

# Boeing announcement brings US job cuts to 500,000 in 1998 jobs

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Boeing's announcement Monday that it will cut an additional 20,000 jobs over the next two years makes it the latest in an expanding list of major US-based corporations to enact sweeping work force reductions. This is the second round of downsizing this year for the Seattle-based aircraft manufacturer. This summer Boeing said it would slash its labor force by 28,000.

The total cutback of 48,000 jobs represents a 20 percent decline from the high level of 238,000 workers reached last June, making it one of the largest industrial restructurings in history. Thousands of the cuts will take place at Boeing's Long Beach, California plant.

Boeing officials attributed their decision to a fall-off in aircraft orders, particularly in Asian markets hard hit by financial crisis and recession. The giant corporation has lowered its net earnings forecast for 1999 from \$2 billion to between \$1.5 billion and \$1.8 billion. The company said its deliveries of commercial aircraft will fall from 620 in 1999 to 490 in 2000. Boeing's problems are almost certain to trigger cuts at major subcontractors, such as Los Angeles-based Northrop Grumman.

The downsizing statement by Boeing came on the heels of merger announcements that will also mean large-scale job reductions. **Exxon's** purchase of **Mobil** will result in the elimination of some 9,000 jobs worldwide. Some 5,500 jobs will be eliminated as a result of the merger between **Deutsche Bank** and **Bankers Trust**.

Other US corporations announcing major layoffs and job cuts over the past several days include:

- **Kellogg Co.** The world's largest cereal maker is cutting 525 salaried jobs, or about 20 percent of the salaried positions at its North American operations. It is also cutting 240 contract positions, such as those held by temporary workers. The cuts will affect 311 workers

at its Battle Creek, Michigan headquarters.

- **ITT** will eliminate 1,200 jobs.

- **BF Goodrich.** The tire manufacturer will cut 775 jobs.

- **Union Pacific Resources Group Inc.,** one of the largest independent US oil and gas exploration companies, said December 2 it will cut 138 jobs, or 14 percent of its headquarters staff.

Companies that announced major job cuts at the end of November include:

- **Occidental Petroleum Corp.,** which announced it will slash 1,040 jobs, or 25 percent of the staff at its various headquarters.

- **Amway Corp.** said it will eliminate 542 jobs, or ten percent of its US work force. A total of 250 workers will be laid off and another 292 will take early retirements.

- **Deere & Company,** the world's largest farm-equipment maker, said it will lay off about 2,400 workers for several weeks.

- **DaimlerChrysler AG,** created by the merger of Daimler Benz and Chrysler, said it will idle 348 workers at its Fenton, Mo. minivan plant.

So far this year over 500,000 jobs have been eliminated at major US corporations, making 1998 the worst year for layoffs in a decade. But the trend is by no means limited to the US among the major industrialized countries.

British workers have been hit by a similar wave of

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downsizing in recent weeks, and a new report by the UK's Chartered Institute of Purchasing Managers warned of a "bloodbath" in the nation's manufacturing sector if present trends continue. British manufacturers reported falls in levels of output, orders and the price of goods they produce to record lows in November. The index compiled by the institute showed that the manufacturing sector is contracting at its fastest rate in seven years. "What is really depressing is that domestic demand is so weak," said Peter Thomsom, the institute's director.

The corresponding report for the US, compiled by the National Association of Purchasing Management, said the American manufacturing sector declined in November for the sixth straight month. The report showed a falloff in new orders, imports and exports at many US factories.

In France, labor unions are braced for job cuts in the pharmaceuticals industry following the announcement of a merger between Rhone-Poulenc SA and Germany's Hoechst AG.

Mergers have played a major role in the spread of layoffs. So far this year there have been 54,908 merger-related job cuts in the US, an increase of 48 percent over the total for all of 1997.

But an important factor in the growing tide of corporate mergers is the highly unstable state of international finance, which is fueling recession in Asia and other parts of the world and a deflation in commodity prices. Oil industry analysts attribute the string of corporate mergers--Exxon-Mobil, British Petroleum-Amoco, Total-PetroFina--to slackening demand, especially in Asia, and plummeting crude oil prices.

The new wave of corporate restructuring is an indication that the economic crisis devastating large parts of Asia, Russia and Latin America is having a growing impact on the major industrialized countries of North America and Europe, setting the stage for a general descent into slump.

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