with major corporations announcing layoffs on nearly a daily basis. On Monday, companies reported more than 10,000 job cuts, followed by at least another 8,000 on Tuesday.

Macy's, one of the largest US department store chains, announced Monday its plans to eliminate 7,000 jobs, or 4 percent of its work force. The firm operates some 840 department stores—as Macy's and Bloomingdale's—across the US. It is undertaking what the media terms “a massive reorganization in the face of slumping sales and depressed consumer spending” (*Washington Post*). Company officials also reported that contributions to employees' retirement funds would be reduced.

Also on Monday, Moody's Investors Service said it might lower ratings on the 150-year-old chain, one of the most recognized American retailers, into “junk territory” after Macy's forecast significantly lower earnings for 2009.

Financial giant Morgan Stanley indicated plans to slash 1,800 jobs on Monday, on top of the 7,000 positions eliminated last year. The company, which was handed \$10 billion by the US Treasury in the wake of the crash last fall, has reported its lowest annual profits in 13 years.

Steelcase, the world's largest office furniture maker, announced on the same day that it was beginning to lay off 300 of the 600 previously notified employees and that the company would cut the base salaries of all its

North American workforce and suspend 2010 matching contributions to its retirement plan.

Farm equipment maker Deere & Co. on Monday added to the number of workers it plans to eliminate at its John Deere Davenport Works in Iowa. A total of 200 workers will be indefinitely laid off. Just days before, Deere announced 500 layoffs at its operations in Brazil.

The parent company of numerous casual dining chains, including Chili's and On the Border Mexican Grill & Cantina, reported Monday that it had laid off 155 workers last week, after closing 35 locations. Dallas-based Brinker International, with 100,000 employees nationwide, has experienced a significant decline in sales.

On Tuesday, thousands more workers received the news they were losing their jobs.

The largest cuts came at PNC, the regional bank headquartered in Pittsburgh, where officials announced plans to slash 5,800 jobs through 2011. The firm declared it was cutting back following last year's acquisition of National City bank for \$5.6 billion. PNC has received \$7.5 billion in taxpayers' money.

Also on Tuesday, Columbus, Ohio-based Huntington Bank said it would cut 500 jobs, or 4 percent of its employees. The bank, which lost \$113.8 million in 2008 and recently replaced its CEO, reported this would save \$100 million. It also froze pay raises and ended its 401(k) matching program.

The well-known New York retailer of women's

clothing, Liz Claiborne, announced the same day it would reduce its workforce by 8 percent, or 725 jobs. Liz Claiborne cut 2,200 jobs in 2008. Another women's apparel retailer, Chico's FAS, will cut 180 jobs at its Florida headquarters and shut down as many as 25 stores, the media reported Tuesday.

King Pharmaceuticals, in Bristol, Tennessee, reported its intention to eliminate 760 jobs, or 22 percent of its workers. Rockwell Collins, an Iowa-based manufacturer of aviation electronics, also announced layoffs on Tuesday: 600 jobs are going to go.

In Boston, Fidelity Investments, the world's largest mutual fund firm, said Tuesday it would begin a second round of layoffs, as it attempts to reduce its work force by 7 percent. Investors withdrew billions of dollars from mutual funds last year in response to the financial meltdown. Three thousand jobs in total are being eliminated in Fidelity's cost-cutting efforts.

A manufacturer of propeller and jet aircraft, Hawker Beechcraft in Wichita, Kansas, was expected to announce around 2,700 layoffs later in the week. A worker told television station KAKE-10 Tuesday, "We're just hearing that we're supposed to find out something either Thursday or Friday of this week. They'll give us some numbers."

In a letter to employees sent January 18, Hawker Beechcraft CEO Jim Schuster commented, "Simply put, consumer demand for aircraft and services has declined precipitously."

The auto industry reported horrendous sales figures Tuesday as it continued with efforts to wipe out decent-paying jobs. GM and Chrysler are offering buyouts to "almost all their 91,600 UAW members to make room for new employees earning half of the \$28 hourly wage of their predecessors," notes Bloomberg.com. One automotive analyst commented on the "almost desperation pace" of the automakers' recent moves. "When you offer all of your hourly workers a buyout, that's certainly a sign of a troubled organization."

According to CNNMoney, the job cuts announced in the US Tuesday "follow a brutal week, when

companies said they plan to cut more than 100,000 jobs. So far this year, at least 97 companies have said they would eliminate nearly 300,000 jobs."

Reuters reported Tuesday that, including the layoffs at PNC, "at least 312,498 job cuts have been announced worldwide by banks, insurers and asset managers since August 2007, when the credit crisis began to intensify."

A variety of economic data is due out this week, leading up to Friday's jobs report for January. Economists predict the report will show 550,000 jobs were lost last month and an unemployment rate of 7.4 percent.

In mid-January, the Economic Policy Institute issued a report forecasting "a catastrophic recession" if a program of adequate public spending was not organized by the federal government. "Unless action is taken (and fast), unemployment and underemployment will plague 35% of the labor force [or more than 50 million people] over the course of 2010, as people move in and out of a shrinking pool of jobs. In addition, the accompanying reduction in hours and wages—which has already begun—will cause a sizeable and continuous decline in income throughout this year and next (and possibly beyond)."

The study continues: "If unemployment reaches 10.2% in the middle of 2010, it will have increased a total of 5.3% from where the rate stood at the end of 2007, when the recession began. This would clearly be the largest increase in unemployment during a recession since the 1930s."



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