

American ruling class exploits the pandemic to escalate assault on jobs and wages

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Another 2.1 million workers in the United States filed for unemployment benefits last week, according to the US Labor Department. This brings the total number of workers filing for jobless benefits to 40.8 million in the ten weeks since the pandemic led to the closure of much of the country's economic activity in mid-March.

This number, which substantially understates the real scale of joblessness, is still a shocking 24.7 percent of the country's labor force of 164.5 million people. Economists expect that May's official unemployment rate, which will be released next Friday, will hit 20 percent, up from 14.7 percent in April.

Estimates of the real jobless rate exceed the historic record of 24.9 percent set in 1933 during the depths of the Great Depression. Millions of jobless workers are not counted in the official toll because they are undocumented immigrants, self-employed or so-called gig workers. Others not counted include those working part-time jobs and those who have given up looking for non-existent jobs. In addition, millions are not counted as unemployed because overwhelmed state agencies have not processed their claims, depriving them of any jobless benefits.

Nevertheless, several states have staggering official jobless levels, including Washington (31.2 percent), Nevada (26.7), Florida (25.0), Hawaii (23.4), Michigan (23.1), California (20.6) and New York (19.9).

According to a University of Chicago report, 42 percent of the jobs that have been lost will never return. Major corporations are using the pandemic to accelerate restructuring plans drawn up long before the present crisis.

This week, Boeing announced it will cut 13,000 jobs, mostly in the US but also in Canada, Australia and New Zealand. American Airlines, which got a hefty portion of the \$50 billion government bailout of the airlines,

supposedly to retain employees, will slash 5,000 jobs, or 30 percent of its workforce.

This is part of a global trend. After receiving a multi-billion-dollar bailout from the French government, the Renault-Nissan auto alliance has released plans to close factories in France, Spain and other countries and slash more than 20,000 jobs. German auto supplier ZF Friedrichshafen plans to cut up to 15,000 jobs, or around 10 percent of its workforce, by 2025, with half the cuts in Germany.

After a decade of declining real incomes for workers, those returning to work are now facing the prospect of a new round of wage and benefit cuts. A Bloomberg News report cited the comments of Bruce Fallick, an economist at the Federal Reserve Bank of Cleveland, who said the circumstances of a public-health crisis probably make pay cuts more palatable to workers than they would normally be—at least initially.

Wage-cutting will hit every sector of workers, from nurses, grocery, delivery and other essential workers the corporate media has hailed as “heroes,” to office workers at Google, Facebook, Twitter, JPMorgan Chase, Walmart and other companies that are extending their work-from-home policies.

“Once people work from home, there will be an employment arbitrage,” *Forbes* recently noted, as companies “decide that a person working at home in Montana has the same skills as someone in Chicago, but will take a much lower salary. It will be hard for employees to negotiate for raises, as management will believe that they could easily find a replacement somewhere else within the United States or abroad.”

Meanwhile, corporations that have been handed billions of dollars by the federal government are proceeding to turn the bailout money over to their executives and investors.

In the name of “equal sacrifice,” major corporations have announced cuts to the base salaries of their chief executives. This is nothing but show, however. Base salaries account for only a tenth of the median pay of chief executives at the largest 500 US companies, with the bulk coming from stock awards.

Based on an examination of regulatory findings, Reuters found that scores of companies, including Uber, Delta Air Lines and Hilton hotels, had already made or were considering changes to pay plans to shield top executives from the economic fallout of the pandemic, even as profits plummeted and the companies slashed thousands of jobs.

Reuters reported that Sonic Automotive, which runs nearly 100 car dealerships, “changed its executive compensation plan from awarding stock based on performance to allowing executives to buy company stock, starting in 2021, at the depressed prices that shares hit on April 9 of this year. Their value has risen 67 percent since April 10, as a result of the stock market bubble produced by the Federal Reserve’s intervention and massive government stimulus spending. This has happened as sales fell about 40 percent year-on-year since the start of the pandemic, and the company furloughed or laid off 3,000 workers.”

Since the unanimous passage by the Democrats and Republicans of the CARES Act in late March, which authorized the US Treasury to spend trillions of dollars to take over the bad debts of banks and corporations, stocks have shot up by more than 35 percent. They are now just 10 percent below the record highs before the pandemic.

In the two months since Trump signed the CARES Act on March 27, the US death toll from COVID-19 has risen from 1,700 to over 103,000. Tens of millions have lost their jobs and are lining up for food assistance and face eviction as temporary moratoriums are lifted. During the same period, America’s billionaires have seen their net worth rise by \$434 billion.

The ruling classes in every country are pursuing a homicidal policy of forcing workers back to unsafe workplaces even as the pandemic continues to spread, overwhelming new areas of the US and producing new nightmares in Mexico, Brazil, India and other countries. In every country, the capitalist governments are seeking to use economic pressure to force workers back, with Trump preparing to replace the \$600 weekly

supplement to unemployment benefits with a temporary \$450 a week “back to work” bonus.

For the ruling class, workers are nothing more than “our human capital stock,” as Trump’s senior economic adviser Kevin Hassett said last week, to be herded back to work to produce the profits necessary to pay for the bailout of the rich.

But workers are not cattle. Prior to the pandemic, there was a major growth of social struggle and political radicalization of the working class in every country. In the US, the number of workers engaged in major strikes reached the highest levels in decades. The entire policy of the ruling class in response to the pandemic will produce a vast expansion of class conflict.

Workers must reject the false choice between their lives and their livelihoods. The fight against both the pandemic and the social catastrophe facing the working class is a fight against the financial oligarchy and the capitalist system. It is the fight for socialism.



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