

Corporations lay off thousands as US economy heads toward recession

Jerry White
28 April 2023

Corporations are continuing to announce thousands of layoffs as signs of a major downturn in the US economy are growing. On Thursday, the Commerce Department reported that the US gross domestic product rose by an anemic 1.1 percent annual rate in the first three months of 2023. This was a sharp decline from the 2.6 percent annual growth rate in the final quarter of 2022, and 3.2 in the previous quarter.

The slowdown was largely due to a falloff in business investment and residential fixed investment, which includes money spent on construction and home buying. At the same time, manufacturing activity slowed down for the fifth straight month in a row.

The number of new jobs rose by 236,000 in March, down significantly from the average 334,000 jobs added each month over the previous six months. The number of job openings has fallen to a two-year low, down by 1.3 million in the first two months of 2023 alone, according to a previous government report.

The growth of unemployment is a deliberate policy aimed at undermining the demands of workers for wage increases that keep up with persistently high inflation. Over the last year, the US Federal Reserve, with the full backing of the Biden administration, has raised interest rates nine times to slow the economy, enlarge the pool of unemployed workers competing for fewer jobs and lower wages. The rate hikes have also triggered the failure of several banks and the ongoing meltdown of the First Republic Bank in San Francisco.

While workers are being threatened with destitution, the Biden administration has assured the super-rich that their holdings will be backstopped by another massive government bailout. “We have used important tools to quickly stabilize the banking system. We could use those tools again, if needed,” Biden’s press secretary told reporters Thursday.

Despite the signs of major economic downturn and fears of a wider financial crisis, Wall Street rallied Thursday on news of higher first-quarter profits for Amazon, Microsoft, Apple, Caterpillar and other corporations. Earlier in the

week, General Motors beat Wall Street’s expectations by announcing \$3.8 billion in first-quarter profits.

Although GM’s haul was down 6 percent due to expenses related to the “buyout” of 5,000 salaried workers in the US, who were removed as part of the company’s \$2 billion worldwide cost-cutting campaign, CEO Mary Barra told investors GM expected to make \$11-\$13 billion this year.

One company after another is slashing jobs in anticipation of the economic slowdown and to maximize profits. This week **Disney** began thousands of layoffs at the cable sports network ESPN, Disney’s entertainment division, Disney Parks and its Experiences and Product division. The company media giant is eliminating 7,000 jobs as part of a \$5.5 billion cost-cutting plan.

Retailer **Bed, Bath and Beyond** filed for bankruptcy earlier this week, and it will close hundreds of stores and lay off 14,000 workers if it does not find a new buyer. One of the major causes of its bankruptcy was the decision of the cash-strapped company to take on enormous debt for an \$11.8 billion stock repurchase program for its richest investors.

Meat giant **Tyson Foods** is laying off about 15 percent of senior leadership roles and 10 percent of corporate roles, according to an internal memo shared with CNN. This follows the layoffs of nearly 1,700 workers in March after closing two poultry plants to boost profits. **3M** is laying off 6,000 employees around the world, after a January announcement of 2,500 layoffs at its manufacturing plants.

Tech companies workers continue to get hammered. Facebook’s parent company **Meta** announced last week that it was cutting 10,000 jobs over the coming months, on top of the 11,000 job cuts last November.

Amazon said this week that it is shutting down its Halo Health Division by July 31, as part of the 9,000 job cuts it announced last month. **Dropbox** announced 500 layoffs Thursday. Ride-sharing company **Lyft** said it was laying off 26 percent of its workforce, about 1,072 workers. Since the

beginning of the year, the tech sector has announced 168,243 job cuts and has already exceeded last year's total, according to the tracker Layoffs.fyi.

The world's third largest automaker Stellantis made \$18 billion in profits last year and will report first-quarter earnings next week. The company is planning to cut 3,500 hourly workers in its US plants over the next several months to maximize profits and finance the costs for the transition to electric vehicles (EVs).

New United Auto Workers President Shawn Fain denounced the cuts as "disgusting" but did not propose a single thing to oppose them. In fact, UAW officials are collaborating in the cost-cutting plan and implementing a jointly run "voluntary employment termination" and early retirement program, which will pay workers a pittance to permanently sever their connections to the company.

In the run up to the contract battle by 160,000 GM, Ford and Stellantis workers in the US and Canada this summer, the UAW and the Unifor union in Canada, are deliberately concealing the global automakers' plans to slash hundreds of thousands of jobs as they transition to EVs. The union bureaucracy has already agreed to such a jobs massacre and is prepared to accept a drastically lower-wage scale in the new EV battery and component factories in exchange for union recognition.

Stellantis workers who spoke to the WSWs expressed their disgust with the UAW's collusion in job cutting and their determination to fight. Workers at the Warren Truck plant in suburban Detroit recently formed a rank-and-file committee, joining the growing network of such committees, under the direction of the International Workers Alliance of Rank-and-File Committees, which is fighting to ensure that any transition in the industry is carried out in the interests of rank-and-file workers.

"The company is throwing these monkey wrenches at us because its a contract year," a Warren Truck worker who recently transferred from the now shuttered Belvidere Assembly Plant in Illinois told the WSWs. "They want to get rid of high seniority people. They couldn't care less about us. All they care about is production and we're just numbers to them.

"The UAW has been going downhill for years. They don't put forth any effort for us. It's not like when the unions first started. Now they are moving toward EVs, and they are saying they don't need the same workforce. But they are still going to need batteries and other components. Before they tell us to get out, they should train us to work in the new plants and pay us the same thing. But instead, they want to pay half the wages.

"We should be fighting for the long term, not accepting these buyouts and layoffs. We have to fight to get pensions

and COLA back and pay us a raise that keeps up with inflation. Everything is going up except our pay. Inside the plant we are talking about not accepting anything but a good contract."

Another Warren Truck worker said, "We need to look at the big picture and show that we are willing to fight. The companies are greedy and only after profits. The new UAW President Shawn Fain says he's getting rid of corrupt and putting his people in place. But he was a top International union official for years. The UAW agreed to this 'eight-year progression' to get to max pay, and reduced our top rate, to assist the companies during the 2009 bailout. Now they're making record profits and don't want to give us anything. It's the same thing with the government, they want us to die before we can collect Social Security. To them, it's a big Piggy Bank that we've paid into all our working lives. But six months or a year after retiring from these plants, the workers are dead."

Another worker who came from Belvidere added, "These are the kind of scare tactics they use before contracts. If you think you are going to lose your job, you'll vote yes for the contract. The company is dangling some money in front of us, so they can snatch away our jobs.

"They shut my plant in Belvidere and people had to move from Illinois to Toledo and Detroit to keep their jobs. The union doesn't fight for us. Now they are laying off 240 workers here and bringing in low-paid temps to replace the higher paid laid off workers. In my old plant, a temporary worker would rollover to full time in nine months. Here you can be a TPT (temporary part-time worker) for four or five years before being rolled over. TPTs can vote on the contract that is coming up, and they are going to fight for their rights."



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact