

Cisco announces 1,300 job cuts

Layoffs mount in slumping US economy

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Observing the presidential campaign, one would hardly guess that the US economy is slumping once again, with layoffs mounting across all sectors and grim economic news breaking daily. Seemingly oblivious to the jobs crisis, the two candidates and their big-business backers have nothing to offer in the way of relief for the millions of Americans who are being economically devastated by the crisis.

This week, Cisco Systems, the biggest maker of computer-networking equipment, announced plans to eliminate about 1,300 jobs, or 2 percent of its workforce. The cuts are part of a “continuous process of simplifying the company, as well as assessing the economic environment in certain parts of the world,” according to an email sent out by the San Jose, California-based company.

Last week, New Jersey-based Daffy’s, a retailer of discount designer brands, announced it would wind down its operations over the next several months, closing its 19 stores and laying off 1,300 employees.

All signs point to a continued slowdown of the economy, with persistent long-term unemployment and anemic job growth. In an appearance last week before Congress, Federal Reserve Chairman Ben Bernanke made clear that unemployment would continue to remain at near-Depression levels for at least several more years.

The official US jobless rate remained steady in June, at 8.2 percent, and only 80,000 jobs were added to payrolls, the third straight month of sub-100,000 job growth.

The Fed chief pointed to the tepid 2 percent growth of gross domestic product (GDP) in the first quarter of 2012 and indications that GDP gains would be smaller still in the second quarter. He called on Congress to adopt a plan

for major social spending cuts and other deficit reduction measures.

CEO pay and profits continue to skyrocket and corporations are sitting on a cash hoard of trillions. At the same time, more and more companies are demanding brutal wage and benefit cuts.

On a daily basis, US corporations announce layoffs and cost-cutting measures. No segment of the economy is immune, with job cuts hitting a wide range of industries, including manufacturing, banking, technology, energy and retail. Cuts in the private sector come as local and state governments continue job-shedding that has cost hundreds of thousands of workers their jobs.

The banking and financial sector announced major cuts over the last week, with Wall Street anticipating an extended period of weak global economic growth. So far this year, US banks have announced more than 17,000 job cuts, according to outsourcing firm Challenger, Gray & Christmas. These come on top of close to 64,000 layoffs announced by the banks last year.

Investment bank Morgan Stanley, which posted a sharp decline in second-quarter revenue, plans to slash its payroll by about 1,000 this year to meet its target of eliminating 7 percent of the 61,899 employees it had at the end of 2011. Goldman Sachs, Bank of America and Deutsche Bank are also planning fresh rounds of staff cuts in their trading and underwriting businesses.

Citigroup, the third-largest US bank, plans to cut an additional 350 jobs this year from its securities division, a reduction equal to about 2 percent of the unit’s staff. These cuts come on top of the 1,200 job cuts Citigroup announced in January. Chief Financial Officer John Gerspach warned that these numbers could rise if the

bank's revenues do not rebound.

Credit Suisse will eliminate 138 jobs in Manhattan, beginning in August. Switzerland's second-largest bank announced last year that it would be cutting 3,500 jobs in an effort to slash costs in operations.

US technology firms have continued to slash jobs in 2012. According to Challenger, Gray & Christmas, Hewlett-Packard's March announcement of 30,000 job cuts has pushed tech firm layoffs to a three-year high. Combined, tech companies have announced more than 51,000 job cuts in the first six months of 2012, a 260 percent increase over the same period last year.

Manufacturing contracted in June for the first time in three years, according to the Institute for Supply Management. This is reflected in cities and small towns across the country, as factories big and small announce job cuts.

Honeywell is laying off 238 workers at its Metropolis Works facility in Metropolis, Illinois. The plant produces fluorine products, including uranium hexafluoride used for nuclear fuel.

New Britain, Connecticut-based Stanley Black & Decker, maker of tools and security systems, says it will reduce its workforce in an effort to save \$100 million a year. A company spokesman provided no estimate on the number of job cuts, which will mainly affect salaried employees.

Ryder System Inc., which operates a truck rental fleet in addition to other transportation services, announced Tuesday it has eliminated 450 jobs.

In the energy sector, electric utility FirstEnergy Corp, Toledo Edison's parent firm, said this week that it would begin downsizing operations at its Bay Shore plant in Oregon, Ohio by permanently laying off workers. First Energy is retiring three coal-fired generators, which will eventually result in 73 job losses.

PBS Coals, Inc. of Somerset, Pennsylvania announced last Friday that it plans to idle some of its mines, yet to be specified, laying off 225 workers.

Higher education-related employment has also been

hard hit. DeVry Inc., which runs for-profit DeVry University and DeVry Institute of Technology, said Monday it plans to eliminate about 570 jobs, despite projected profits of between \$500 million and \$512 million in the quarter ended June 30.

Also on Monday, Mountain State University in Beckley, West Virginia said that 50 percent of the school's workforce would be laid off as of September 21. The 150 layoffs—which will hit all administrative, faculty and staff levels—come as the institution faces a loss of accreditation and an appeal process that could take 10 to 16 weeks.

National chain store sales fell 1.3 percent in the first three weeks of July compared to June, according to the Johnson Redbook Index. Earlier this month, electronics retailer Best Buy announced plans to cut about 2,400 jobs, including 600 of its Geek Squad technicians. The cuts represent 1.4 percent of the company's 167,000 workforce. The cuts come on top of layoffs set in motion in March, when Best Buy announced 50 store closings in an effort to stem nearly two years of quarterly declines at stores open at least a year.

Reflecting the gloomy economic outlook, consumer confidence declined in July to the lowest level this year, according to the Thomson Reuters/University of Michigan index of consumer sentiment. With layoffs mounting, and few consumers expecting their incomes to increase, the consumer confidence index dropped to 72 this month from 73.2 in June.

Bloomberg commented on the figures: "The weakest quarter of hiring by companies in two years along with stock market volatility tied to Europe's debt crisis threaten to hold back the household spending that accounts for about 70 percent of the economy."



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