George McGovern on class relations in America

Democrats’ liberal icon justifies wage cuts for workers, bonuses for CEOs

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It would be hard to find more compelling evidence of the bankruptcy of Democratic Party liberalism and the fundamental hostility of this big business party to the interests of the working class than an opinion column published in Monday’s Los Angeles Times under the byline of former South Dakota Senator George McGovern.

The column, headlined “The End of More,” amounts to a brief for why American workers must accept ever-deeper cuts in their wages and benefits, and a justification for the lavish salaries and bonuses handed out to the CEOs who impose these cuts.

McGovern has been out of office for more than 25 years. As the 1972 Democratic presidential candidate, who challenged incumbent Republican Richard Nixon on an anti-Vietnam War platform, he has long been regarded as an icon of Democratic Party liberalism. The primary function of his unsuccessful candidacy was to channel the broad radicalization that was developing in the US over the war back into the confines of bourgeois politics and the two-party system.

His long abstention from electoral politics notwithstanding, McGovern’s remarks are of great significance for what they say about the rightward evolution of the Democratic Party over the past three decades and the social interests that this party represents and defends.

Unfortunately for McGovern—who begins his piece by proclaiming that he has “always been a supporter of the labor movement”—his argument is structured around a glaring historical error.

He says he is “worried” about the state of labor relations in America, and writes, “I have been reminded of legendary union leader John L. Lewis, who was once asked what his miners were after. His answer? ‘More.’”

McGovern continues: “It was a funny answer, and perhaps it was honest too. But these days, it’s not a very effective strategy, and we are seeing some unfortunate and unintended consequences of Lewis’ ‘more’ philosophy.”

In point of fact, the “funny answer” was given not by Lewis, but by Samuel Gompers, who led the American Federation of Labor from the 1880s to the 1920s. The champion of craft unionism and representative of America’s early aristocracy of labor, Gompers was a life-long opponent of socialism and advocated harmony between labor and capital.

Nonetheless, as a national reformist, he was capable of criticizing the social priorities of the robber barons who ran America during its last so-called “gilded age,” even as he collaborated with them.

The actual quote which McGovern misattributes reads: “What does labor want? We want more schoolhouses and less jails; more books and less arsenals; more learning and less vice; more leisure and less greed; more justice and less revenge; in fact, more of the opportunities to cultivate our better natures.”

McGovern’s thesis is that the crisis confronting section after section of American industry is due to the unions’ insistence on defending the wage and benefits gains of the past and demanding further improvements, à la Lewis, under conditions of a transformed world economy.

This contention, of course, ignores the actual record of the American trade unions, which for more than a quarter century have been demanding more concessions and givebacks from their members, rather than higher real wages and improved conditions from the employers. What McGovern is really saying is that the wage-cutting, health insurance/pension-gutting and speedup have to be vastly intensified.

As his first example, he cites Delphi Corporation. “[T]he biggest auto parts supplier in the country and the employer of 34,000 hourly workers is bankrupt,” he writes. “One big reason is that the company’s unionized workers earn $64 an hour in wages and benefits ... more than twice what some of its competitors pay.”

He advances this argument precisely as a bankruptcy court in New York is deliberating on the company’s demand that it be allowed to rip up existing union contracts and slash its workers’ wages from $27 to $12.50 an hour. The attempt to destroy wages and benefits won by previous generations in the auto industry—one of the highest paid sections of the industrial workforce—is part of a general drive to impose poverty-level conditions on working people throughout the economy.

He continues by pointing to bankrupt airlines like United, arguing that their crisis is “driven in large part by the compensation packages and work rules that unions have won for their members, which are too expensive” compared to lower-cost airlines.

McGovern’s contention is that there is no alternative for workers but to accept the demands for sharp cuts in wages, benefits and
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Only a politician and a political party with very direct interests in
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The bottom 50 percent of the population accounted for only $763
percent of the total net worth for the entire population. Meanwhile,
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shareholders are all factored in, you are dealing with a vast sum of
wealth of the top 1 percent who make up their principal
bonuses. United executives are looking to make more than $146
million in stock options.
McCovern, however, dismisses CEO compensation as besides
the point. “The chief executive of Wal-Mart earns $27 million a
year, while the company’s average worker takes home only about
$10 an hour,” he writes. “But let’s assume that the chief executive
got 27 cents instead of $27 million, and that Wal-Mart distributed
the savings to its hourly workers. They would each receive a bonus
of less than $20.”
This argument is as fraudulent as it is reactionary. Decent wages,
health care and pensions can no longer be afforded, and workers
just have to get used to it. Salaries, bonuses and stock options
totaling in the tens if not hundreds of millions of dollars for
American CEOs, on the other hand, aren’t even worth mentioning.
But the fact is that CEO compensation has risen astronomically.
Between 1980, the year McGovern conducted his last,
unsuccessful run for the US Senate, and 2001 the ratio between
CEO compensation and the salary of an average worker increased
more than tenfold. While the wages of 42 workers would cover a
CEO’s salary a quarter-century ago, by 2001 it took the equivalent
of 449 workers’ paychecks.
When the salaries, bonuses and stock options paid out to all
senior executives, as well as those awarded to Wall Street
financiers trading the companies’ stocks, and the accumulated
wealth of the top 1 percent who make up their principal
shareholders are all factored in, you are dealing with a vast sum of
money whose social redistribution would indeed have a significant
impact upon living standards.
According to the Federal Reserve Board’s most recent report on
the distribution of wealth in America, covering the year 2004, the
net worth of the top 1 percent stood at $7.775 trillion, or fully 30
percent of the total net worth for the entire population. Meanwhile,
the bottom 50 percent of the population accounted for only $763
billion, or 3 percent.
McCovern overlooks the immense and socially destructive
impact of the basic fact that every US corporation and the
economy as a whole are subordinated to the drive for profit and the
accumulation by a financial aristocracy of obscene levels of
personal wealth.
Only a politician and a political party with very direct interests in
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