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# The Main Street recession: how monopoly capital makes workers pay

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What Washington calls “growth” looks very different on Main Street, where shops shutter and jobs disappear.

Small businesses are collapsing at the fastest rate since the pandemic. In November alone, small firms eliminated 120,000 jobs — the steepest drop in years. Bankruptcy filings are at their highest level since 2019.

At the same time, the corporations that dominate the U.S. economy are thriving. Tech giants are pouring billions into artificial intelligence, data centers and chip production. The stock market surges while workers face layoffs, shrinking paychecks and rising costs for basic necessities.

Politicians call this a strange “divergence.” But nothing unusual is happening.

Capitalism churns out far more goods and services than can be sold at a profit, and when capital can no longer realize profit on the goods it produces, the system restores itself by destroying the weakest parts of the economy. The collapse of smaller competitors and the tightening grip of the ruling class aren't accidents — they're built into how capitalism works.

## Monopoly is not an accident — it's the system

When a neighborhood restaurant shuts down, or an independent hardware store goes under, it is not simply a personal tragedy. It is capitalism moving in its usual direction. Larger firms negotiate lower prices, shift production across borders, ride out downturns that sink smaller rivals and use their political connections to shape government decisions.

A corporate economist admitted it plainly: "They have more tools in the toolbox." He was only echoing what Marx showed long ago — competition drives capital into fewer, larger hands.

Every collapse on Main Street strengthens the corporations that already dominate retail, logistics, technology and finance. Capital doesn't just expand — it concentrates. And when profits tighten in glutted markets, the system clears space for the monopolies by wiping out smaller firms.

## The capitalist state picks winners — and it isn't small business

The Trump administration's response makes the class character of state policy unmistakable. Commerce Secretary and billionaire financier Howard Lutnick blamed small business failures on immigration restrictions, claiming firms can't survive without hyper-exploited undocumented labor. When data showed that falling consumer demand — workers not earning enough to sustain small firms — was the real driver, the administration simply ignored it.

The capitalist state does not protect “business in general.” It serves the monopolies, the banks, the tech giants and the energy corporations. It funnels government-funded research and development into private hands, turning collective resources into corporate profit. Trump’s tariffs, tax cuts and attacks on social programs all move wealth upward while claiming to help workers and small business owners.

Tariffs marketed as “protective” act as taxes on workers. The corporations best positioned to gain are those that can reorganize supply chains, push costs onto workers and their communities, and secure special carve-outs.

Small manufacturers and independent contractors are left to fend for themselves in a system stacked against them.

## The AI boom exposes capitalism’s priorities

The artificial intelligence boom shows the system’s direction clearly. Tech monopolies are investing staggering sums into chips, cloud platforms and sprawling data centers. Stock prices rise. Corporate profits climb.

But these projects create remarkably few jobs. A data center costing billions to build and operate may employ only about a hundred people. Capital pours into machinery and infrastructure while less and less is spent on living labor.

For corporations, this is ideal: Fewer workers mean fewer wages and fewer rights to contend with. But stripping labor out of production sharpens capitalism’s basic contradiction.

Output and productive capacity grow much faster than profitable markets can absorb them. This deepens the crisis of overproduction inherent in the system. Machines cannot create new value; they only transfer the value previously created by workers.

That is why AI's immediate impact is job elimination. Automation sweeps through retail, logistics, office work, customer service, transportation and media. These jobs do not return in the tech sector. They simply vanish.

## Wall Street's boom has nothing to do with workers' well-being

The soaring stock market is advertised as proof of economic strength. But the gains flow overwhelmingly to the ruling class. Workers own none of the financial wealth behind this supposed prosperity.

Working-class life tells a different story. Rents and home prices push families out of their communities. Health care premiums climb. Electricity bills rise as data centers devour power. Food assistance is cut. These hardships are not accidental. They are how corporations turn every human need into a source of profit — and force workers to cover the cost. By driving down wages to raise profits, corporations intensify the imbalance that fuels crisis: production outrunning what can be sold for a profit.

This is not inflation driven by "labor shortages." It is a deliberate upward transfer of wealth.

## Instability as a method of rule

Trump's unpredictable trade policies are often dismissed as incompetence. In reality, they function as political pressure. Tariffs appear, vanish and change without warning. This uncertainty disciplines foreign competitors, unsettles domestic firms and keeps workers on edge.

Businesses hesitate to hire or invest when economic rules shift week to week. Workers brace for layoffs and price hikes. Trump's interference in federal agencies worsens the instability. When he fired the head of the Bureau of Labor Statistics for releasing accurate but politically inconvenient data, he signaled that economic information must follow political dictates — a hallmark of crisis and reaction.

## Crisis and its meaning

The “Main Street recession” is not an exception. It is capitalism in motion. Capital concentrates ownership, sheds workers and reorganizes society around the demands of the ruling class, not those who produce the wealth.

Small business owners occupy an in-between class position. They employ workers but are squeezed by banks, landlords, debt and the monopolies that dominate every sector. Their collapse is one more expression of monopoly capital tightening its grip.

Workers are being told to carry the cost. Layoffs, stagnant wages, rising prices and cuts to social programs are treated as unavoidable, even as corporate profits and stock buybacks hit new highs. The ruling class’s message is simple: The crisis belongs to you; the gains belong to us.

This is the classic pattern of capitalist crisis: production and productive capacity outrunning what can be sold at a profit, and a ruling class that restores itself by wiping out smaller capitals and pushing the burden onto workers.

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