

# Cisco to cut 4,000 jobs

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15 August 2013

Cisco Systems, the networking equipment maker, announced Wednesday that it will lay off 4,000 employees, amounting to 5 percent of its global workforce. The layoff announcement came at a conference call with analysts where CEO John Chambers said the company's profits rose 18 percent in the fourth fiscal quarter.

Chambers explained the layoffs by saying, "the environment in terms of our business is improving slightly but nowhere near the pace that we want." Even though the company's revenue rose 6 percent in the last quarter, Chambers told analysts that he expects revenues to rise by only 3 to 5 percent in the coming period. Following the layoff announcement, Cisco's stock price fell 9.5 percent to \$23.88.

Cisco is the world's largest global producer of networking equipment. According to the *Wall Street Journal*, Cisco is seen as a bellwether for computer hardware and software companies. Its international presence and the fundamental role networking equipment plays in technology industries suggests other companies will follow its lead.

The company has steadily increased its bottom line. Cisco's profits in the last quarter were \$2.27 billion, or 42 cents per share, up from \$1.92 billion a year ago.

This is the second time in recent years that Cisco has cut thousands of jobs. In July 2011, the company laid off 6,500 employees in response to two quarters of reduced profits.

On Tuesday Pratt & Whitney laid off 400 salaried employees, HP fired 500 people in their service center, and Heinz announced 600 layoffs. On Monday Micron Technology announced plans to cut 1,500 jobs from its global workforce.

These continued mass layoffs show the nature of Obama's "economic recovery." While profits soar for corporations, full-time jobs are destroyed, and if they are replaced it is with part-time or contract work.



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