

Wall Street Journal announces the era of the “mega layoff”

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“Has The Era of the Mega-Layoff Arrived?” With this question, posed in the headline of an article Wednesday, the *Wall Street Journal* declares mass unemployment on a scale without recent precedent the deliberate policy of the capitalist ruling class.

“Instead of laying off people in more incremental—and less disruptive—waves, employers are seizing on the potential financial upsides of severing swaths of their workforces at once,” the paper notes. “That is a departure from not long ago, when mass layoffs registered as a sign of trouble or mismanagement and that a company needed to take drastic measures to right its performance. Now, such a company is more likely to get a big stock bump and praise from investors for acting boldly.”

The *Journal* cites immediate jumps in share values following recent mass layoffs at tech firms Block and Snap. After Block announced plans to lay off 40 percent of its workforce, executives from other companies “[came] out of the woodwork,” according to one executive. The purpose, according to the article, was to ask “for the playbook on how they might replicate such sweeping cuts at their own companies.”

Block presents layoffs driven primarily by AI as an “inevitability,” better to be done sooner rather than later. But it is being used as a means to an end. According to one analyst interviewed by the *Journal*, it has “also has given air cover, more importantly, to execute on the right sizing that you probably needed to do a long time ago.”

That one of the chief motivators of mass layoffs is the instant increase in share values is a sign of the extreme shortsightedness and recklessness which dominates corporate strategy. But Wall Street’s response reflects a more basic decision made by finance capital: whole swathes of less productive capital must be eliminated, along with the workers employed by them.

This is expressed in the growing series of mass layoffs. There were 1.2 million layoffs last year, according to

Challenger, Gray & Christmas, the highest toll since the first year of the COVID pandemic. This month alone, layoffs were announced at Snap (1,000 jobs), Disney (1,000), Morgan Stanley (2,500) and Citigroup (1,000). Thirty thousand layoffs each are under way at Amazon and Oracle.

Nor is this confined to white-collar jobs. UPS is eliminating more jobs than any other employer in the country. Thousands of layoffs are taking place in auto, including GM’s shutdown of what had been presented as its new flagship EV plant. At the United States Postal Service, as the result of a manufactured financial crisis, management has stopped payments into the pension plan and is preparing vast cuts. Almost every major school district and transit authority in America is eyeing layoffs to close major deficits.

This is not only an American phenomenon. Lufthansa is closing its subsidiary CityLine. As a result of the expanding war against Iran, Europe has “maybe six weeks of jet fuel left,” according to the International Energy Agency. The BBC is eliminating 10 percent of its workforce, some 2,000 jobs. Canada Post is planning to slash 30,000 jobs, more than half of its workforce, while ending door-to-door delivery.

There is an objective logic driving this. The United States has hit \$39 trillion in federal debt, which costs as much in interest payments as the entire military budget. US nonfinancial corporate debt has reached \$14.1 trillion, according to a January report by the Federal Reserve. The major “hyperscalers”—Amazon.com, Alphabet, Meta Platforms, Microsoft Corporation and Oracle Corporation—are expected to issue as much as **\$175 billion in new debt in 2026** to finance AI buildouts.

Meanwhile, US military expenditures are soaring, with \$200 billion requested for the war with Iran and \$500 billion more in next year’s budget, bringing the total to \$1.5 trillion.

The cost of their attempts to sustain these levels of debt and avoid economic collapse, while also financing the massive cost to society of the corporate oligarchy itself, can under capitalism only be carved out of the working class.

This means, on the one hand, mass unemployment, lower pay, longer hours and a vast increase in surplus value extraction through new technology. On the other hand, it means the seizure of natural resources, markets and supply chains from national rivals. This is seen most sharply in Trump's war against Iran, which is a struggle for control over oil routes, shipping lanes, strategic minerals and industrial supply chains.

These policies cannot be imposed democratically. This is what explains the rise of Trump, and the substantial support he receives from oligarchs such as Jeff Bezos and Elon Musk. Trump, whose political outlook is steeped in fascism and who openly threatens genocide against targets of foreign conquest, is the necessary political expression of capitalism at the point where it can continue only through a war on society.

As for the Democrats, their only concern is that Trump pursue this policy in a somewhat more coherent and coordinated fashion.

The union bureaucracy, meanwhile, is kicking its betrayals into overdrive. This past week alone, scheduled strikes by 80,000 LA school workers and 34,000 doormen in New York City were called off through sellout agreements. The Writers Guild is seeking to impose huge healthcare increases and sub-inflation wages while Hollywood eliminates thousands of jobs.

Just as Trump's policies are not simply the product of personal ignorance or corruption, the bureaucracy's betrayals are the necessary expression of its acceptance of capitalist property relations and American nationalism. It suppresses the class struggle because any genuine defense of jobs rapidly raises the question of power.

The corporate elite dreams of creating profit out of profit by removing human labor from the equation entirely, both through financial bubbles and through AI. But it cannot extricate itself from dependence on the working class, which is the source of all value.

Moreover, these conditions are producing a profound political change. Millions are concluding that this is not simply a matter of "greed" or bad executives. The capitalist system itself is responsible.

The promise of American "unlimited opportunity" sounds like a mocking phrase to young people who cannot possibly get ahead. For the first time in history, the

unemployment gap has closed completely between those with associate's degrees and those with bachelor's degrees.

This is radicalizing a generation and expanding the potential base for socialist politics.

The paradox of the crisis is that it emerges from an extraordinarily high level of economic development. The level of society's wealth is so great, and the economic and cultural integration of the planet so advanced, as a consequence of high-tech global supply chains, that they are no longer compatible with the narrow limits of private ownership and the nation-state system.

Workers must take control of the same technology now being used as a weapon against them and transform it into the scaffolding of a new form of society based not on exploitation, but on the free association of producers.

The vast improvements in productivity made possible by AI and automation must be used to fund a sharp decrease in the length of the working day with no loss of pay, along with high-quality education, healthcare and other public programs, rather than financing out-of-control inequality.

AI itself, harnessed to a workers' government, could become a key planning and organizing tool, opening up new possibilities for the direct, democratic administration of society by the masses themselves.

The ruling class is making revolutionary struggles inevitable. The central task is to arm them with a socialist program: the seizure of the productive forces from the financial oligarchy and their reorganization for human need, not private profit.



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