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Mass Layoffs, Record Profits, and the Automation Excuse (2022–2025)

Introduction

Large corporations across the U.S. and Europe have engaged in waves of mass layoffs since 2022, often citing advances in Artificial Intelligence (AI) and automation as justification. Paradoxically, many of these firms are thriving financially – reporting record profits, expanding stock buybacks, and rewarding executives lavishly – all while benefiting from public subsidies and tax breaks. This report examines the trend of "AI-driven" layoffs amid high profitability, provides case examples of corporate profits and executive pay during layoffs, explores the public subsidies (corporate welfare) these companies receive, and discusses a bold proposal to shorten the workweek by splitting jobs. Finally, it evaluates the potential impacts of a 3-day workweek policy and the growing disconnect between government inaction and public expectations, which threatens to erode trust in governance.

Trend of AI-Linked Mass Layoffs (2022–2025)

Rising Layoffs Amid Techno-Optimism: Since 2022, major companies have announced sweeping job cuts, often alongside rhetoric about "pivoting" to AI or automating operations. In the tech sector alone, an industry tracker recorded *over 165,000 tech jobs eliminated in 2022 and more than 250,000 in 2023* [1]. Virtually every big-name firm – from Amazon and Meta to Microsoft and Alphabet (Google) – slashed headcounts by thousands or even tens of thousands, despite remaining "enormously profitable and sitting on piles of cash" [2] [3]. While executives publicly blamed macroeconomic uncertainty or pandemic over-hiring, analysts noted an underlying motive: to "retool for AI" and streamline the workforce for a more automated future [4] [5]. In other words, *none of these companies openly said* that automation was the driving force, yet transitioning to AI-centric business models was "among the business reasons at the heart of these puzzling decisions" [6].

Examples of Automation-Cited Layoffs: Outside of Silicon Valley, other industries followed suit. In May 2023, British telecom giant **BT** announced plans to cut up to **55,000 jobs (over 40% of its workforce) by 2030**, explicitly noting that about *10,000 roles would be replaced by AI* systems [7]. BT's CEO highlighted opportunities to use AI for efficiency – e.g. automating customer service and network diagnostics – directly tying technology to workforce reduction [8]. Likewise, **IBM**'s CEO stated in 2023 that the company would **pause hiring** for back-office roles and allow attrition to shrink its headcount, as roughly *7,800 jobs could be replaced by AI in the coming years* [9]. Many banks and retailers have also automated functions (from algorithmic trading to self-checkout kiosks), gradually reducing staff needs. In sum, from 2022 to 2025 a clear pattern emerged: corporations invoke AI/automation as a rationale to eliminate jobs, positioning these cuts as "strategic" for a tech-driven future.

Record Profits and Executive Pay During Layoffs

Mass layoffs have often coincided with **record profits and booming valuations** for the very companies cutting staff. For example, during the pandemic tech boom, giants like Google, Amazon, and Microsoft *doubled their workforce* to meet demand, and their "profits and stock valuations soared" [10]. Even after growth cooled, **corporate profits remained near all-time highs** – U.S. corporate profits hit *$2.1 trillion* *in Q3 2022*, and tech giants added *$2.4 trillion to their market cap in 2023* [11]. Yet these firms still proceeded to axe jobs by the thousands.

Stock Buybacks Over Jobs: A telling indicator of priorities is stock buybacks. Tech multinationals spent tens of billions on buying their own shares – a move that was *illegal as market manipulation until 1982* – which directly enriches shareholders and executives. In fact, the *"massive cost of these stock buybacks alone would have paid the salaries of every laid-off worker for decades"* [12]. Investors often *reward* layoffs with stock price bumps, viewing them as cost-cutting. When Google announced its 12,000 layoffs in early 2023, its stock jumped 3.5% that day, and Meta's share price **more than doubled** in the months after its large cuts [13]. This Wall Street applause creates pressure on CEOs to downsize even in boom times.

Lavish Executive Compensation: At the same time, executive pay packages have reached stratospheric levels during layoff periods. A stark example is Alphabet (Google) CEO **Sundar Pichai**, whose total compensation for 2022 was **$226 million** – over *800 times the median employee's pay* – largely thanks to stock awards [14]. This record pay was disclosed just months after Google's mass layoffs of 12,000 workers (6% of its staff) [15], drawing criticism that leadership was being richly rewarded while employees bore the brunt of "streamlining." At manufacturing firm **John Deere**, which announced layoffs in 2023–24, CEO John May received **$26.8 million** in 2023 compensation [16]. The United Auto Workers union blasted Deere's job cuts as unjustified, noting the company was on track for **$7 billion in profit** that year and had spent *$43.5 billion on dividends and buybacks* over two decades – more than enough "profit to go around" to workers [16] [17]. These cases exemplify a broader trend: **firms that downsize often continue to post strong profits and grant huge payouts to top executives**, highlighting a disconnect between the necessity of layoffs and the financial reality.

Corporate Welfare: Public Subsidies for Profitable Companies

Adding insult to injury, many of the corporations implementing mass layoffs have benefited from significant public support – whether through direct subsidies, favorable tax breaks, or pandemic-era bailouts. This **"corporate welfare"** means taxpayers effectively bolster companies' finances, yet those firms may still choose to cut jobs or relocate to lower-cost areas.

High-Tech Handouts: A vivid example is the semiconductor industry. **Intel**, one of America's largest chipmakers, emerged as a major beneficiary of the U.S. government's CHIPS Act (2022) aimed at revitalizing domestic chip production. In early 2024 the Commerce Department announced *$8.5 billion in grants and $11 billion in loans* for Intel to build new fabs [18] – a public investment in exchange for promises of U.S. job creation. Yet in August 2024, Intel revealed plans to **lay off 15,000 workers (≈15% of its workforce)** to cut costs after a dip in revenue [19]. This large layoff – coming *before* any CHIPS funds were received – was called a "setback" for the federal investment program [20]. It exemplifies how a firm can secure taxpayer-backed support for future expansion while simultaneously shedding thousands of current jobs to appease investors.

Tax Breaks and Bailouts: Dozens of other companies that downsized have likewise enjoyed public support. During the COVID-19 crisis, for instance, U.S. airlines received billions in payroll assistance from the government, yet some still proceeded with layoffs or furloughs once restrictions lifted. Major retailers and logistics firms (like Amazon) commonly receive **local tax incentives** to open warehouses or factories, only to later automate those facilities and reduce hiring. Research by tax watchdog groups has long found that *many large firms laying off workers were concurrently benefiting from special tax loopholes, credits, or deductions* that drastically cut their tax bills [21] [22]. For example, a study of 10 big U.S. corporations in the 1990s that announced large layoffs found they together received **$8.3 billion** in federal tax subsidies over a three-year period, helping drive their effective tax rates well below the statutory rate [23] [21]. These subsidies persisted (even increased) despite public outcry, effectively **rewarding companies for downsizing**.

In short, **public funds have often propped up companies' profitability** – whether through direct grants, favorable legislation, or infrastructure support – yet this hasn't guaranteed job stability. Corporate leaders frequently prioritize shareholder returns (even funding stock buybacks with tax-cut windfalls [24]) and cost cuts over employment, creating a scenario where the public pays twice: once to support the company, and again in lost jobs and economic dislocation.

The Three-Day Workweek Proposal

Amid fears that AI and automation will displace workers, some policymakers and futurists argue that technology's benefits should be harnessed to **reduce working time rather than eliminate jobs**. One bold proposal is a **3-day workweek with full pay**, essentially *splitting one full-time job between two people* – each employee works three days a week (e.g. Monday–Wednesday or Thursday–Saturday), but **retains a full salary** as if working five days. The remaining days would be free for rest, family, creative pursuits, or education. In effect, this is a radical work-sharing plan: instead of one person working 40 hours, two people would work, say, 2× ~20 hours each, collectively covering the role's duties. Crucially, **neither person suffers a pay cut** – the idea is that the gains from automation and higher productivity allow for **maintaining income with less labor**.

Logic and Rationale: Advocates of a shorter workweek note that throughout history, productivity improvements have enabled reductions in working hours. (For example, the standard workweek fell from ~60 hours in the 19th century to 40 hours by mid-20th century, with weekends off, as labor movements insisted that productivity gains be shared as leisure.) Now, with AI capable of doing a significant portion of cognitive and manual tasks, proponents say *"if machines can do more, we should work less and live more"*. Tech leaders themselves have hinted at this future: **Bill Gates** predicted AI could enable a 3-day workweek in the coming decades, and venture capitalist **Vinod Khosla** suggests that with the right policies, society could "usher in a 3-day workweek" as AI boosts economic abundance [25]. The core logic is that **automation need not impoverish workers** by making them redundant; instead, it can enrich everyone by producing more with fewer human hours, thereby allowing humans to **cut back to three days of work** (while machines and software handle the rest) without sacrificing output. In a scenario where AI increases productivity (GDP growth) dramatically, it becomes feasible to maintain full wages for fewer hours, especially if combined with redistribution mechanisms [25] (such as "transition funds" or even universal basic income to supplement incomes). Each job could be shared by two people so that *unemployment drops (more people employed), overwork drops, and work-life balance improves*. Society would essentially **take the dividend of automation in the form of time**, not just corporate profit.

It's a utopian vision, but one rooted in an old idea of *"working less so others can work"*. Rather than one worker doing 60 hours while another is jobless, both could do 30 hours. In the 3-day week plan, **each employee gains four days off per week** for rest, family, community, art, or self-improvement, potentially leading to a cultural renaissance of free time. Proponents also argue it would address burnout and stress – which are mounting in many high-pressure industries – and recognize that human well-being *should* improve as civilization becomes more productive.

Potential Impacts of a 3-Day Workweek Policy

Implementing a universal 3-day workweek (with full pay) at large corporations would be revolutionary. Its potential **economic and social impacts** include:

- **Job Creation and Unemployment:** By definition, halving the standard workweek would require roughly twice the number of employees to cover the same workload (assuming output needs constant). This policy could *virtually eliminate involuntary unemployment* in large profitable firms by turning one job into two. It would open opportunities for job seekers and could particularly benefit groups that struggle with long hours (e.g. caregivers, parents, or those with health limitations) by providing more part-time roles that still offer full-time income and benefits.

- **Worker Well-Being and Health:** Evidence from recent trials of shorter workweeks (typically 4-day weeks) shows significant improvements in employee well-being. In a UK pilot program in 2022, *over 80% of workers reported improved mental and physical health and work-life balance* [26], and burnout rates fell when working hours were reduced with no pay loss. We can expect that a 3-day week (even more free time) would further enhance well-being – giving people four days to rest, exercise, pursue hobbies or creative arts, volunteer, and spend time with family. Societies with shorter working hours often report higher happiness and lower stress. Over time, a better-rested workforce is a healthier one, potentially reducing healthcare costs and improving longevity.

- **Productivity and Business Performance:** Critics worry that working significantly fewer days could hurt productivity. However, research on 4-day week trials found *46% of companies actually saw productivity improve* slightly [27] [26], and the vast majority maintained output levels with fewer hours. Concentrated, focused work in fewer days can spur efficiency gains and eliminate wasteful "busy work." For a 3-day week, productivity per hour might increase (as employees know they have only 3 days to accomplish tasks). Of course, not every industry can easily adapt – some roles need continuous coverage – but job-sharing arrangements can ensure continuity. With thoughtful restructuring and help from AI tools (handling routine tasks), **large corporations could maintain or even boost output per worker-hour**, offsetting the reduction in hours. It's worth noting that *Microsoft in Japan saw a 40% productivity jump* in a trial of a 3-day weekend (though that was 4 days work, not 3). In any case, the **productivity impact** is not straightforward – it could vary by sector – but there is reason to believe that **happier, more focused workers can achieve comparable results in less time**, especially as technology augments human labor.

- **Public Trust and Social Stability:** Implementing such a worker-friendly policy in profitable corporations could have profound social impacts. It would signal that the **system is finally delivering benefits of automation to the people**, not just to shareholders. This could *restore faith* that technological progress doesn't always mean a pink slip for workers, but rather a better life. Public trust in big companies might improve if they are seen as sharing prosperity (instead of the current view of prioritizing profits over people – 69% of Americans believe large corporations put profit before public good [28]). Moreover, if governments facilitated a 3-day workweek transition (through incentives or regulation), it would show responsiveness to citizens' desire for work-life balance and dignity. The broader economy could also benefit: **with more people employed and earning full salaries, consumer demand would stay strong** (job cuts tend to depress local economies), and people would have time to engage in community, education, or entrepreneurship on their days off, potentially spurring new cultural and economic activity. In the long run, such a policy might cultivate a more stable society with less inequality and resentment.

Of course, there are challenges: companies would face higher labor costs unless productivity per worker doubles. This might require accepting a smaller profit margin or raising prices modestly. It would likely take strong **government action or collective bargaining** to implement, since few corporations would voluntarily double their payroll to achieve a social good. Yet, given the immense profits many are making, some argue they **can afford to trim profits** in exchange for a healthier, employed society.

Government Inaction, Public Expectations, and Eroding Trust

The contrast between **what is possible** (record corporate profits, technological potential to improve lives) and **what is happening** (job cuts, inequality, and inaction on shortening work hours) is fostering public disillusionment. People see governments giving lip service to job creation and worker support, yet doing little to rein in profitable companies from laying off thousands. Public subsidies flow to corporations, but the promised broad benefits ("good jobs" or reinvestment) often fail to materialize. This disconnect is straining trust in governance and the economic system:

- **Perception of a System "Rigged" for Capital:** A 2023 Pew Research survey found *72% of Americans believe large corporations have too much influence on politics*, and 66% say the economic system needs **major changes or complete reform** [28] [29]. When governments respond to mass layoffs with mild rebukes or no action – even as CEOs reap bonuses – it confirms people's suspicions that policymakers serve corporate interests over the public. Each plant closure in a small town or each wave of tech layoffs (despite companies enjoying tax breaks) chips away at the credibility of leaders who praise "free markets" and promise prosperity.

- **Inaction on Work-Time Policies:** Many citizens would welcome policies like a 4-day or 3-day workweek, or at least protections against sudden layoffs, but few governments have acted boldly on these fronts. The lack of policy response to automation – beyond platitudes about retraining – leaves workers feeling unprotected in the face of AI. Meanwhile, countries that *have* experimented with shorter workweeks (like the 4-day trials in Europe) often did so via grassroots or academic initiatives rather than sweeping government mandates. The failure to update labor policy for the 21st century reinforces the view that government is lagging and indifferent to workers' hopes for a better work-life balance.

- **Erosion of Trust in Institutions:** Trust in government has plummeted in many Western countries. In the U.S., public trust in the federal government fell to near 70-year lows in 2023 (only ~16% have a high degree of trust) [30]. When voters see bailouts or subsidies handed to corporations that then lay off staff or move jobs overseas, it breeds cynicism. **Trust in business leaders is also low** – only 36% of Americans believe corporations act in a responsible way [31] – but business still enjoys higher trust than government in some surveys [32]. This dynamic is dangerous: people increasingly feel *neither* big business *nor* government has their back. Notably, extreme signs of frustration have appeared – for example, after a high-profile incident in 2024, a poll found shockingly only **68% of Americans felt the murder of a CEO was "unacceptable"**, meaning nearly one-third wouldn't firmly condemn such violence [33]. While an extreme datapoint, it underscores the deep anger at "the system" that can build when inequities become too stark.

In essence, **government inaction in the face of corporate layoffs and the hoarding of automation's benefits by the few is driving a wedge between the public and their institutions**. Each time political leaders fail to respond to mass layoffs – or continue to grant corporate welfare with no job guarantees attached – public expectations of protection and fairness are betrayed. Over time, this fuels the rise of populist sentiments and "hostile activism" (as 40% of people globally now say they approve of aggressive action to force change [34]). Trust is the glue of a democratic society; when people repeatedly see "systems serve capital over people," that glue dissolves, leading to disengagement or radicalization.

Conclusion

From 2022 to 2025, we have witnessed a stark narrative: **highly profitable corporations wielding AI and automation as tools – not to liberate workers from drudgery – but to justify slashing jobs and fattening profits**. The trend of mass layoffs "in the name of AI" reveals a troubling priority: efficiency and shareholder returns over employees' livelihoods. This is happening even as those same companies enjoy record profits and often public support in various forms. The examples of Google, Meta, BT, IBM, John Deere, Intel and more paint a consistent picture of corporate leadership choosing short-term gains (stock pops, cost cuts) while sidestepping any moral obligation to their workforce or communities.

Yet, it doesn't have to be this way. The promise of technology – especially AI – could be **shared prosperity and more free time for all**. The proposed 3-day workweek policy encapsulates an alternative path: rather than making some people redundant while others overwork, we redistribute work and wealth. It's an ambitious idea requiring careful implementation, but the successful experiments with 4-day weeks [35] [26] suggest that reducing work hours *without loss of pay* is not only possible, but can boost well-being and even maintain productivity. In a world where **productivity is at an all-time high**, it is a failure of imagination (or will) if we cannot translate that into better lives for workers.

Ultimately, **the role of government is pivotal**. Public policy can incentivize or mandate shorter workweeks, attach job retention conditions to corporate subsidies, and heavily tax or restrict stock buybacks that enrich executives at the expense of workers [12]. If governments continue to do nothing, the public's faith will erode further – with many concluding that democracy has been subverted by corporate interests. Restoring trust requires visibly shifting systems to *serve people over capital*. That means championing policies that protect jobs or replace them with something better (like guaranteed income or guaranteed leisure), and calling out corporate hypocrisy when it occurs.

The years 2022–2025 have been a wake-up call. Mass layoffs by rich companies, cloaked in the inevitability of AI, are not a law of nature but a choice. We can choose differently. A 3-day workweek with full pay may sound radical, but so once did the weekend. As AI increases what we can produce, humanity stands at a crossroads: *continue on the path where gains enrich only a few, or forge a new social contract where those gains free everyone*. The stakes are high – nothing less than the future of work and the public's trust in the social order. It is time for leaders to listen to that growing public outcry and ensure that advancing technology benefits the many, not just the few, lest our economic system lose its legitimacy entirely.

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