

Mass layoffs in US belie talk of economic recovery

By Patrick Martin
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Giving the lie to claims by the Obama administration and the media that an economic recovery is under way in the United States, major employers announced tens of thousands of new job cuts this week.

The pace was set by the Obama administration itself, with the US Postal Service (USPS) ordering the biggest single jobs massacre in more than a year. Some 35,000 positions are to be eliminated by October 1, part of an overall plan to cut 150,000 jobs over several years.

Postmaster General Patrick Donahoe said Thursday that the USPS would close or consolidate 223 mail processing plants, about half of the total, to cut \$2.1 billion from its costs. The job cuts will begin in late May after the expiration of a six-month moratorium imposed last year. There will be a combination of attrition and layoffs affecting 30,000 career employees and 5,000 temporary workers, most of whom have worked for the post office for a lengthy period.

The attrition rate will be forced up as workers are offered transfers to other mail processing plants, in some cases hundreds of miles from their homes, while others are pressured to retire, even though the Postal Service is seeking to reduce its contributions to health care and pensions for retired workers.

According to press reports, nearly every state will lose at least one mail processing plant, with California being the hardest hit—losing 14 plants. Twelve plants are to close in New York state, including sorting centers in Brooklyn and Staten Island, and 9 in Illinois.

As a result of the closures, mail will have to travel farther to be sorted and routed to its proper destination, making it necessary for the Postal Service to end its guarantee of next-day delivery for most first-class mail. This, in turn, will drive business away from the mail, boosting the profits of competing private delivery services and setting the stage for even more cutbacks.

The Postal Service is also targeting as many as 3,700 post offices for closure, most of them in rural and impoverished urban areas, while planning to raise the price of a postage stamp to at least 50 cents.

Donahoe made it clear that the closure of sorting plants will mean stepped up exploitation of the workers at the plants that remain open. “We have capacity in our processing plants to process about double the letter mail we have in our system now,” he said. USPS wants the sorting centers to run at least 18 hours a day instead of the present average of 10-12 hours, so many more workers will be put on evening and overnight shifts.

The *Washington Post* reported that the US Postal Inspection Service, the armed police of USPS, “said it planned to step up patrols at some locations in anticipation of potentially adverse reactions by workers.” A spokeswoman told the newspaper, “It is our mission to ensure the safety and security of the employees, customers and the mail system,” while indicating that no specific threats had been received.

The postal job cuts were by far the largest and most sweeping in terms of their national impact, but several big corporate employers also announced major cutbacks.

Potentially as significant is the restructuring announced by Sears Holdings. The firm, controlled by billionaire Edward Lampertz, owns both Sears and K-Mart stores.

The company said it would raise \$770 million by selling off 1,250 stores and considerable prime real estate, but it gave no estimate on the number of jobs that would be affected or how many of the targeted stores would actually remain in business. Given the number of stores, at least 10,000 to 20,000 jobs are threatened. Stock in the company jumped by 19 percent Thursday despite its announcement of a \$2.4 billion

quarterly net loss.

Procter & Gamble, the largest US consumer products manufacturer, said Thursday it would eliminate 5,700 jobs over the next year and a half, on top of a cut of 1,600 jobs announced earlier this month. Wall Street bid up the price of the company's stock by nearly \$2 a share in response, a rise of better than 3 percent.

Archer Daniels Midland, one of the largest US food processing conglomerates, said Tuesday it was increasing its job-reduction target from 1,000 to 1,200 worldwide. The initial announcement in January was the company's first-ever mass layoff, and 7 percent of workers at the corporate headquarters in Decatur, Illinois have already left the company, with 160 taking early retirement and 175 laid off. The additional layoffs will include the closure of an ethanol plant in Walhalla, North Dakota, eliminating 61 workers.

Other industrial workers are losing their jobs: 330 at Appleton Paper's plant in West Carrollton, Ohio, a suburb of Dayton, and 121 at the YRC Worldwide trucking terminal in Columbus, Ohio, including 64 drivers, 33 dock workers, 18 mechanics and six switchers.

School employees continue to be decimated by layoffs from coast to coast. In Woonsocket, Rhode Island, the school board voted Wednesday to send layoff notices to all 600 teachers in a procedure that gives school officials complete flexibility in deciding which teachers will be brought back next year.

In Long Beach, California, the school board voted Tuesday for the layoff of more than 300 workers, including the entire teaching staff at the Head Start preschool program, in anticipation of a \$189 million budget deficit for the coming school year.

The federal Bureau of Labor Statistics found that during the month of January employers took 1,434 mass layoff actions—defined as the elimination of at least 50 workers—affecting a total of 129,920 workers. The actual number of mass layoff actions, not seasonally adjusted, was 1,705, affecting 141,703 workers.

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