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Wang, Baby Bells lead in job losses

by Anthony K. Wikrent

New claims for unemployment benefits in the United States took their highest leap in over 10 years the second week of August, with a 71,000 increase over the previous week. Though government officials dismissed the jump as resulting from a two-week shutdown of all General Motors plants in the United States earlier in the month, the leap in claims once again highlights how farcical are the assertions of the Bush administration, Congress, media pundits, professional economists, and business leaders, who all refuse to acknowledge the depression collapse of the U.S. economy.

The leader in job losses was Wang Laboratories, Inc., the early 1980s innovator of office word-processing computer equipment headquartered in Lowell, Massachusetts, which filed for Chapter 11 bankruptcy protection on Aug. 18, with $1.3 billion in debts, but only $1.0 billion in assets. Wang announced that as part of its "downsizing," it was eliminating 5,000 jobs, or 38% of Wang's remaining work force of 13,000, over the next few weeks. At its peak in the mid-1980s, Wang had 31,500 employees.

Two days later, Ameritech Corp., parent of the Bell Telephone companies serving Illinois, Indiana, Michigan, Ohio, and Wisconsin, announced it is eliminating 2,500 management jobs by next April.

"This program is part of a continuing attempt to streamline our operations, eliminate obsolete or redundant work, and create more efficient and nimble organizations," said Martha Thornton, Ameritech senior vice president of human resources. "By eliminating certain positions and reducing our management layers, and concurrently empowering our employees and redirecting our business, we expect to be leaner and more successful. . . . Because our industry is changing so rapidly and will continue to do so in the future, we must constantly evaluate our operations and adjust accordingly if we are to remain successful," he said.

The following day, it was New York's turn. Nynex Corp., the regional telephone company serving New York City and New England announced the termination of up to 1,800 management jobs as part of a plan to reduce costs and stay competitive in the telecommunications market. The cuts are part of a staff reduction program announced by Nynex in September 1991, and will affect 500-1,000 management employees at New York Telephone, 350-400 at New England Telephone, and about 400 at Telesector Resource Group in White Plains, New York.

Other, smaller cuts in employment came in a wide range of other industries, demonstrating that the economic downturn in the United States is not localized to any one geographic region or economic sector. LSI Logic Corp., in Milpitas, California, which specializes in making custom-designed microprocessors and integrated circuits, announced it had slashed 175 jobs, or 4% of its work force. Most, but not all, of the job losses are actually in Germany, where LSI has an assembly and testing facility in Braunschweig.

Wilfred Corrigan, LSI's chairman and chief executive officer, said, "The reality is that our cost structure is out of line with the current level of revenues and we are compelled to reduce costs, and do it quickly." He also warned that LSI plans to eliminate more jobs, and said that over the next 18 months, significant amounts of "sub-micron" volume manufacturing now performed in the United States would be transferred to a joint-venture wafer factory in Japan, due to open next year. "Over time, the work force will be adjusted in accordance with the changes anticipated for the company's manufacturing requirements," said Corrigan.

Environmental costs too high

Sun Co. announced Aug. 25 that it was ending gas marketing operations at its refinery in Tulsa, Oklahoma, because of poor operating margins and the rapidly escalating costs of meeting new environmental regulations. The action results in the loss of 200 of the 490 jobs.

"Today's environmental regulations are causing U.S. refiners to either incur significant costs or to realign or close their operations," said Robert Campbell, chairman of Sun. "In our case, the prospective investment of more than $150 million over the next five years, primarily for environmental purposes, was too staggering to maintain our current fuels operation, given the poor level of profitability in our Tulsa system and the refining industry in general," he said. "We examined numerous options, including outright sale of the refinery, joint venture, and closure, and believe we arrived at the best choice, given the impact on all constituents."

Mentor Graphics Corp., of Wilsonville, Oregon, which produces electronic design systems for the electrical engineering industry, announced Aug. 26 that it would cut 100-200 jobs from its present work force of 2,400.

Komatsu Dresser Co., the construction equipment-manufacturing joint venture between Komatsu Co. of Japan and Dresser Industries, laid off 22 workers at its Peoria, Illinois plant on Aug. 21, and announced that 78 more will be laid off by the end of the month, leaving about 890 workers. The company said the layoffs are necessary because the world market for mining trucks continues to be "severely depressed." The week before, Komatsu Dresser announced it is closing its Libertyville, Illinois plant, putting 200 people out of work. The company said the plant, just remodeled two years ago at a cost of $25 million, will be mothballed for two years.

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