

# UNEMPLOYMENT IN THE US AND CANADA: New Round of Mass Layoffs in North America

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The US electronics retail chain Best Buy on Thursday announced it would close 50 stores this year and lay off 400 corporate and support workers as part of a plan to cut \$800 million in costs and restructure its business. The Minnesota-based firm was one of a series of American and Canadian companies that announced major layoffs this week.

Best Buy announced the downsizing and cost-cutting plan on the same day it reported a \$1.7 billion loss for its fourth quarter, which ended March 3. The company, which has 1,450 locations nationwide and 2,900 globally, is seeking to avoid the fate of its former rival Circuit City, which went out of business in 2009, wiping out tens of thousands of jobs.

Best Buy's announcement follows last month's announcement by the retail giant Sears Holdings of plans to sell off 1,250 of its Sears and K-Mart stores in a bid to raise \$770 million, following a \$2.4 billion quarterly loss. Sears did not give an estimate of job losses, but the scale of the downsizing suggests the elimination of between 10,000 and 20,000 positions.

The crisis of these retail giants is indicative of the deepening impact of economic slump and mass unemployment three-and-a half years after the Wall Street crash of September 2008. It underscores the fragile and marginal character of the jobs "recovery" of which President Barack Obama has boasted over the past several months. Obama is seeking to boost his reelection chances by presenting himself as a job creator.

While the official jobless rate has declined from 9.1 percent to 8.3 percent since last September and US payrolls have, according to the Labor Department, netted a total increase of 774,000 jobs over the past three months, there are still 5 million fewer private-sector jobs than at the official start of the recession in December 2007.

Nearly 13 million Americans are without a job, long-term unemployment is at post-World War II highs, and the uptick in employment has been largely based on a nationwide campaign of wage- and benefit-cutting, spearheaded by the administration's imposition of a 50 percent wage cut on all newly hired General Motors and Chrysler workers.

Recent data shows that real median household income in the US fell 2.3 percent in 2010, and US manufacturing labor costs per unit of output that year were 13 percent lower than a decade earlier. While poverty, hunger and homelessness are rapidly rising, corporate profits are setting new records and the financial elite is monopolizing a bigger share of the national wealth than ever before.

On Friday, another major retailer, Home Depot, said it would lay off 225 workers over the next 18 months at its customer support and distribution center in Baton Rouge, Louisiana. This followed an announcement last October of the layoff of 400 workers at the firm's Baton Rouge call center.

Also on Friday, ATK Sporting Group, a maker of tactical gear and shooting supplies, said it would scale back operations and lay off 325 employees in Fenton, Missouri. The layoffs are to take effect within the next 60 to 90 days. Earlier in the week the company announced the permanent closure of a manufacturing facility in Onalaska, Wisconsin, eliminating 130 jobs.

Other companies announcing major layoffs this week include:

- Television shopping network QVC, which said it was laying off more than 600 employees at its call center in Chesapeake, Maryland. The first group of targeted workers will be phased out by June.
- American Ordnance, a producer of military explosives, which said it will lay off 500 workers at its arsenal in Milan, Tennessee beginning this month.
- Cincinnati-based Convergys Inc., a large business services firm, said it would close its call center in Baton Rouge, Louisiana and cut 300 jobs.
- The Siltronic Fab 1 silicon wafer plant in Portland, Oregon, which will release 350 workers over a three-month period this summer.
- Aerospace Corp., based in El Segundo, California, which notified 306 people, or 8 percent of its work force, that they will be terminated, effective May 31.
- Lockheed Martin cut 150 jobs at Hampton Roads, Virginia, in response to cuts in US military spending.
- Oxford Mine Company cut 120 jobs at two coal-mines in western Kentucky.
- Rogers, the Toronto-based telecommunications giant, which confirmed that it is laying off 300 workers, about 1 percent of its work force.

The previous week saw an even bigger toll in job cuts. T-Mobile announced it was closing seven call centers around the US, slashing 1,900 jobs. Centers slated to be closed were in Allentown, Pennsylvania; Fort Lauderdale, Florida; Frisco, Texas; Brownsville, Texas; Lenexa, Kansas; Thornton, Colorado; and Redmond, Oregon.

AMR Corp., the parent company of American Airlines, said it was cutting annual spending at its trunk line American Eagle by \$75 million and cutting up to 600 jobs. Last autumn, American Airlines filed for bankruptcy in order to rip up existing labor contracts and impose drastic cuts in jobs, pay, conditions and pensions on its 78,000 employees.

In Canada, Aveos Fleet Performance began liquidating its aircraft maintenance business, wiping out the jobs of 2,600 workers across the country. Nova Scotia-based printer Transcontinental said it would eliminate some 500 jobs, closing two of its plants by the end of June.

At the end of February, Procter & Gamble, the largest US consumer products manufacturer,

said it was eliminating 5,700 jobs over the next 18 months, on top of a cut of 1,600 jobs announced earlier in the month.

Despite the ongoing assault on jobs, the Obama administration and both parties in Congress have used the supposed recovery in the labor market as justification for slashing jobless benefits for the long-term unemployed. Last month the White House and the Republicans reached an agreement to cut the maximum duration of unemployment benefits from 99 weeks to 73 weeks in the hardest-hit states, and from 93 weeks to 63 weeks in many other states. This cruel measure will drive untold thousands into destitution. It was aimed at paring the federal deficit at the expense of the working class and using the threat of being laid off and reduced to poverty to blackmail workers into accepting even deeper wage and benefit cuts.

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