Citigroup announces plans for 20,000 layoffs as corporate attack on jobs continues into 2024

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American banking giant Citigroup announced plans on Friday to lay off 20,000 people across its global workforce. These are by far the largest layoffs announced so far in 2024, which has already seen substantial job cuts, as corporations use automation to eliminate whole sections of the workforce.

Another 40,000 workers will be removed from Citigroup's payroll under its planned spinoff of Mexican bank Banamex, that country's second-largest. Overall, Citigroup's workforce will decline from 240,000 to 180,000 due to the cuts, which are expected to largely take place over the next two years.

The job cut announcement at Citigroup follows the announcement earlier in the week of hundreds of job cuts at Google and Amazon. Google also plans to restructure its ad services unit, which currently employs 30,000 people, as it moves towards implementing artificial technology. Videogame engine maker Unity has also announced 1,800 layoffs, about one-quarter of its workforce, and the SAG-AFTRA actors' union has announced a new contract allowing for AI voice acting in the video games industry, threatening to eliminate significant amounts of voice work.

Less publicized, but no less significant, are major cuts underway among industrial workers. More than 3,000 auto layoffs were announced at the end of last year, as the industry continued to shift towards electric vehicles, which require far less labor than traditional gas vehicles. Hundreds of layoffs have been announced at UPS, as the logistics company moves rapidly to increase the use of automation in its warehouses. A massive restructuring at the United States Postal Service is underway, which aims to close thousands of local offices and eliminate at least 50,000 jobs.

Other recent job cuts, according to a list compiled by *Business Insider*, include:

• A $2 billion cost-cutting plan at Nike, which is "increasing automation and use of technology" in its business. The total number of jobs impacted has not been released, but Nike "does expect to book somewhere between $400 million and $450 million in pre-tax charges, largely in its fiscal third quarter and largely related to severance costs," BI writes;

• More cuts at computer chip maker Intel, which carried out five rounds of layoffs in 2023, including 235 jobs on December 31;

• A 3 percent staff cut at investment bank Blackrock, equal to about 600 people. In a memo explaining the cuts, Blackrock executives wrote that "new technologies," likely a reference to AI, would help the company "achieve significant efficiencies in how we operate," BI reported.

A major factor in job cuts over the course of the year is the use of automation by companies to ratchet up the exploitation of their workforce. According to a survey by ResumerBuilder.com, nearly 40 percent of business leaders predict they will cut jobs this year, with similar numbers citing AI as a major reason.

The layoffs in the financial sector, while apparently not directly related to AI, come in spite of continuing record profits in the industry even amid growing signs of an economic crisis. Citigroup's rivals in the rest of the six largest banks in the United States laid off 20,000 workers over the course of last year. Only JPMorgan Chase did not report major job cuts.

Summing up the latest quarterly financial results of the major banks, the *New York Times* headlined its article: "Biggest US Banks Earn Billions, Even After Insurance Bill." This was a reference to payments levied at the end of the year for the Federal Deposit Insurance Corporation (FDIC), which was heavily depleted in the aftermath of the series of bank failures last year. "Profits for the fourth quarter of 2023 reported on Friday by JPMorgan Chase, Bank of America and Wells Fargo exceeded analysts' expectations," the newspaper wrote.

Only Citigroup reported a major loss last quarter, the *Times* reported, of $1.8 billion, compared to a $2.5 billion profit the same time last year. Even still, the bank made $9.2 billion in profits over the course of 2023, on total revenues of $78 billion.

Citigroup is the third-largest American bank by assets and, for now, the second-largest by total workforce, but by far the weakest of the six largest banks financially. The 20,000 job cuts are part of a massive restructuring program, ironically code-named “Project Bora Bora” after the luxury beach resort.

The money saved from the cuts will go directly into shareholders’ pockets. “A silver lining of the bank’s pivot is it will allow the firm to resume a ‘modest’ level of share buybacks this quarter,” CNBC reports. The total value of the buybacks was reported elsewhere at around $500 million.

In spite of massive overall profits in the financial sector, uncertainty over central bank policies and extreme instability in the world and US political situations could provide triggers for a major financial crisis. Inevitably, the ruling class will try to offload the cost of this crisis onto the working class, through a combination of job and benefit cuts, attacks on democratic rights and the escalation of wars across Europe and Asia.

Beginning in early 2022, the US Federal Reserve launched a policy of increasing interest rates, which had been kept at near-zero since the 2008-2009 financial crisis. Rates ultimately reached a high of around 5 percent. The stated goal of this policy was to rein in minor increases in workers’ wages by increasing unemployment.

This has had its intended effect, with over 700,000 job cuts last year, according to Challenger, Gray & Christmas, almost double the level in 2022 and the highest since the start of the pandemic in 2020.

But while this policy was enacted to defend the profits of US and world capitalism, sustaining these somewhat higher interest rates for any significant length of time holds severe dangers for finance capital, which has become totally dependent on virtually free money since the 2008 crash.

This was already demonstrated by the spate of bank failures in early 2023, including that of Silicon Valley Bank and First Republic, the second and first-largest bank failures in American history. The danger of a full-scale financial crisis was indicated by the massive scale of the intervention by the government. This included the unprecedented move to guarantee deposits worth more than $250,000, the threshold for coverage under the FDIC.

For now, the Federal Reserve intends to carry out multiple rate cuts over the course of this year. But a higher-than-expected inflation report in December has already placed a question mark over this policy.

Among the major banks, Citigroup is particularly vulnerable to an economic downturn. The restructuring program is aimed at increasing the bank’s returns to 11 percent over the next several years, CNBC reports, “but revenue growth may be hard to achieve as the US economy slows, leaving expense cuts the biggest lever left to pull.”

“Not one investor I’ve spoken to thinks they’ll get to that return target in ‘25 or ‘26,” one analyst told CNBC. “If they can’t generate returns above their cost of capital, which is typically around 10 percent, they have no right to stay in business.”

The uncertainty in the financial situation was indicated in a statement by JPMorgan Chase CEO Jamie Dimon released alongside the bank’s quarterly earnings report. While claiming the US economy “continues to be resilient,” Dimon immediately contradicted himself by adding that the economy “is being fueled by large amounts of government deficit spending and past stimulus.” He added that “Quantitative tightening,” a reference to the higher interest rates and similar policies by the Federal Reserve and other central banks, “is draining over $900 billion of liquidity from the system annually.”

Dimon added, “And the ongoing wars in Ukraine and the Middle East have the potential to disrupt energy and food markets, migration, and military and economic relationships.”

This is putting it mildly. US imperialism is barreling recklessly into World War III, attempting to use its military advantage to offset the historic economic decline of American capitalism.

The United States’ decision to conduct strikes against targets in Yemen threatens to expand the Israeli genocidal onslaught in Gaza into a region-wide war involving Iran. The US government has also committed itself to a defeat of Russia in Ukraine, which, under the worsening military situation for the Ukrainian military, can only be achieved by the involvement of US and NATO troops. Finally, plans are well advanced for a massive war against mainland China, centered on Taiwan, which would involve tens of thousands of US sailors and troops.

The intersecting crises this year will also create the conditions for a massive growth of working class struggles. The critical factor in the outcome of this crisis will be the ability of the working class to intervene as an independent and revolutionary force, fighting to end the bankrupt and reactionary capitalist system and replace it with socialism.