

# US companies, governments continue to slash jobs and pay

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The US economy continues to shed jobs, wreaking havoc on countless lives, even as government officials prepare to announce the official end of the recession that began in December 2007. Some 7.2 million jobs have been destroyed since the recession began, millions of which are not coming back. Since Barack Obama took office in January, 3.4 million workers have lost employment.

At present some 30 million Americans are officially unemployed, underemployed, or have given up looking for work, and the Obama administration has no plans to address this crisis, except to “let the market take its course.”

Every day, the media carries reports of new layoffs, job furloughs, and pay cuts. Companies and every level of government are inflicting the burden of the global economic crisis on the working population, with no relief in sight. “There is no money” for health care, jobs programs, or social spending in general, the public is told, even as stocks have surged some 50 percent since their lows in March 2009, and “some large banks and Wall Street firms have roared back to profitability” (Associated Press, October 27, 2009).

The US Bureau of Labor Statistics reported October 22 that employers took 2,561 mass layoff actions (at least 50 workers each) in September, resulting in 248,000 job cuts, only fractionally down from the month before. Manufacturing jobs accounted for 33 percent of the mass layoff events. Within manufacturing, the number of initial jobless claimants was greatest in machinery (12,389) and transportation equipment (7,331).

Heavy equipment manufacturer Caterpillar, which has cut 18,700 jobs, or 16 percent of its workforce since late 2008, began informing 2,500 of its furloughed workers they were permanently out of jobs. It plans to recall 550 of the laid-off employees. The company recently reported third-quarter earnings of \$404 million, or 64 cents a share, down 53 percent from a year earlier, as revenue dropped 44 percent.

A company spokesperson asserted that the job destruction was “dictated by demand.” Caterpillar’s Bridget Young told the *Decatur (Illinois) Herald & Review*, “The world

economy is still facing significant challenges, and there’s still a great deal of uncertainty in the timing and strength of recovery. And in addition, we’re not close to the record breaking demand we experienced from 2004 to 2008.”

International Paper recently announced it was cutting 1,600 jobs, or 3 percent of its employees. The company plans to close plants in Louisiana, Oregon and Virginia, as well as an already idled mill in Oklahoma.

The closure of the paper mill near Franklin, Virginia, will mean the elimination of 1,100 jobs alone. US Senator Mark Warner (Democrat) met with officials Sunday, promising to lobby International Paper: “I don’t want to create any false hope, but we should have some effort to say, ‘Is there any way we could encourage the company to reconsider this decision?’” Company spokesman Desmond Stills promptly replied in an e-mail to the media, “The decision is to permanently close the Franklin mill.”

Pharmaceutical giant Bristol-Meyers Squibb, Comcast and Lockheed Martin all announced job cuts. Hunter Industries, which specializes in irrigation systems, notified the North Carolina Department of Commerce last week that it would close down its Cary facility, laying off 76 workers.

FairPoint Communications, northern New England’s largest telecommunications company, filed for bankruptcy October 26, with layoffs likely to follow. FairPoint already has a pay freeze in effect, and has been demanding concessions from unionized employees.

“*Forbes*, the magazine that once used ‘capitalist tool’ as a motto,” noted the *New York Times* Monday, “is now seeing the downside of capitalism. The magazine plans to lay off several staff members this afternoon, responding to the miserable advertising climate for business magazines...”

“The layoffs come after other cuts at *Forbes*, including the dismissal of 100 of about 1,000 employees in the last year or so, requiring employees to take five days of unpaid leave and ceasing matching contributions to its 401(k) program.”

*Fortune* magazine recently announced that it was reducing its frequency from 25 to 18 issues a year—layoffs are anticipated. *Business Week*, sold to Bloomberg earlier this

year, is in trouble, and *Portfolio*, Condé Nast's entry into the field of business magazines, folded in April.

The list of state and local governments carrying out severe budget and job cuts in the US is too long for inclusion in a single article. A few of the most prominent announcements, each of which will increase social misery:

Gov. Chet Culver of Iowa, a Democrat, revealed October 21 that slashing 10 percent from most state government agencies would result in nearly 800 layoffs. Culver has ordered a half-billion dollar cut in state spending in response to a dramatic decline in tax revenues.

In Pennsylvania, Gov. Ed Rendell, another Democrat, has announced hundreds of layoffs of state employees, due to cuts in spending. The job losses are expected to come right before Thanksgiving, just in time for the holidays. The state has laid off 300 workers since July.

The state of Massachusetts has laid off 726 workers over the past year, according to the Associated Press, in response to dropping revenues. With the state facing a \$600 million deficit, Gov. Deval Patrick (Democrat) is seeking concessions from state employees, while threatening as many as 2,000 job cuts.

Arizona Superintendent of Public Instruction Tom Horne has warned of "massive layoffs" of teachers next year due to that state's budget crisis. The situation is "much grimmer" than most Arizona residents realize, Horne told the state Board of Education. "I think the public will be very, very upset about that," he said, referring to the possibility of more teacher layoffs, according to AP.

The Health and Hospitals System Board in Cook County, Illinois, which includes Chicago, announced last week the elimination of 700 vacant and 335 support staff and non-clinical positions in the county's health and hospitals system. Cook County Board President Todd Stroger, in a comment aimed at assuaging public anger, said the move "threatened core services for the uninsured, underinsured and unemployed workers and their families across Cook County."

In Florida, Miami-Dade County commissioners are debating broad job and pay cuts for county employees. The board voted for some \$200 million in employee pay cuts last September to help close a \$444 million budget gap. Facing opposition from workers, the board has been unable to come up with a concrete plan for implementing the cuts. According to Mayor Carlos Alvarez, each week the board delays mandating pay reductions, the county falls another \$4 million in debt.

Washington, D.C., public school authorities recently laid off 400 school personnel, including 250 teachers. The layoffs have led to several protest rallies and lawsuits. The city's mayor, Adrian Fenty, announced that he would not

attend a City Council hearing devoted to the issue.

According to Kathy Taylor, the mayor of Tulsa, Oklahoma, with new cost-saving measures, including the laying off of 37 more city employees, "We are no longer cutting into bone, we are cutting into marrow." The city is eliminating or freezing many unfilled positions, Taylor said, as well as selling 225 underutilized vehicles from the city fleet and shutting off some lights on city-controlled expressways.

The city of Kalamazoo, Michigan, issued layoff notices to 17 employees last week, the first such notices since 2004. City Manager Kenneth Collard declared the financial situation was "as bad as it gets."

Using the threat of joblessness as a bludgeon, employers are driving down wages across the US. A piece by Diane Stafford of McClatchy Newspapers posted October 27 points out that "Compensation so far in 2009 has been cut by the largest amount in nearly two decades, with a government index of real average weekly earnings down 1.9 percent since its high point last December. And the average workweek—now down to 33 hours—is the shortest on modern record."

Stafford notes that 17 percent of employers have imposed unpaid furloughs in 2009 and since the start of the current recession, "total weekly pay for private production and non-supervisory workers has declined on a month-to-month basis in 16 out of 21 months. Total pay for that sector—which accounts for about 8 in 10 members of the work force—fell for an unbroken 10-month stretch, beginning in August 2008.

"In 1981-1982, the most recent recession in which the job market tanked as badly as this one, the same index fell for only two consecutive months."

Nearly 70 percent of US technology companies, according to AON Consulting, "have implemented salary freezes, 62 percent have had layoffs, 30 percent mandated time off, and 17 percent suspended 401(k) matches."



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