

New Year Opens with Wave of Layoffs in the US

By [Jerry White](#)

Global Research, January 09, 2017

[World Socialist Web Site](#) 9 January 2017

Region: [USA](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

The New Year is opening in the US with a wave of layoff announcements and threats of further downsizing during the year.

In the latest blow to retailers, hundreds of women's clothing stores, operated by Ohio-based chain The Limited, shut their doors over the weekend at shopping malls across the United States. The company, which has 235 stores nationwide and 4,000 employees, quietly began layoffs in December before shuttering its stores on Sunday.

Last week, Macy's announced it was closing 68 stores and cutting more than 10,000 jobs. Sears also said it will shut down another 150 Sears and Kmart stores, after poor holiday sales. Kohls and JC Penney previously carried out mass layoffs.

Retailers have been hit by a series of factors, including the stagnation of real wages of large numbers of consumers and the growth of online shopping giants like Amazon.

In addition to the retailers, the Big Three Detroit-based automakers are carrying out thousands of temporary and permanent layoffs, including the elimination of entire shifts—and the wiping out of more than 3,000 jobs—at assembly plants in Detroit and Lansing, Michigan, and Lordstown, Ohio, halfway between Cleveland and Pittsburgh.

Last Friday, the US Bureau of Labor Statistics reported slower-than-expected job growth in December. The economy added 156,000 jobs last month, the vast majority in the lower-paying service sector. Obama's Labor Secretary Thomas Perez hailed the numbers, saying they showed the "strength" of the economy. In reality, there has been no recovery for millions of Americans who, living from paycheck-to-paycheck and up to their necks in debt, face the constant threat of job loss.

Other recent layoff announcements include:

- Lexington, Kentucky-based Lexmark International is laying off 320, or 10 percent, of its software business employees.
- Data-storage company Seagate Technology Inc. has cut 155 jobs at its Shakopee, Minnesota facility.
- Alorica will cut 200 jobs at its customer communications center in Utica, New York.
- Dole Packaged Foods will close its Stockton, California frozen yogurt product plant, eliminating 30 hourly and supervisory jobs.
- Internationally, Chinese tech giant ZTE will cut five percent of its global workforce or 3,000

jobs.

The dire situation facing workers will only escalate under the incoming Trump administration. Despite his bogus pronouncements of concern for the plight of American workers, Trump's economic program is based on massive corporate tax cuts and deregulation and protectionist trade measures, which will destabilize the world economy and provoke retaliation against US exporters. He is also proposing a sharp spending increase for the military and some funding for infrastructure projects, all of which will be a boondoggle for private contractors and other businesses.

Corporations are also demanding the continued lowering of labor costs in the US, which was central to the economic policy of the Obama administration over the last eight years.

This was implemented with the full assistance of the trade unions, which worked with the White House to suppress a "wages push" by millions of workers whose labor agreements expired in 2015-16 and who were determined to recover wages lost in the years following the 2008 financial crash. With the backing of the unions, wage increases in the private and public sectors have largely been limited to the rate of inflation and any raises have more than been eaten up by increased health care costs under Obamacare.

The latest retail layoffs highlight structural changes in the economy. Millions of workers, young and old, face a "New Normal" of low-paying, precarious jobs, while the wealthy elite extracts billions in profit, chiefly through financial parasitism.

Dayton, Ohio businessman Leslie H. Wexner opened the first The Limited store at a shopping mall in the Columbus, Ohio suburb of Upper Arlington in 1963. So named because it limited the variety of clothing to lower costs of quick-selling merchandise, the brand eventually grew to 750 stores with sales of more than \$1 billion.

This allowed Wexner to expand into other retail ventures that would be based in the Columbus area, including well-known chains such as Abercrombie & Fitch, Victoria's Secret, Express, Bed, Bath & Beyond, and others. A decade ago Wexner sold a majority share of The Limited to private equity firm Sun Capital Partners, which bought the company outright in 2010. Wexner, the CEO of L Brands, pulled in \$26,669,306 in total compensation in 2015.

A month ago, The Limited announced it was laying off 248 of its headquarters staff in New Albany, Ohio, as Sun Capital continued to pursue a possible sale. After selling off all of its clothing stock at up to 90 percent discount, along with fixtures and mannequins, the empty stores were permanently closed Sunday.

"I think it is very sad," said Amanda Conley, 49, who bought two of the last pairs of pants at a central Ohio store, told the *Columbus Dispatch*. "It's been a staple here. Of course, it affects employees and their livelihoods."

Even as workers were being tossed into the streets, however, the \$9 billion private equity firm was milking the retail chain for as much as possible. In a letter to investors Friday, Sun Capital Partners said it made 1.8 times its \$50 million investment in Limited Stores while writing down the remaining equity value to zero.

Fortune noted, "The disclosure illustrates how private equity firms can boast a profit from companies whose equity value has been wiped out, having previously recouped their

original investment by taking dividends from these companies, often by having them borrow more money to fund the dividends.”

Many traditional retailers are falling victim to pressure from online giant Amazon, which is able to quickly ship merchandise from its massive and strategically located warehouses using low-wage workers whose productivity is electronically monitored. In the case of The Limited they have also fallen victim to other “fast-fashion” stores, like those owned by Swedish multinational H&M (Hennes & Mauritz AB), which specialize in the latest fashion discount apparel aimed at younger shoppers.

Apparel retailers, including H&M, rely on a global supply chain, which includes brutally exploited workers around the world. In April 2013, 1,133 garment workers were killed and 2,500 wounded when Rana Plaza, an eight-story building housing several textile factories, collapsed in the Bangladeshi capital on Dhaka. Half of the 125,000 shirts made each day at the complex were sold to H&M. Workers made \$1.43 a day, for 10-12 hours, producing 250 T-shirts per hour.

Retail workers in the United States are subjected to inconsistent hours, low pay and an authoritarian atmosphere at work. Most are on-call employees who must phone in or wait for a call from a manager to find out their schedules. Turning down a shift because of a scheduling conflict with family, school or another job means having your hours cut or instant dismissal.

The retail industry as a whole employed around 16 million workers, up more than nine percent since 2009; nonsupervisory retail work pays 30 percent less than other private sector jobs.

Last June, 5,000 workers authorized the first strike in 40 years at Macy’s flagship department store in mid-town Manhattan and four other locations in the state. Workers wanted wage and health care improvements and to end the policy that allowed Macy’s to reduce a salesperson’s commission if a customer returned the merchandise within six months.

Collaborating with state and local Democrats, including New York City Mayor Bill de Blasio, the Retail, Wholesale & Department Store Union (RWDSU), which is part of the United Food and Commercial Workers (UFCW) union, quickly reached a deal, which retains the punitive commission policy and significant out-of-pocket health care costs.

The original source of this article is [World Socialist Web Site](#)
Copyright © [Jerry White](#), [World Socialist Web Site](#), 2017

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Jerry White](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca