

The real face of the economic “recovery”

## Mass layoffs hit North America, Europe and Japan

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A wave of layoff announcements over the past week has exposed the reality of the economic “recovery” touted by the Obama administration and governments worldwide. Deep-going job cuts are hitting the manufacturing, pharmaceutical, technology and retail sectors across North America, Europe and Japan.

Despite stagnant revenues, reflecting sluggish economic growth, companies are reporting booming profits. These profit gains are almost entirely due to a relentless assault on jobs, wages and working conditions being carried out by the ruling class.

The layoff of tens of thousands of workers comes amid news of unprecedented compensation packages for the heads of major US corporations. It is combined with ruthless austerity measures in the US and across Europe. As the chasm between rich and poor continues to grow, social programs and benefits upon which millions rely are being gutted.

- Weatherford International plans to cut its global workforce by 7,000 by mid-2014. The oilfield services company, which currently employs more than 65,000 people, hopes to generate annual cost savings of \$500 million with the job cuts.

- Vehicle maker Volvo announced Thursday that it will lay off 4,400 employees in 2014, including a previously announced reduction of 2,000 jobs. CEO Olof Persson said the layoffs would affect workers worldwide.

- Chemical maker Ashland Inc. will cut up to 1,000 jobs as part of a restructuring program being carried out under pressure from investors to boost “shareholder value,” i.e., share prices. With revenue remaining flat at \$1.9 billion for the quarter ended December 31, Ashland aims to save \$150 million to \$200 million

annually from the restructuring.

- Swiss drug maker Novartis plans to eliminate or transfer up to 4,000 jobs. The plan will affect up to 6 percent of the company’s workforce and is part of a larger plan to cut costs, including the closure of production sites. Pharmaceuticals are under increasing pressure from investors to restructure in response to expiring drug patents and government efforts to cut health care costs.

- British-Swedish multinational drug maker AstraZeneca has increased its job-cutting toll to 5,600, raising by 550 last year’s announced layoff of 5,050. The company expects the job cuts, to be completed by 2016, to bring annual savings of \$2.5 billion.

- Japanese tech giant Sony confirmed that it will sell its struggling PC unit to investment firm Japan Industrial Partners and cut some 5,000 jobs in its TV, PC, marketing and other departments.

- A mass layoff program began this week at Dell Inc., the multinational computer technology company, with over 15,000 people expected to lose their jobs. A source speaking to the *Register* described the impending job cuts as “a bloodbath.”

- US tech companies have also announced layoffs. Massachusetts-based EMC Corp. has approved a restructuring plan that will result in layoffs “similar in size” to job cuts of more than 1,000 last year.

- Several hundred people will be laid off as early as this week at Disney’s Interactive group. The job cuts will come mostly from Disney’s Playdom unit, which produces games for social media platforms.

- Time Inc., publishers of *People*, *Time*, *Sports Illustrated* and *In Style*, began job cuts on Tuesday expected to number about 500.

- North American manufacturers are shedding workers as companies close plants and make across-the-board cuts. Five hundred workers will lose their jobs beginning next week as International Paper shuts down the remaining two paper machines at its plant in Courtland, Alabama and winds down production at the facility.

- GenCorp Inc. announced Tuesday it is eliminating 225 jobs nationwide as it seeks to “eliminate redundancies and achieve efficiencies” following its \$550 million acquisition of Pratt & Whitney Rocketdyne.

- Pittsburgh-based US Steel is laying off nearly a quarter of the non-unionized workforce at its operations in Nanticoke and Hamilton, Ontario—about 175 workers. The steelmaker’s operations in Hamilton, which once employed 15,000, will be trimmed to around 820 workers.

- Michigan-based Kellogg Co. said Tuesday it will close its Charlotte, North Carolina snack factory by the end of 2014 at a cost of 195 jobs.

- Retailers in the US and Canada announced major layoffs along with store closures. RadioShack will close 500 of its 4,300 stores.

- Best Buy in Canada is laying off 950 workers at stores in British Columbia, Quebec, Manitoba, Alberta and Ontario.

- Sears Canada announced layoffs Wednesday for the second time this month, eliminating 634 jobs. Two weeks ago, the company said 1,600 positions would go as it moved ahead with plans to close its Canadian call centers and reduce warehouse staff.

- United Airlines said last Saturday it would drop its hub in Cleveland, slashing many of its daily flights and eliminating 470 jobs. The hub formerly served Continental Airlines, which merged with United in 2010.

Even as they continue to attack jobs and wages, the corporations, with the full backing of the Obama administration and governments worldwide, are sitting on massive cash reserves. US corporations are estimated to be holding a cash hoard of \$1.5 trillion.

Instead of using this money for productive investment and an expansion of employment, the corporate-financial elite is using it to finance speculative operations and stock buyback programs that drive up share prices and further enrich corporate CEOs and big

investors—at the expense of the living standards of billions of people around the world.



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