Toys "R" Us, Kimberly-Clark add to job cuts in 2018

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Even as the Trump administration touts its massive corporate tax cuts, claiming it is spurring new investment, hiring and rising wages, US corporations have embarked on a wave of mass layoffs. In the last few days alone, retailer Toys "R" Us and paper-based consumer product giant Kimberly-Clark have joined dozens of other companies announcing large job cuts since beginning of the year.

Retailer Toys "R" Us will close about 180 stores in the US, about 20 percent of its domestic locations, according to a restructuring plan filed Wednesday in a federal bankruptcy court in Richmond, Virginia. Up to 4,500 workers will be affecting by the closings of Toy "R" Us and associated Babies "R" Us stores, which will hit almost every state, including more than 50 in California and the New York-New Jersey area.

This is on top of the hundreds of job cuts the toy retailer announced last year at its Wayne, New Jersey headquarters and the elimination of at least 800 jobs in the UK, where it is in the process of closing a third of its stores.

Toys "R" Us is the latest retailer carrying out job cuts this year, including Wal-Mart, which announced two weeks ago it is axing 1,000 jobs and closing 63 Sam's Club outlets.

The toy retailer is a victim of the monopoly power of online retail giant Amazon and the growing trend to eliminate so-called brick and mortar stores. *USA Today* recently published a "Death Watch" list of nearly 20 retailers, including Sears, JC Penney, GNC, Payless and others, which could disappear in 2018.

At the same time, companies are expanding labor-saving technologies, like automatic check-out counters, to eliminate staff. An article in late December on the CNBC web site noted that Trump's "Tax Cut and Jobs Act" would give retailers a greater incentive to reduce headcounts.

"If a retailer saves $100 in wages and benefits by laying off an employee in 2017, its after-tax savings is $65 ($100 savings less $35 paid in taxes). If it does the same in 2018, its after-tax benefit is $79 ($100 in savings less $21 paid in taxes). A retailer thus pockets $14 more from laying off a worker in 2018 than in 2017, a jump of more than 20 percent."

The demise of Toys "R" Us follows a familiar pattern of leveraged buyouts by private equity firms that load up newly bought companies with massive debt and then profit through shuttering stores, selling off assets and gutting workers' jobs and pensions. In this case, private equity firms Bain Capital and Kohlberg Kravis Roberts and real estate investor Vornado, bought Toys "R" Us in 2005 and piled on huge debts now totaling $5 billion. After the Wall Street sharks declared bankruptcy in 2017, the company continued to shower incentive bonuses on its top executives and millions on consultants and bankruptcy lawyers, the latter billing as much as $1,745 an hour.

According to the court filing Wednesday, debt holders want to pay a small Store Closing Bonus to employees because "commitment and performance" is critical to "ensure that the Debtors continue to maximize stakeholder value in a challenging economic environment and at a time when those employees' positions will soon be terminated."

Kimberly-Clark, the producer of Kleenex tissues, Huggies diapers and other brand-name consumer products, announced Tuesday that it will cut at least 5,000 jobs, or about 13 percent of its global workforce, and close or sell 10 of its 91 production plants worldwide. This is part of a plan to slash $2 billion in costs by 2021.

Wall Street is exerting pressure on Kimberly-Clark and competitors Unilever, Procter & Gamble and Nestle, to shed less profitable brands, which face stiff competition from lower priced items sold by Target, Aldi, Lidl, Wal-Mart and Amazon.

During Kimberly-Clark's last blood-letting in 2014, when it cut 1,400 salaried jobs, company officials said one of their goals was "managing out dead wood," by using performance management software that tracked salaried workers' productivity. Executives at the time boasted that turnover was about double what it was a decade ago, with approximately 10 percent of US employees leaving annually, voluntarily or not.

According to the UK technology publication, the *Register*, **IBM** is considering cutting as many as 10,000 Global Technology Services (GTS) jobs as part of a plan to redeploy about 30 percent of the group's 100,000 employees. IBM, which made several rounds of layoffs in 2017, is joined by hardware peers Cisco, HP Enterprise and Dell EMC in cutting jobs over the last two years.

"If accurate, the report highlights ongoing stress in the IT services market—where IT consulting giants are rebalancing or outright reducing headcount amid massive shifts toward IT automation and cloud services," the *Register* wrote.

Two weeks ago, 215 workers were laid off at the **Carrier** plant in Indianapolis, which Trump claimed he had "saved" in a 2016 deal that showered $7 million in tax breaks and other incentives on parent company United Technology. Last July, 340 workers lost their jobs at the Indianapolis facility and another 700 will lose their jobs later this year when the company shuts its Huntington, Indiana plant, 100 miles north of Indianapolis.

During his election campaign, Trump said he was saving "American jobs" and blocking Carrier from moving production to Mexico. The United Steelworkers union went along with this nationalist hoax. In the end, Carrier retained only 730 manufacturing jobs at the Indianapolis plant, along with 300 engineering and administrative positions that the company never intended to move. Carrier went ahead and moved furnace production to Monterrey, Mexico, where workers make about $3 an hour.

"Yes, he saved jobs. But he didn't save mine," Renee Elliott, 45, who said she voted for Trump in the 2016 election, told Reuters. "He saved office personnel," said Elliot who began working at Carrier in 2013 and was making $18 an hour when she left the plant for the last time January 11.

Referring to Trump's publicity stunt tour of the plant, Elliott said, "It was like royalty coming here, we knew the world was watching. He's walking through and we're in awe, like 'Savior!'. That's the way we're looking at it. He led us to believe we were all going to be saved."

Despite the soaring stock market and claims of "full employment," by the Trump administration, the media and economic analysts, low-wages, high debt burdens and economic desperation continue to plague working class families across the US.

Last week, an estimated 2,500 people showed up at a jobs fair at Mott Community College in Flint, Michigan to apply for 100 permanent, full-time jobs at a new Lear Corporation seat facility set to open in April 2018.

The company broke ground on October 2017 on the new $29 million, 156,000 square-foot factory that will produce seats for the General Motors Flint Truck Assembly Plant. According to a report on MLive, "Entry-level pay for the available positions is $13.85 per hour, with a 30-cent, second-shift incentive." This is less than half the pay of a first-tier autoworker at GM.

The Lear factory, which will employ 600 workers when it reaches peak production in 2019, is being built on the former site of GM's Buick City complex, which once employed 28,000 workers.

Since the late 1970s, GM, with the assistance of the United Auto Workers union, has reduced employment in the hometown of the 1936-37 Flint sit-down strike from 80,000 to less than 8,000 today. This has given corporations an ample supply of desperate workers to exploit for cheap labor.