

US corporate profits hit new record

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As the death toll from the pandemic continued to mount, US corporations enjoyed the widest profit margins in more than 70 years during the second and third quarters of 2021.

US corporate profits before adjustments rose to a record high of \$3.14 trillion at a seasonally adjusted annual rate in the third quarter of 2021. After tax and adjustments for inventory, profits rose to a record high \$2.74 trillion, according to the most recent figures reported by the US Commerce Department.

These numbers, released as the official pandemic death toll in the US nears 800,000, are the direct product of the government's prioritization of profits over human lives. This was underscored again Monday when President Biden declared there would be no public health measures taken besides vaccines in the face of the spread of the Omicron variant, despite warnings by scientists it may be resistant to vaccines.

Fueled in large part by the government's mass injections of cash into the economy, profits of domestic nonfinancial corporations increased \$67.5 billion in the third quarter and a massive \$221.3 billion in the second quarter of 2021. Compared to the final quarter of 2019, the last reporting period prior to the onset of the global pandemic, profits are up an astonishing 39.6 percent. In dollar terms, the annual increase in profits since before the start of the pandemic has been over \$500 billion, based on US Commerce Department figures.

Profit margins, that is the share going to profits out of each sales dollar, are at their highest level since 1950, during the early part of the post-World War II economic boom. Nearly two thirds of publicly traded US corporations have reported higher profit margins this year compared to 2020. One hundred of the largest have booked profit margins at least 50 percent above last year's levels.

The spread of COVID-19 has been used by the ruling class to effect a further vast transfer of wealth from the

working class into the coffers of the corporations and very wealthy. Pandemic financial assistance went disproportionately to the rich while the US Federal Reserve has been pouring trillions into the financial markets while keeping interest rates at near zero.

Amid soaring profits, according to figures released by the US Bureau of Labor Statistics earlier this month, real average hourly earnings for all employees decreased 0.5 percent from September to October 2021. With inflation rising at the fastest pace since 1990, year-over-year real wages fell 1.2 percent, seasonally adjusted, from October 2020 to October 2021. When combined with a 0.3 percent decrease in the average workweek, there was a 1.6 percent fall in real weekly earnings.

While inflation has had the impact of lowering real wages for workers, corporations, for the most part, have been able to pass higher prices onto consumers. Major retailers such as Walmart, Home Depot and Target saw higher third quarter profits, despite supply chain issues and labor shortages. Walmart's stock is up 25 percent for the year and Target's is up 47 percent.

Procter and Gamble, a supplier of home and personal care products, reported a massive 24.7 percent profit margin for the third quarter, with \$14.3 billion in net earnings for fiscal 2021. In April, the company announced major price increases for its line of products. Rather than give a price break to consumers, P&G decided to reward investors instead by buying back some \$3 billion of its own stock.

Among the big winners were oil companies, whose profits rebounded from last year's slump amidst rising petroleum prices. ExxonMobil had net income of \$6.8 billion in the third quarter of 2021 while Chevron, the second largest US oil company, reported an adjusted profit of \$5.7 billion, its best result in eight years and 17 times greater than its earnings one year ago.

The glaring contradiction between soaring profits and

the precarious circumstances in which millions are living, facing the danger of infection while soaring inflation erodes incomes, is fueling a wave of working class militancy. On the side of the ruling class, the increase in strikes is raising fears that workers are breaking free from the grip of the corporatist trade unions after decades in which the class struggle has been suppressed. There is the concern that workers will seek significant wage increases, undermining the financial house of cards that has been created by the continual pumping of cheap money into financial markets.

This has already been the case at many companies, including US farm and heavy equipment company John Deere, hit by a bitter five-week strike by members of the United Auto Workers. However, rather than demanding Deere divert money from profits to restore previous concessions forced on workers, the UAW imposed a rotten contract falling far short of workers' demands and shutting down the strike by 10,000 Deere workers. The UAW used threats and lies to get the contract ratified, falsely claiming the company did not have money to provide adequate wages increases, including the restoration of decades of concessions.

This was despite the fact that the company reported net income of \$6 billion for the fiscal year ending October 31, more than double the previous year's total of \$2.8 billion. The company's previous record was \$3.5 billion in 2013. Deere is predicting net income of \$6.5 to \$7 billion for the current fiscal year.

Cereal maker Kellogg is threatening to hire permanent scab replacements for 1,400 striking workers at five plants across the US. The company reported operating profits of \$447 million in the third quarter of 2021, up 9.1 percent from the same period last year. However, management has refused to meet workers' demands for the elimination of the hated multi-tier wage structure that leaves 30 percent of the workforce at a "transitional level" with lower pay and benefits, as well as grueling 7-day and up to 16-hour work schedules.

The bumper profits for US corporations amid the worst health catastrophe in 100 years is due to the policies of a criminal ruling class that at every point has prioritized profits over human lives. There is no level of death that will make the government change course, because policy is entirely subordinated to the profit

interests of the wealthy.

This has been the case since the start of the pandemic, when the ruling class decided to conceal the dangers posed to the population by the emergence of the SARS-CoV-2 virus in order to shore up financial markets and forestall a stock market collapse.

The working class must intervene to demand that the vast resources now flowing to the coffers of big business be used instead to fight the global pandemic. The powerful scientific resources of society must be used to eliminate and eradicate the virus, saving the lives of millions.

The *World Socialist Web Site* and the International Committee of the Fourth International have initiated the Global Workers' Inquest into the COVID-19 Pandemic to uncover the truth about the response to COVID-19. A critical aspect of this is the exposure of the way that financial interests have dictated government policy, prioritizing at every step profit over human lives.



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