

Whirlpool cuts 5,000 jobs, other US companies prepare for economic slowdown

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Whirlpool, the world's largest appliance manufacturer, announced plans Friday to cut 5,000 jobs, about 10 percent of its workforce in North America and Europe. The company, whose brands include Maytag, KitchenAid, Jenn-Air, Admiral and Amana, will close its Fort Smith, Arkansas refrigerator plant by mid-2012, resulting in the loss of 1,000 or so jobs. It will also shift dishwasher production from Neunkirchen, Germany to Poland in January of next year.

This comes on top of layoff announcements this past summer at major firms: 13,000 jobs at Merck & Co. by 2015; 6,500 at Lockheed Martin; another 6,500 at Cisco Systems; 2,000 at Research in Motion; and 1,000 at Goldman Sachs Group.

John Challenger of Challenger Gray & Christmas, which tracks job losses, commented to CNBC: "These layoffs were very broad-based. Many of these companies are iconic companies, well known, big names." Challenger indicated that September 2011 was the worst month for announced layoffs in the US in over two years, with private and public sector employers eliminating 115,730 workers, twice the number laid off in September 2010.

MoneyMorning.com, which refers to "Jobs Under Siege" and a "Dim Outlook," notes that numerous major US companies, "Anticipating a sluggish economy for the rest of this year and into 2012 ... have set aside money to pay for possible layoffs and plant closures. Such moves will help corporations maintain earnings growth, but will add pressure to the U.S. unemployment rate, which for more than two years has been stuck around 9 percent."

The *Wall Street Journal* adds, "Despite another quarter of robust corporate profits, an ominous impulse is stirring at many big companies—more restructuring, more job cuts." The *Journal* refers to plans by Danaher, United Technologies (which announced 540 layoffs in its Sikorsky helicopter unit in September) and Honeywell International to set aside hundreds of millions of dollars for such restructuring.

The newspaper cites the blunt comments of Jeff Sprague, managing partner at independent research firm Vertical Research Partners: "The consumer is dead, construction is dead, so if the industrial sector pulls back, then we don't have too much else to lean on.... At the margin it certainly is worrisome. It could feed on itself."

The financial sector is continuing to bleed jobs, and many more layoffs are expected, as the impact of the European debt crisis is felt. Bank of America's Merrill Lynch unit and HSBC Holdings PLC have announced thousands of job cuts.

New York City's securities industry has lost 4,100 jobs since April 2011, and the Office of the State Comptroller forecasts the city could lose another 10,000 jobs by the end of next year, according to CoStar Realty Information. "It now seems likely that profits will decline sharply from last year's level, job losses will grow, and cash bonuses will be smaller," the state comptroller reported. "Such developments would have a ripple effect through the rest of the local economy and hinder the recovery."

The banking sector in New York lost some 13,000 jobs between December 2006 and November 2009. It has since recovered 2,000 jobs, but, writes CoStar, "recent announcements of large-scale layoffs are likely to include jobs in New York City. Overall, the financial services sector ... in New York City lost 46,900 jobs during the recession.... While financial services recovered 10,600 jobs through August 2011, the sector is likely to experience significant job losses over the course of the next year, the comptroller's office reported."

Officially, 14 million people in the US are unemployed, and some 26 million, or 16.5 percent of the workforce, are out of work or involuntarily working part-time. The Obama administration has offered nothing that would improve the condition or prospects of the jobless, millions of whom have been six months or more without work.

And the ranks of the underemployed in particular are growing. The number of those working part-time involuntarily rose for a third consecutive month in September 2011, by nearly half a million people. *US News & World Report* points out, "Almost 9.3 million Americans are considered underemployed, defined by the Bureau of Labor Statistics as working part-time for economic reasons, such as unfavorable business conditions or seasonal declines in demand. That's up from just over 8 million in July," although the number is down from the peak in September 2010.

Gallup, which conducts its own survey, puts the total number of jobless and those working part-time, which it collectively terms the "underemployed," at 18.5 percent in mid-September.

The pollsters write: “Nearly one in five Americans remain underemployed this year, as was the case a year ago, and the figures are worse for certain subgroups, including 28.9 percent underemployment for those 18 to 29, 23.1 percent for those who have not attended college, and 27.8 percent among blacks.”

Patrick O’Keefe, director of economic research at accounting firm J.H. Cohn and former deputy assistant secretary in the U.S. Department of Labor, told *US News* that “The labor force is substantially underutilized relative to what we experienced in most of the post-World War II period.” From 2003 to 2007, the number of Americans working part-time for economic reasons averaged about 3 percent of the labor force; over the past year, the average has been double that, 6 percent.

This is not simply a matter of a dangerously inadequate paycheck, as serious as that is. In the US, part-time workers are often excluded from health care coverage or receive entirely inadequate coverage, thus endangering their health and the health of their families. Some 50 million people in the US went without health insurance in 2010, an increase of almost a million from 2009.

In addition to the 26 million employed or underemployed, Paul Osterman, co-author of *Good Jobs America: Making Work Better for Everyone* and co-director of the MIT Sloan Institute for Work and Employment Research, estimates that some 20 percent of those working full-time have jobs that pay poverty-level wages. “I’d consider that to be another version of underemployment—mainly jobs that are just too low-quality,” reports Osterman.

Mass layoffs (involving 50 or more workers), as defined by the US Bureau of Labor Statistics, continue to occur at a rapid pace.

In the wake of the September 2008 financial crash, mass layoffs soared, reaching a peak in February-May 2009. February of that year witnessed the greatest number of jobless claimants as a result of such layoffs (315,507); in March 2009, manufacturing suffered the largest number of mass layoff “events” (1,205); and in May 2009, the largest number of total such “events” occurred (2,758).

As the *Wall Street Journal* notes, “Having been slow to rehire after cutting back during the recession, American companies already are running lean. But they still are looking for ways to squeeze more efficiency and profit out of their operations.” So while the current numbers do not yet match the 2009 totals, they are considerable. Employers took 1,495 mass layoff actions in September 2011, involving 153,229 workers, with 376 of those actions in manufacturing (39,929 workers).

Whirlpool blamed its job cuts on “weaker than expected global industry demand and elevated material costs.” Appliance makers are being hammered around the world. Sweden’s Electrolux reported October 26 that its third-quarter net income fell 39 percent and lowered its 2011 demand forecast in North America and Europe.

The Whirlpool job cuts in Fort Smith, Arkansas (the second-largest city in the state, population 86,000) will deal a heavy economic blow. The plant, built in 1966, currently makes refrigerators, trash compactors and related parts. Employment at the facility reached a high point of 4,600 as recently as early 2006. Whirlpool has been laying off workers by the hundreds at a time in Fort Smith over the past several years. However, the shuttering of the plant will have an impact beyond the 1,000 or so workers (884 hourly and 90 salaried) who remain.

A local newspaper observed that the decline in Whirlpool production has already “resulted in the closure of other operations.” Southern Steel & Wire, which made parts for Whirlpool, closed its plant in the city at the end of 2010, resulting in the loss of 117 jobs. “Fortis Plastics recently informed the city of Fort Smith it would close its plant sometime between Nov. 4 and Nov. 18. … The plant employed about 100 in recent months, but at one time employed as many as 230 in Fort Smith.” More will follow.

A small but spirited “Occupy Fort Smith” rally took place October 15, two weeks prior to Whirlpool’s announcement. Participants held up signs, including “Stop Censorship in Media,” “Corporations are Not Human Beings,” “Down with corporatism now,” “Power to the people, not corporations,” and “Bank Robbers, What Would Judge Parker Do?” (a historical reference to “Hanging Judge” Isaac Parker, who presided over the US District Court for the Western District of Arkansas 1875-1896 and remains something of a local celebrity).

Protesters in Fort Smith chanted, “Banks got bailed out, we got sold out.” One woman holding up a sign that read “We are the 99 percent,” commented, “If you didn’t make \$100 million last year, you’re one of us.”



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