

Profits soar amid mass layoffs

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As dozens of major corporations announced increased second-quarter profits this week, the US working class was hit with a disastrous new round of mass layoffs.

On Monday, book seller Borders announced that it would liquidate all of its stores, laying off 10,700 workers. That same day, Cisco, the telecom equipment maker, said it would cut its workforce by 11,500. Within 24 hours, Lockheed Martin, the aerospace company, announced that it would eliminate 6,500 jobs.

At the same time, Caterpillar, the maker of construction equipment, said its profits were up 44 percent in the second quarter compared to last year. Office equipment maker Xerox saw its profits grow 41 percent in the same time.

General Electric's profits were up 17 percent, PepsiCo's were up by 18 percent, and McDonald's, the fast food company, saw a 19 percent increase, reaching a new record.

The energy and mining companies did even better, benefiting from rising gas prices, which reduced the real incomes of American workers by billions of dollars. Halliburton, the oil contractor, said its profits were up by 53 percent in the second quarter compared to a year earlier, while fellow oil contractor Schlumberger said its profits were up by 64 percent.

Most of the major banks likewise said their profits were up significantly in the second quarter. Goldman Sachs announced \$1.09 billion in profits, up 57 percent from last year. But even this huge increase was considered a "disappointment" for traders.

JPMorgan said its second-quarter profit was up by 13 percent, despite setting aside a \$1.3 billion charge-off for lawsuits it expects in relation to its trafficking of fraudulent mortgages. Citigroup reported a profit of \$3.34 billion, up 24 percent from a year ago.

This renewed growth in profits comes at the same time as the sharpest growth in unemployment since

2009. Between March and June, the unemployment rate grew by 0.4 percentage points, to 9.2 percent. In the same period, the number of unemployed people grew by 545,000.

Apple, the world's largest music retailer and a leading manufacturer of mobile electronics, announced a 95 percent increase in profitability. In its earnings statement, the company said that it was sitting on a cash hoard of \$76 billion. This staggering sum, amassed by a single company controlled by a few large shareholders, could put two million people to work full-time for a year.

US corporations have combined cash reserves of \$2 trillion. That is enough money to put all the unemployed people in the United States to work for four years, even without any profit generated from their labor.

But fresh off of what is for many a record-breaking second quarter, the companies are refusing to use their newly accumulated cash to hire. In fact, planned mass layoffs have only accelerated.

Even after the disastrous second quarter, the jobs situation is getting worse. Challenger, Gray & Christmas, Inc, the executive placement company, said earlier this week that the number of planned job cuts grew by 11.6 percent, reaching 41,432 last month. This was the second consecutive monthly increase in planned mass layoffs.

New claims for unemployment benefits have likewise moved upwards. After dipping in April to 385,000, the lowest level since 2007, they have steadily grown, reaching 418,000 last week.

The disastrous employment conditions in the private sector are only exacerbated by the aggressive budget cutting carried out by state and local governments, under the whip of cuts to federal assistance.

State and local governments have cut 165,000 jobs so far this year, on top of the quarter million workers they

laid off in 2010. But this is only the beginning: analysts expect hundreds of thousands more layoffs this year as cuts in federal aid intensify.

These planned layoffs will only be compounded by the massive federal spending cuts currently being discussed between the Congress and the White House, which would eliminate between \$3 and \$4 trillion from federal spending. This would mean hundreds of thousands of federal job cuts.

The fact that American corporations were able to accumulate record profits while hundreds of thousands were thrown into the ranks of unemployment is not a coincidence. These profits were generated through the impoverishment of workers, who, desperate for any work available, have increasingly accepted lower wages and worse conditions.

Despite the abysmal employment conditions, mass joblessness has disappeared as a political issue in the United States, with the entire political establishment pushing for cuts to government spending. This absurd and irrational setup is a product of the monopolization of political life in the United States by the super-rich, who are carrying out a full-scale assault on the social conditions of the working class.

In contrast to the ruling class's anti-social and destructive policy, the working class must present its own political program. The trillions of dollars sitting on the balance sheets of the corporations must be expropriated and used to provide jobs and desperately-needed social services.

This program requires a new mass political movement, completely independent of the Democrats and Republicans, to break the political stranglehold of the corporations, and reorganize society on the basis of social need, not private profit.



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