Layoffs expand in US manufacturing and retail amid deepening economic slowdown

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Layoffs are mounting in economic sectors beyond the technology industry in the United States amid the Federal Reserve's policy of deliberately slowing the economy by hiking interest rates in order to increase unemployment and undercut workers' wage demands.

Key industries impacted include manufacturing and retail. **Dow Chemical**, the chemicals, plastics and consumer products manufacturing giant based in Midland, Michigan, announced a workforce reduction of 2,000 employees on Thursday.

During an earnings call with analysts, Dow CEO Jim Fitterling said the layoffs were necessary because of a 32.5 percent drop in corporate earnings in 2022. He said the sharp decline in profits was the result of deteriorating economic conditions in the second half of the year.

The Dow layoffs are part of a global cost-reduction program unveiled in October to save $1 billion in 2023. These cutbacks include factory closures in Europe that have yet to be announced.

Also on Thursday, the toy and board games company **Hasbro Inc.** announced organizational changes that include the elimination of 15 percent of its workforce, or approximately 1,000 jobs. Hasbro CEO Chris Cocks said in a statement that the job cuts were necessary to achieve $250-$300 million in cost savings over the next three years.

CEO Cocks also said the fourth quarter of 2022 "represented a challenging moment" for the $8 billion corporation. Like many publicly traded corporations on Wall Street, Hasbro's stock value fell by nearly one-half in 2022. With the financial elite demanding cost-cutting and layoffs to restore profitability, Cocks said the corporation is "on track to drive significant cost savings across the business and improve our overall competitiveness."

Media reports on Friday said the computer chip manufacturer **IntelCorp.** was planning to double the number of layoffs planned at its headquarters in Santa Clara, California, to a total of 378.

In the retail sector, **Saks OFF 5th**, the discount retailer owned by Hudson Bay, laid off an unspecified number of workers on Tuesday, while **Saks.com** is laying off about 100 workers, or 3.5 percent of its workforce.

Stitch Fix, the provider of personalized apparel, shoes and accessories, laid off 20 percent of its salaried workers and closed a distribution center in Salt Lake City, Utah.

Wayfair, the ecommerce provider of furniture and home goods, announced it would lay off 1,750 people, or 10 percent of its employees.

The giant software corporation **SAP**, based in Germany, said it would eliminate 3,000 jobs, or 2.5 percent of its workforce, after profits fell dramatically in 2022. In a meeting with reporters on Thursday, financial officer Luka Mucic said the layoffs would be spread across the geographic footprint of the company.

Mucic said the purpose of the layoffs was to "further focus on strategic growth areas." The net profit of SAP fell 47 percent in the fourth quarter of 2022, related, in part, to the company's withdrawal from Russia and Belarus after the beginning of the US-NATO proxy war in Ukraine.

Other mass layoffs are anticipated at **Disney**, which is expected to announce a corporate restructuring plan in early February. On Thursday, *Deadline* wrote of the return of Robert Iger as Disney CEO that "speculation about a pending corporate restructuring is intensifying—and with it, rumors about the layoffs that are likely to follow."

The US Commerce Department released its gross domestic product (GDP) report on Thursday, showing that the economy grew by 2.9 percent on an annualized basis in the fourth quarter of 2022. This number was down from the third quarter growth rate of 3.2 percent.

Michael Gapen, economist for Bank of America, told the *New York Times*, “The economy continued to motor on. There’s more momentum in the economy at year-end than we thought, and a lot of that is from households.”

However, the Commerce Department also reported on Friday that consumer spending fell in December from the prior month by a seasonally adjusted rate of 0.2 percent.

The consumer spending report showed households cut back spending on goods, while prices fell for gasoline and other energy products. On the other hand, consumers increased spending on services, where prices climbed.

Explaining the decline, Efraim Benmelech, a professor of finance at Northwestern University, told the *Wall Street Journal*, “The actions of the Fed are leading to lower consumption.” Benmelech added that rising interest rates are making home mortgages more expensive, leading to less spending on home appliances, paint and other home improvement goods.

Responding to these developments, Wall Street rallied again on Friday, bringing the NASDAQ increase so far this year to 11 percent, with the S&P 500 up 6 percent and the Dow up by 2.5 percent over the same period. The next meeting of the Federal Reserve is scheduled for January 31-February 1 and is expected to result in a further rise in interest rates of 0.25 to 0.50 percent.

In a speech on January 19, Federal Reserve Vice Chair Lael Brainard stressed that the central bank is not backing off. She said, “Inflation remains high, and policy is going to need to remain sufficiently restrictive for some time to make sure it gets down to 2 percent for a sustained basis.”

In other words, the financial elite insists that the policy of engineering a sharp slowdown and increasing attacks on the jobs and living standards of the working class must continue.