Wall Street's dirty secret: 1990s boom based on smashing of labor in the 1980s

Martin McLaughlin
24 August 1999

A column by Thomas Friedman in the August 20 *New York Times* has spelled out the essential prerequisite for the protracted financial boom in the United States during the 1990s: the onslaught against the American working class which began in the previous decade.

The topic of Friedman's column was the enormous disparity between the military-technological capacity of the United States and that of its European rivals, revealed initially in the Persian Gulf War and more dramatically in the recent war on Yugoslavia. He wrote:

"Devotees of Ronald Reagan like to credit him with the military buildup that enabled the U.S. to run so far ahead of all its allies and enemies. They are right about Mr. Reagan, but they are wrong about what he deserves credit for. The most important thing Mr. Reagan did was break the 1981 air traffic controllers' strike, which helped break the hold of organized labor over the U.S. economy."

Friedman explains that the crushing of working class resistance gave American corporations much greater flexibility than their foreign rivals to introduce new equipment and labor-saving methods into the workplace, at the expense of the workers: "U.S. firms are quick to absorb new, more productive technologies because they can easily absorb the cost of the new investment by laying off the workers who used to perform that task."

European companies, with more developed welfare-state structures which place considerable obstacles in the way of mass layoffs and corporate downsizing, have been less able to take advantage of the new technology. It is precisely such technologies—computerization, the microchip, precision lasers—which have been employed in recent years to equip the American military as well.

Whether Friedman is correct in the conclusion of his column—that American technical superiority in weaponry will be long-lasting—is open to debate. But in the course of making his argument he has laid bare the dirty secret of recent US history. The financial and high-tech boom which has fabulously enriched the top layer in American society is based on the smashing of a whole series of working class struggles in the 1980s, most famously the PATCO air traffic controllers strike of 1981.

In the course of these struggles—following PATCO, they included strikes at Phelps Dodge copper, Greyhound, Continental Airlines, Hormel, the Chicago Tribune, International Paper, Pittston Coal and Eastern Airlines, to name only a few—workers faced mass firings, the use of National Guard troops, antilabor injunctions and the hiring of replacement workers. Workers were fired, blacklisted, arrested, beaten, and in several instances, murdered.

The most important factor in these defeats, however, was not the violence of the state or the ruthlessness of the employers. It was the systematic sabotage of every struggle by the AFL-CIO. The union bureaucracy deliberately isolated strike after strike, insuring their destruction, while working out a new relationship with the employers based on the integration of the unions into the structure of corporate management, as a force to police the workers and implement the productivity drive over which Friedman enthuses.

Friedman gloats about the bonanza which the unprecedented collapse of the American labor movement represents for the American capitalists. There is no doubt that the suppression, over the past two decades, of working class resistance to big business has given American capitalism an enormous

© World Socialist Web Site

competitive advantage against its European rivals. It is a factor which is impelling the European capitalists themselves to emulate American methods in the destruction of social benefits and imposition of what is euphemistically called "labor market flexibility."

The day-to-day calculations of the American ruling class continue to focus to an enormous degree on continuing the destruction of jobs and living standards and driving up the rate of exploitation of the working class. Hence the extraordinary sensitivity of the stock market and the Federal Reserve Board to government figures showing tighter labor markets or even the slightest uptick in real wages. What the media calls "concern over inflation" should more rightly be described as "fear of the working class."

Despite Friedman's smugness, there are definite limits to this process. The collapse of the trade unions is not the same thing as the abolition of the class struggle. The very thoroughness with which the American trade unions have been emasculated means that a new upsurge of the working class in the United States will be compelled to find new, broader and more politically advanced methods of struggle.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site