The coming fight over wages in the US

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Amidst general proclamations of “economic recovery” in the United States, there is a nervousness coming from some sections of the corporate and political elite over the consequences of the real state of social relations in the country—above all, extraordinary levels of social inequality. Several leading newspapers and think tanks have pointed to the long-term stagnation of wages and the lack of social mobility, especially among young workers, as the catalyst for a potentially explosive eruption of class conflict in 2015.

In a January 17 blog entry, “Driving the Obama Tax Plan: The Great Wage Slowdown,” New York Times columnist David Leonhardt writes, “Wages and incomes for most Americans have now been stagnant for 15 years. They rose at a mediocre pace for much of President Bush’s tenure in the 2000s, before falling sharply during the financial crisis that dominated the end of his presidency.” Leonhardt claims that Obama “helped break the back of the crisis”; however he adds that “the recovery on his watch has been decidedly mediocre, too — especially in terms of paychecks.”

What is involved is a historic restructuring of class relations in the United States. Leonhardt notes, “There is little modern precedent for a period of income stagnation lasting as long as this one. Official records don’t exist before World War II. But the best estimate is that the Great Depression may be the only other modern time in which incomes for most households in the United States have grown so slowly—or not at all—for so long.”

Sections of the ruling class are well aware that these conditions are building up to the eruption of social struggle. Leonhardt cites a new report by the Democratic Party-aligned Center for American Progress, in which its coauthors—Bill Clinton’s former US Treasury Secretary Lawrence Summers and British Labour Party Financial Minister Ed Balls—warn, “When democratic governments and market systems cannot deliver such prosperity to their citizens, the result is political alienation, a loss of social trust, and increasing conflict across the lines of race, class, and ethnicity…”

Leonhardt, following the line of Summers and Balls, presents the historic decline of wages in the United States as the outcome of cosmic economic forces—globalization, disparities in education, technological change and the like—divorced from any analysis of the policies of the ruling class and its political representatives. While counseling his readers that “no politician, of either party, can quickly alter the basic forces behind the great wage slowdown,” he hails a number of paltry proposals of the Obama administration as a significant step toward resolving the growth of social inequality.

In fact, the slashing of wages has been the deliberate policy of successive Democratic and Republican administrations over the last three and a half decades, starting with the administrations of Democratic President Jimmy Carter and Republican Ronald Reagan. Responding to the globalization of production and the long-term decline of American capitalism, this ruling class went on the offensive: a systematic campaign that involved the destruction of tens of millions of industrial jobs, wage cutting and union busting on the one hand, and the encouraging of the most reckless forms of financial parasitism on the other.

Beginning with the forced bankruptcy and restructuring of the auto industry in 2009, which led to the halving of wages for tens of thousands of new hires, the Obama administration exploited chronically high levels of unemployment to transform American workers into a highly exploited and cheap labor workforce, hired and fired at will, with no job security, guaranteed hours or wages and benefits.

As a result, the proportion of labor’s share of the gross domestic product—in the form of wages, benefits and government outlays for Social Security, Medicare
and Medicaid—is now at the lowest level since the Second World War. At the same time, the share of the GDP siphoned off by corporate profits is at the highest postwar level.

With consummate cynicism, Obama, in his State of the Union address tomorrow, is expected to call on Congress to pass a tax increase on capital gains and the biggest financial firms to fund tax credits for childcare and college tuition assistance. The effort is a gigantic political fraud, since the president knows that the Republican-controlled Congress will not pass any of these proposals.

What is most striking about the proposals to deal with wage stagnation is their paucity. Even if the Obama administration passed its meager tax proposal, this would do nothing to reverse the historic decline of working-class living standards. Every other proposal, including talk about “profit-sharing” and “employee stock ownership,” is aimed at further tying the fate of the working class to American capitalism and the struggle for market share and profits.

In its efforts to forestall independent action from the working class over wages, the ruling class is also seeking to mobilize the right-wing, pro-corporate trade unions. Earlier this month, the AFL-CIO—which has been instrumental in suppressing the class struggle and driving down wages in the name of increasing the profits and international competitive position of American capitalism—held a “National Summit on Raising Wages” in Washington, DC.

The keynote address, delivered by Democratic president hopeful Elizabeth Warren, was filled with demagogy about social inequality and Wall Street greed, along with obsequious praise for the trade union functionaries she was addressing. In her empty fulminations, the Massachusetts senator avoided any criticism of the Obama administration itself, which has funneled trillions of dollars to the banks as part of the greatest transfer of wealth in American history.

The experiences of the working class over the last three and a half decades have shown that such a fight, however, involves a struggle not just against this or that greedy employer or political administration but the entire economic and political system of capitalism.

In other words, this is a political struggle, which will require uniting the working class—black, white, immigrant and native-born, young and old, in the United States and internationally—on the basis of a common revolutionary perspective and program. The capitalist system has failed and must be replaced with socialism, the rational organization of the world economy on the basis of democratic control and production for human need, not private profit.

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