

Jobless claims highest in 4 years as tariff-driven layoffs, price hikes wreak havoc on US workers

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More than 260,000 Americans filed initial unemployment claims last week, the highest level in four years, according to data released Thursday by the Bureau of Labor Statistics (BLS). This is a sign of the deepening social crisis confronting the US working class, driven increasingly by the trade war measures of the Trump administration and the use of AI to slash jobs.

The mounting unemployment portends an eruption of class struggle under conditions where Trump is escalating his drive toward dictatorship. Seizing on the assassination of Charlie Kirk, the administration is accelerating political repression.

The new report comes just after the BLS massively revised downward employment figures for the 2024 fiscal year. It now says that 911,000 fewer jobs were created than previously estimated. Figures for August show only 22,000 jobs were added, while June was revised into negative territory. Manufacturing jobs overall are in the negative for the year.

The latest layoff figures underline the scope of the devastation. Challenger, Gray & Christmas reported a 39 percent increase in announced layoffs last month, to 85,979, with the steepest cuts in pharmaceuticals. Some of the more notable recent announcements include:

- 1,000 at grocery giant Kroger's technology and digital team. One worker posted to thelayoff.com: "The big bosses, Yael the CIO and Rana the Senior HR Director, couldn't even bother to show up live for the announcement. Nope, they dropped a pre-recorded video on everyone like it was a bad Zoom prank. "Hey team, you're fired—cut! That's a wrap!"

- Oil and gas producer ConocoPhillips is cutting up to one quarter of its global workforce, equal to around 3,200 jobs. "These layoffs aren't going to end," one worker wrote on thelayoff.com. "They say the end of 2027 but let's face it. All of us will slowly be phased out up until 2030." Another worker wrote: "There are very few oil and gas jobs out there

as well as the same in other industries. ... I am not a big backer of AI, OSDU, and AWS but it looks like those are here to stay";

- Insurance company State Farm is rolling out voluntary buyouts;

- Tech firm Oracle is cutting 254 jobs in the San Francisco Bay Area;

- More than 200 layoffs have been announced at electric vehicle startup Rivian;

- 150 cuts at BlueCross BlueShield in Chattanooga, Tennessee; and

- 4,000 layoffs at Salesforce, whose CEO declared frankly: "I need less heads with AI."

In addition, the takeover of Walgreens by private equity firm Sycamore Partners is set to break up the company into five separate entities, a move which will likely lead to massive layoffs.

Amid the rising cost-of-living crisis, Trump's tariff measures are beginning to manifest in higher inflation figures. Tariffs, which are taxes paid by importers, function as a regressive sales tax because costs are eventually passed on to consumers. This process is now clearly underway.

CPI inflation was around 2.9 percent for August, the BLS reported Thursday. Among the basket of goods used to calculate the index, the highest increases were in coffee (21.7 percent) and raw beef steaks (16.6 percent). Home gas prices jumped 13.6 percent year-on-year, motor vehicle repair was up 15 percent, and furniture rose 9.5 percent.

For some time, inflation had fallen from its historic 9 percent peak in 2022, but it has now stopped declining and is beginning to rise again. Last month's figures were the highest since January. Moody's economist Mark Zandi told CNBC: "I think we should expect a further acceleration in inflation over the next 6 to 12 months."

Trump's claim—parroted by the union bureaucracy—that tariffs would benefit American workers and bring back jobs has been exposed as a lie. The opposite is taking place.

Through mass layoffs and price increases generated by tariffs, American capitalism aims to make workers pay for the mounting economic crisis, the growth of public and private debt, the uncontrolled rise in share values, and the diversion of resources toward war.

For the ruling elite, the main significance of the numbers is to what extent they impact the likelihood of an interest rate cut by the Federal Reserve next week, ensuring continued access to cheap money to fuel speculative bubbles and unimaginable personal fortunes.

On Thursday, the Dow Jones Industrial Average ended trading above 46,000 for the first time ever. The day before Oracle co-founder Larry Ellison increased his wealth by \$100 billion in a single day, surpassing Elon Musk as the world's richest person.

Significantly, General Motors CEO Mary Barra sold 40 percent of her stock in the company, worth tens of millions of dollars.

For workers, however, the picture is disastrous. A majority of Americans are already living paycheck to paycheck, and a significant portion cannot afford the unexpected expense of even a few hundred dollars. Personal bankruptcies rose 11.8 percent between June of 2024 and June of 2025, according to *Newsweek*.

Officially, the unemployment rate remains at 4.3 percent. But this is a massive underestimation of the real toll. The labor force participation rate, a measure of those of working age either employed or actively looking for work, has been falling for the last two years from its post-lockdown high of 62.8 percent in August 2023 (a figure far below pre-pandemic levels, which had already declined to their lowest since the 1980s). This is a sign that millions are dropping out of the labor force, including those who have given up looking for jobs.

Youth unemployment stands at 10.8 percent, more than double the national figure.

The economic war on the working class finds its political reflection in preparations for civil war, with the deployment of troops to Washington, DC and soon to Chicago and dozens of other cities.

The aim is to suppress all opposition to policies which are already generating significant opposition. In particular, they are aimed at the working class, which is being thrust into struggle by the impossible cost of living and brutal working conditions. The death of Stellantis worker Ronald Adams Sr. five months ago was followed by a string of major industrial accidents, including explosions at US Steel's Clairton Coke Works near Pittsburgh and a fireworks factory in southern California, and the death of a food processing worker in a meat grinder.

Signs of opposition include strikes by defense workers at

Boeing and GE Aerospace. Boeing, no doubt with the blessings of the White House, is moving to replace striking workers. The International Association of Machinists (IAM) bureaucracy, which earlier urged Trump to intervene, has said nothing about the move.

Trump's response to the recent jobs figures has been to attack the BLS, falsely claiming it was rigging data to make him look bad. Last month he fired the head of the agency. His nominee for replacement is loyalist EJ Antoni, who has reportedly floated ending publication of the monthly job reports altogether.

At the same time, the jobs data are a sign of the deepening crisis in the US economy. The dollar is down 10 percent since the start of the year and the gold price has nearly doubled since 2023. There are growing concerns about the US Treasury market, as government debt, already the largest in history, continues to balloon.

Trump's tariff policies, while aimed at finding new sources of revenue and attempting to address the balance of trade deficit, are wreaking havoc on the US economy, and on the world economy of which the US and every other country is a component part. Postal volumes into the US have declined by 80 percent due to the reversal of de minimis tariff exemptions, as many companies suspend shipping to the US. Consumers are reporting hundreds of dollars in tariffs for relatively small purchases, such as computer equipment.

These developments are leading to explosive class struggles. "I'm worried we are repeating conditions right before World War Two. We are on the path toward an explosion," one striking nurse in Michigan told the WSWS this week. "The whole working class needs to strike. We need to put the rich people in their place," a striking Libbey Glass worker in Toledo, Ohio said.

The working class must become the center of the fight against dictatorship, which is impossible without a struggle against the capitalist system itself.



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