

Intel slashes 15,000 jobs as US unemployment rate jumps to 4.3 percent

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California-based chip maker Intel announced 15,000 job cuts, about 15 percent of its global workforce, in a week that saw signs of mounting global financial instability. The latest figures from the federal government showed US unemployment rose in July to 4.3 percent, sparking a sell-off on Wall Street.

The cuts at Intel are only the latest in a global offensive against jobs, particularly through the use of new labor-saving technologies. Intel plans to save \$10 billion with the cuts as it faces stiff competition in the market for chips used in artificial intelligence. The cuts include a 24 percent reduction in capital spending as well as cuts to research and development and marketing.

In a statement announcing the cuts, CEO Pat Gelsinger wrote, “Our costs are too high, our margins are too low. We need bolder actions to address both – particularly given our financial results and outlook for the second half of 2024, which is tougher than previously expected.”

Jerry White, the Socialist Equality Party candidate for US vice president, denounced the Intel job cuts in a post on X/Twitter:

The mass layoffs spreading through tech, auto, logistics and other industries are the result of a deliberate class policy. The threat of unemployment is being used to terrorize workers at Michigan Medicine, Boeing, Chicago Public Schools and throughout the economy who want to fight for substantial wage improvements to protect their families against the ravages of inflation.

The ruling class, with the full backing of the Federal Reserve, the Biden administration and both corporate-controlled parties, is waging a class war against workers. It is being aided and abetted by the labor bureaucracy in the UAW, IAM and other unions, which is doing everything it can to prevent strikes and block resistance to job-cutting. At the same time, the union officials are going all out to put the pro-big business and pro-war candidate Kamala Harris in the White House.

Workers must respond by mapping out an independent course of action based on their own class

interests. Against the ruling class program of war, austerity and dictatorship, the working class must advance a strategy of global unity against the capitalist profit system aimed at placing the banks, transport and industry under the democratic ownership and control of the working class.

This means expanding the network of rank-and-file committees to fight to defend every job. At the same time, workers throughout the world must unite to fight for socialism, so that great advances in technology like AI and automation can be used to shorten the work week and greatly increase the living standards of workers, not throw them onto the unemployment lines.

Manufacturing activity fell in July for the fourth straight month, as did trucking, which has seen the elimination of 30,000 jobs over the past 12 months.

This week, carmaker Stellantis announced a new job buyout offer to salaried employees and said layoffs may be necessary if not enough workers take the offer. Stellantis and other US carmakers have already slashed thousands of production and white collar jobs this year in the aftermath of a sellout contract imposed by the United Auto Workers, with the support of the Biden White House. Farm and heavy equipment maker John Deere, whose factory workers are also in the UAW, has also announced mass layoffs.

Earlier this month, United Parcel Service announced it was temporarily closing several hubs for retooling as automated facilities employing a fraction of the labor. This is part of a nationwide restructuring effort made possible by a sellout Teamsters contract last year, which will cost tens of thousands of jobs.

Job cuts are not limited to the private sector. The White House’s decision to end pandemic funding is forcing massive cuts in school districts across the United States, including major cities like Chicago and Detroit. Chicago alone is facing a \$500 million shortfall, while Michigan schools in addition to the loss to pandemic support face a \$1 billion cut in state funding.

Outplacement firm Challenger, Gray and Christmas reported that US employers announced 25,885 job cuts in July. While

this was down from June, it was 9 percent higher than the same month in 2023 and the highest total for July since 2020, in the midst of the initial wave of the pandemic. The technology sector cut the most jobs in July with 6,009, for a total of 65,863 on the year.

Challenger reports, “For the year, employers have announced plans to hire 73,596 workers, the lowest year-to-date total since 2012, when 72,858 hiring plans were recorded.”

Other layoffs include:

- Disney is laying off 140 workers, or 3 percent of its Disney Entertainment Television workforce, including 13 percent of staff at National Geographic.

- Richmond, California-based SunPower Corporation said it is laying off 290 workers as it struggles with the threat of bankruptcy.

- Gaming company Bungie said it will lay off 220 employees, the latest layoffs in a string of cuts totaling 11,000 across the gaming industry so far this year.

The rise in US unemployment from 4.1 percent to 4.3 percent last month was higher than what analysts had expected. The economy created just 110,000 new jobs last month, while the number of unemployed people rose by 352,000 to 7.2 million, and the number of new weekly filings for unemployment benefits rose to its highest level in a year. The Bureau of Labor Statistics also revised downward its new jobs figures for May and June by 29,000.

The actual number of unemployed is much higher, with millions more forced to work part-time or give up the search for a job altogether.

The monthly jobs data released by the Bureau of Labor Statistics showed wage growth slowing as well. Wages have risen just 3.6 percent over the last 12 months, barely about the 3.0 percent rise in the Consumer Price Index, which underestimates the impact of rising prices on workers.

The *Washington Post* wrote, “With the unemployment rate now at the highest rate since coming out of the pandemic downturn in 2021, economists, banking analysts and investors warned that recession signals are flashing.”

Global stocks were down sharply on Thursday in response to the jobs data, reflecting fears of a looming recession. The Dow Jones lost 600 points, the S&P 500 was down 1.5 percent and the tech-heavy NASDAQ was down 2.5 percent. Shares of Intel, which is a component of the Dow, were down a massive 26 percent.

The Japanese Nikkei 225 index crashed 5.8 percent on Friday.

US stock losses continued Friday, with the DOW down another 600 points and the NASDAQ down 10 percent from its recent high.

The steady rise in unemployment is the consequence of deliberate policies from the White House aimed at smashing the growth of the class struggle through mass job cuts. The Federal Reserve has pushed interest rates to the highest level in more

than 40 years, while Biden, the self-described “most pro-union president in American history,” is working with the union bureaucracy to impose sellouts and prepare for war.

In response to the jobs report, Biden issued a complacent statement totally at odds with reality. He said:

Today's report shows employment is growing more gradually at a time when inflation has declined significantly. Business investment remains strong thanks in part to our investing in America agenda, which is creating good-paying jobs in communities that have been left behind.

While heightened interest rates are aimed at boosting profits through attacks on the working class, this policy also contains immense dangers for the world financial system, which has become completely dependent on cheap money. While current interest rates are not high by historical standards, the fall in share values reflects concern that if rates do not come down soon, there could be a recession.

The Federal Reserve has signaled that it intends to begin incremental rate cuts as soon as its September meeting. But there are concerns that the Federal Reserve has already waited too long to being reducing rates.

Democratic Senator and former banking regulator Elizabeth Warren of Massachusetts tweeted:

Fed Chair [Jerome] Powell made a serious mistake not cutting interest rates. He's been warned over and over again that waiting too long risks driving the economy into a ditch.

Warren and the Democrats are also worried about the potential impact of a sudden economic downturn on the November elections.

The working class must intervene with its own independent solution to the crisis through a struggle to defend jobs and defeat the attempt by the ruling class to impose the costs of recession and war on the backs of workers.



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