As GM tries to cut health benefits for workers on strike, Federal Reserve prepares more handouts to Wall Street

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Forty-six thousand US autoworkers went on strike this week to fight efforts by GM to cut their healthcare benefits, based on the claim that workers' healthcare plans are "unaffordable" for the multi-billion-dollar corporation.

Other US and international companies, together with the banks that control them, are looking to GM to set a benchmark for reducing labour costs to offset the impact of a slowing global economy.

Workers, in other words, will have to pay for a mounting global economic crisis, as they did after the 2008 financial crash, when pay cuts ensured a decade of record profits for corporations and banks.

But the Federal Reserve is taking exactly the opposite attitude to Wall Street, providing billions of dollars in free cash to ensure that the looming global economic downturn does not affect corporate bottom lines.

On Wednesday, the US central bank cut its benchmark federal funds rate, reducing the borrowing cost for banks and major corporations that are already posting record profits.

Perhaps even more importantly, the Federal Reserve Bank of New York made two emergency injections of $75 billion into financial markets, in the first such actions since the 2008 financial crisis. The Fed is on track to make a third emergency intervention on Thursday.

This week's events have made clear that the trillions in free money given to the banks after the 2008 financial crisis were only a down payment.

The *Financial Times* wrote that the move is "a step towards more QE." This is a reference to the "quantitative easing" programs that, over the decade following the global financial crisis, saw the printing of $4 trillion by the US central bank and its infusion into the financial system.

That was in addition to the nearly $7 trillion of "emergency lending" by the Federal Reserve and treasury to the financial system, which was used to prop up over $30 trillion in financial assets after the 2008 crash.

Commentators drew far-reaching implications from this week's developments. "How significant is this? Extraordinarily…The Fed [lost] control of monetary policy," the *Financial Times* quoted one US banker as saying.

The fact is a decade of massively expansionary monetary policy has distorted elements of the economy in profound ways. It raises the prospect that the next economic crisis will throw into question, not just the survival of the financial system, but the stability of the dollar and solvency of the government.

However, the Fed's only answer to the mounting crisis is to throw more money at the banks.

The Fed's actions this week sent a clear message to Wall Street that more money is on tap. "After the New York Fed's temporary injections of money into the financial system, many in the market think a lasting solution will require the central bank to start expanding its balance sheet once more," the *Financial Times* wrote.

The article concluded, "The resumption of quantitative easing… appears closer than many think."

But even the extraordinary actions of the Federal Reserve this week were too little for US President Donald Trump, who wanted an even bigger rate cut.

In response to this week's announcement, Trump tweeted, "Jay Powell and the Federal Reserve Fail

Again. No ‘guts,’ no sense, no vision! A terrible communicator!”

The real estate conman turned president has repeatedly and consistently demanded that the US central bank explicitly pump up the value of the stock market.

“If the Fed would cut, we would have one of the biggest Stock Market increases in a long time,” Trump tweeted in August. Left unsaid is the fact that rising stock market prices overwhelmingly benefit the super-rich, who hold the vast majority of financial assets.

Amid a slowing global economy, the Fed has manifestly failed in its attempt to “normalize” monetary policy. Instead, it is once again opening the money spigot to ensure that the wealth of America’s financial oligarchy is protected, while corporations ramp up their attack on workers’ jobs, pay, and benefits.