

# Lockheed Martin to cut 1,200 jobs

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Amid a raft of reports reflecting a weakening of the US economy as well as higher inflation, Lockheed Martin announced Tuesday that it will cut employment at its space systems unit by 8 percent. The company plans to eliminate 1,200 workers at plants and offices in California and Pennsylvania, on both a voluntary and involuntary basis.

Another aerospace giant, Boeing, announced its own job-cutting plans Tuesday. Boeing said it will slash 225 jobs at its Wichita defense plant this year. The first 60 layoff notices were sent out last Friday.

The negative data on the US economy combined with concerns over mounting resistance by Greek workers to a new round of austerity measures sent US stocks sharply lower Wednesday. The Dow Jones Industrial Average fell 178 points, or 1.5 percent, wiping out the gains recorded on Tuesday. The Standard & Poor's 500 stock index dropped 22 points, or 1.7 percent, and the Nasdaq composite index declined by 47 points, or 1.8 percent.

The New York Federal Reserve Bank announced Wednesday that its business conditions index for June fell below zero for the first time in seven months, reflecting a sharp deterioration in manufacturing activity in the New York region. The index fell twenty points to negative 7.8. Economists surveyed by Bloomberg News had forecast a much smaller decline from May to a level of plus 12. Readings below zero signal economic contractions.

Compared with earlier surveys, fewer companies said they planned to hire. Forty one percent of businesses said they planned to add more workers in the coming year, compared to 52 percent in January.

The New York Fed report heightened fears that the 5,000 drop in US manufacturing jobs recorded in the Labor Department's employment report for May was more than a temporary decline caused by supply chain disruptions arising from the Japanese tsunami and

nuclear crisis, and instead signaled the beginning of a new manufacturing slump.

The dismal Fed report came one day after the National Federation of Independent Business released the result of its May survey, showing that more small businesses in the US expect to cut jobs than those expecting to add them. The report showed the worst hiring prospects in eight months. Only 13 percent of the firms surveyed plan to increase employment, compared to 16 percent in April and 18 percent in March.

Inflation, meanwhile, has grown significantly faster than expected. The Labor Department said Wednesday that consumer prices excluding food and energy grew in May at the most rapid rate in nearly three years. So-called "core" prices jumped 0.3 percent, significantly higher than the 0.1 percent expected by economists.

The Consumer Price Index for all items rose 0.2 percent last month, resulting in a year-on-year inflation rate of 3.6 percent. Over this period, average hourly earnings for US workers increased by only 1.8 percent, meaning that real average hourly earnings fell by 1.8 percent.

The higher-than-expected inflation figures came despite a fall in energy prices, which dropped by 1 percent in May. Prices for new vehicles and apparel were among the drivers of increased inflation.

Also on Tuesday, the Commerce Department said US retail sales shrank for the first time in 11 months, falling by 0.2 percent in May. The Commerce Department said auto sales fell 2.9 percent, the biggest decrease since February 2010.

These figures are only the latest in a string of negative economic data. The Labor Department's employment report for May, released June 3, showed a near collapse in new jobs, with the economy generating a mere 54,000 net increase in payrolls. The official jobless rate rose to 9.1 percent, an increase of 0.3 percent since March.

The signs are mounting that two years and nine months after the Wall Street crash, and two years after the official end of the US recession, the American economy is slowing markedly. The downward trend is, moreover, global, affecting Europe, Japan, China and India.

Amid rising joblessness, falling wages and growing social distress, the Obama administration has made clear it has no intention of proposing any public works projects or other forms of government hiring. On Monday, Obama delivered a speech in Durham, North Carolina in which he touted his plan to slash business regulations, boosting corporate profits in the name of “job creation.”



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