

Bank of America prepares to slash 10,000 jobs

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Amidst plunging stock markets, fears of a new banking crisis, and near-zero economic growth in the US, Europe and Japan, Bank of America, the biggest US bank by assets, has announced 3,500 job cuts this quarter and is reportedly preparing to lay off over 10,000 workers in the coming months.

Bank of America CEO Brian Moynihan announced the 3,500 job cuts in an internal memo Thursday and said they were part of a sweeping restructuring and downsizing effort. The *Wall Street Journal* on Friday cited "one person familiar with the situation" as saying at least 10,000 jobs will likely be eliminated.

The 3,500 layoffs, to be completed by September, come on top of 2,500 job cuts carried out year-to-date. A number of major US banks have slashed jobs in recent weeks and the scale of financial sector layoffs is expected to increase in the fall.

The Bank of America layoffs follow the release by the US Postal Service of plans to eliminate 220,000 jobs and the report earlier this month by the outplacement consultancy firm Challenger, Gray & Christmas that announced job cuts in the US soared in July to a 16-month high. It also coincides with the announcement by the German utility giant Eon that it plans to slash 11,000 jobs.

This week as well the British government announced a rise in its unemployment rate in the second quarter and noted that the number of people claiming jobless benefits had increased at the fastest monthly rate since May 2009, before the official end of the recession.

These developments are indicative of a new stage of the world economic crisis and a heightened assault on the jobs and living standards of the working class in the US and internationally. The much vaunted "recovery" has collapsed and the world is once again plunging into full-scale slump. All claims that the crisis was a temporary aberration have been shattered, exposing the reality of a fundamental and historic breakdown of the

world capitalist system.

This is under conditions where the nearly three years since the Wall Street crash of September 2008 have been used to plunder public treasuries in order to cover the bad debts of the bankers and speculators, while savage austerity measures have been imposed to make the working class pay for the resulting bankruptcy of the state. It is now undeniable that these measures have done nothing to resolve the underlying problems or produce a genuine economic recovery.

On the contrary, the policy of bailing out the banks and flooding financial markets with virtually free money, combined with a ferocious attack on the wages and living standards of the working class, has exacerbated the crisis and prepared the way for an even greater collapse.

It has fatally compromised the credibility of the US dollar, symbolized by the first-ever downgrade of America's credit rating earlier this month, leaving the world without a stable monetary system. It has led to the sovereign debt crisis in Europe that is undermining the euro as the common currency and setting the stage for a return to the national conflicts and trade and currency wars that produced two world wars in the last century. And it has impoverished growing numbers of workers, slashing consumption and undermining any real prospect for economic growth.

Behind these class-war policies are two interlinked factors. The first is the historic crisis of the capitalist system, centered in the decay of American capitalism and decline in the world economic position of the United States. The second is the rise to unchallenged dominance of a parasitic financial oligarchy which opposes any reform measures that might impinge on its wealth and power, and which exercises veto power over government policy.

Capitalist governments are incapable of offering any policies to address the jobs crisis, provide social relief,

or halt the slide into full-scale depression. In the US, the Obama administration rejects any government programs to hire the unemployed and instead presses for trillions of dollars of cuts in basic social programs upon which tens of millions of people rely.

Meanwhile, the signs of the growing social catastrophe proliferate. This week has seen events announced as “job fairs” in Detroit and Atlanta that attracted thousands of workers desperate for employment. The mass turnouts have provided a glimpse of the scale of social distress.

This week as well the Annie E. Casey Foundation, a child advocacy group, released a report showing that child poverty in the US rose to 20 percent in 2009 from 17 percent in 2000, with child poverty growing in 38 of the 50 US states.

New data was released Friday documenting the worsening jobs crisis. The Labor Department reported that the unemployment rate rose in July in more than half of the 50 states for a second straight month. Joblessness rose in 28 states, fell in only nine and remained unchanged in 13.

And the low-price retail giant Walmart warned Tuesday that mass unemployment was devastating its customer base. Reporting its ninth consecutive quarter of falling sales at its US stores, the company’s US head, Bill Simon, said, “We remain concerned about the economic pressure on our customers and the uncertain impact it can have on their shopping behavior.” Charles Holley, the chief financial officer, said a growing number of Walmart shoppers are using food stamps and unemployment insurance checks. “They are living paycheck to paycheck,” he said. “How long can the nation go forward with such a high unemployment rate?”

The so-called job fairs in Detroit and Atlanta exposed the reactionary and cynical character of what passes for the left wing of the Democratic Party and its allies among the various pseudo-left organizations. These events were sponsored by the Congressional Black Caucus for the purpose of making a pretense of fighting for jobs, so as to contain the growing disillusionment and anger toward Obama, particularly among black workers, within the safe confines of the Democratic Party.

In fact, no job interviews were conducted and no people were hired. The workers were told simply to

submit their resumés and add their names to the outsized list of job-seekers with no prospect of decent employment.

Neither the Congressional Black Caucus or any other section of the political establishment is proposing any serious measures to provide jobs or social relief for the victims of corporate job- and wage-cutting.

The fight for jobs and the defense of the basic rights of the working class is a fight against the capitalist system and its political representatives. The Socialist Equality Party is fighting for the independent mobilization of workers and youth in the US against the Obama administration and both parties of big business, as part of an international struggle of the working class.

There can be no economic recovery for the masses of people outside of the implementation of a socialist program, including the nationalization of the banks and major corporations and their transformation into public enterprises under the democratic control of the working people. Only on this basis can the vast resources and wealth of society be mobilized to meet social needs, not private profit.

As an initial step, the SEP calls for a massive public works program to provide jobs at decent pay for the unemployed and rebuild the country’s crumbling infrastructure. The funds for this program should be obtained by imposing a 100 percent tax surcharge on all household incomes above \$500,000 a year, raising the corporate tax rate, and seizing the ill-gotten wealth of the bankers and speculators whose semi-criminal activities triggered the crisis.

The realization of these policies requires a political break with the Democrats and the fight for a workers’ government and socialism.



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