

US companies slash thousands more jobs in early March

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The first ten days of March have seen no let-up in the destruction of jobs in the US. Large and small corporations, as well as state and local governments, school districts, public libraries and universities, are laying off workers in the most devastating slump since the Great Depression.

The official unemployment rate reported last Friday by the Bureau of Labor Statistics (BLS) of 8.1 percent was the worst in the US in a quarter-century. The so-called underemployment rate of 14.8 percent—which also includes those who have given up looking for work and those involuntarily working part-time—gives a somewhat more accurate picture of the jobs situation. That figure jumped more than 6 percent from January to February.

More than one in seven workers in the US—an estimated 23.1 million people, according to the Economic Policy Institute—were either out of work or underemployed in February. The percent of the population employed stood at 60.3 percent, down from 63.4 percent in December 2006.

Forbes reports 15,890 layoffs at the 500 largest public companies in the first third of March, including 11,600 global job cuts at United Technologies. Officials at the aerospace, construction conglomerate and military contractor, headquartered in Hartford, Connecticut, indicated the commercial and housing construction slump was a key factor.

United Technologies Chief Executive Louis Chenevert told the media, "The economic recovery, anticipated in the second half of 2009 now appears unlikely." As for aerospace, Chenevert commented, "It looks like 2008 was the peak for commercial and business aircraft production." Conditions, he noted, "have been very challenging."

The acquisition of Schering-Plough by pharmaceutical giant Merck for \$41.1 billion, which will further enrich the companies' executives, as well as assorted bankers and lawyers, will mean the destruction of an estimated 16,000 jobs. Ongoing mergers in "big Pharma" are expected to lead to at least 35,000 layoffs in total.

The *Los Angeles Times* noted: "The [various

pharmaceutical] deals would be virtually impossible to complete if the banks had not received money from the Treasury Department under the Troubled Asset Relief Program. The bailout enabled them to lend the drug makers a combined \$31 billion.

"'These mergers are only happening now because the drug companies can get the money from the banks to make the deals happen,' said Dr. John Abramson, a clinical instructor at Harvard Medical School and the author of *Overdosed America*. 'The TARP money is supposed to be loosening up credit and keeping Americans employed. They shouldn't be using bailout money to get rid of people.'"

Delta Air Lines announced March 10 a ten percent reduction in its international seat capacity and nearly 2,100 'voluntary' layoffs. Delta's trans-Atlantic and trans-Pacific networks will be decreased 11-13 and 12-14 percent, respectively. This follows 6,000 cuts at the airline and at Northwest, before Delta bought the latter in October.

As part of the continuing bloodletting in the newspaper business, McClatchy Co. announced March 10 it was cutting 1,600 jobs. The newspaper publisher has eliminated about one-third of its positions in less than a year. Several of the chain's 30 newspapers, including the *Sacramento Bee*, the *Kansas City Star* and the *Bradenton (Florida) Herald*, have already indicated how many workers they will shed.

Sources have told Florida media outlets that Disney is carrying out "massive layoffs" at its Disney World theme park in Orlando. Reportedly hundreds of workers have been let go, although the company would not confirm the report. A drop in tourism is responsible for the cutbacks.

Fleetwood Enterprises, a maker of recreational vehicles (RVs), announced plans March 9 to shut down two eastern Oregon plants, resulting in 415 job cuts. A company official commented, "It's pretty difficult here. ... We're no different from the places where manufacturing layoffs are happening across the state." The company's stock was delisted on the New York Stock Exchange in January. In 2006 Fleetwood sold 34,500 travel trailers—in 2008, only 11,000.

La Grande, Oregon, the location of one of the Fleetwood

plants slated to be closed, already has an unemployment rate of 11.3 percent. "RV manufacturing and wood products are its top two employers," according to Oregonlive.com

Komatsu, the Japanese heavy equipment manufacturer, has stepped up plans to close plants in North America, including facilities in Quebec, Georgia, Kentucky and Wisconsin.

In an especially brutal act, the Pontiac, Michigan school board voted March 9 to lay off every district employee, 622 of them, and call them back later "as needed." The *Detroit News* quoted Sheila Williams, 56, a paraprofessional who has worked in the district for 12 years: "This is not right because it's the little people who are getting stepped on."

Eastman Chemical announced plans March 10 to slash 200 to 300 jobs in the next two months, many of them at its Kingsport, Tennessee headquarters. The company will also reduce the salaries of all US employees by 5 percent

Other major corporations announcing layoffs in March so far, according to *Forbes*, include Deere & Co. (325 employees at plants in Iowa due to weak construction demand); Northrop Grumman (750 administrative positions in California); Heil (waste and recycling collection trucks, a division of Dover, 180 jobs); General Dynamics (1,200 jobs cut "as turbulence in the aerospace sector continues"); US Steel (1,500 jobs through the closure of two plants in Ontario); and First Energy (335 workers cut to lower costs).

L.L. Bean is anticipating layoffs this year, after revenue dropped for only the third time since 1960 and, despite company claims to the contrary, strong rumors are circulating that Apple is cutting jobs.

The last week of February witnessed significant job cuts at Weyerhaeuser, JP Morgan Chase, Chesapeake Energy, Dow Corning, Coach and Micron Technology.

Significantly, large job cuts are occurring in the legal profession. On Monday, four major firms—White & Case, Morgan, Lewis & Bockius, King & Spalding and K&L Gates—cut some 300 attorneys and 522 support staff. In the 10-day period starting February 27, some 2,500 layoffs took place at well-known law partnerships.

William Brennan, a legal consultant with Altman Weil, told Law.com, "The problem is that lawyers have never seen this type of pain before. ... The layoffs have shocked many partners and created a tremendous amount of anxiety."

There is no sign of a let-up in the assault on jobs. Manpower International's survey of US employers' hiring plans came up with the worst figure since the company began polling companies in 1982. A net of -1.0 percent of firms expect to hire in the April through June period, down from 10 percent in the first quarter of 2009 and 15 percent from the second quarter in 2008. A company official commented, "That's about as bad as it gets with our survey."

The Society for Human Resource Management, which

surveys human resource professionals at more than 500 manufacturing and 500 service-sector companies, reported in early March that this month's hiring expectations had taken "a precipitous drop from a year ago. Hiring is down in March by two-thirds in the manufacturing sector and one-third in the service sector compared with 2008." The Society called this "a dramatic reversal."

In the last period for which figures are available—the fourth quarter of 2008—83 of the country's 100 largest metropolitan markets lost jobs. The most hard-hit areas were the "industrial belt of the Midwest, where problems bedeviling automakers are harming other businesses, and Florida, where a collapse of the real estate market has triggered an especially deep recession." (www.bizjournals.com)

Dayton, Ohio has the longest streak of consecutive quarters with job losses, 32—the city last added jobs in the fourth quarter of 2000. Detroit has lost jobs in 13 straight quarters, followed by Toledo (10 quarters), and then Cleveland. Daytona Beach and Palm Bay-Melbourne, Florida, had nine consecutive quarters of job losses.

The Economic Policy Institute reported March 10 that BLS figures indicate that job openings declined 7.2 percent in January, to three million, a decline of 32 percent from the start of the recession 14 months earlier. In January, there were 3.9 job seekers for every job opening and, given the jump in the February jobless figure, "there were easily over 4 unemployed workers per job opening last month." The jobless "are seeing their chances of finding a job grow ever dimmer."



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