

# The assault on US workers' wages

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An article published in Wednesday's *Financial Times* under the headline "US Matches Indian Call Centre Costs" gives some indication of the impact on American workers of a coordinated and escalating wage-cutting drive by big business, backed by the Obama administration.

The article begins: "Call centre workers are becoming as cheap to hire in the US as they are in India, according to the head of the country's largest business process outsourcing company. High unemployment levels have driven down wages for some low-skilled outsourcing services in some parts of the US, particularly among the Hispanic population."

According to the article, a number of Indian outsourcing firms are shifting operations to the US to take advantage of low labor costs, a reversal from the 1990s when many call centers and software firms shuttered American operations to exploit educated but low-paid workers in India.

"We need to be very aware as people [in the US] are open to working at home and working at lower salaries than they were used to," commented Pramod Bhasin, CEO of Indian firm Genpact. The company, which already outsources work to Chicago, Pennsylvania, Tennessee and New York, intends to triple the size of its US workforce over the next year.

The *Financial Times* article is a stark indication that the corporate-government campaign to narrow the wage differential between American workers and super-exploited workers in Asia and other "emerging economies" is meeting with considerable success. The breakdown of American and world capitalism is being utilized by the ruling class to carry through a drastic and permanent reduction in American workers' wages and living standards and raise the level of exploitation.

This is a calculated policy of class war. It is being ruthlessly pursued by taking advantage of the misery and desperation caused by mass unemployment and the

spread of home foreclosures, utility shutoffs, hunger and homelessness.

The Obama White House gave the signal for corporations to use layoffs and the threat of plant closures to slash wages by forcing General Motors and Chrysler into bankruptcy last year and insisting that the wages of newly hired workers be cut in half as the precondition for a government bailout of the auto companies.

Now, new workers at the auto companies are making the near-poverty wage of \$14 an hour. And this is just the beginning, as the auto companies prepare to demand even deeper cuts in wages and benefits and the lifting of all restrictions on speedup. Similar demands are being made in every sector of the US economy.

The lowering of labor costs in the US toward the levels that exist in Asia is at the heart of the Obama administration's so-called "jobs" program. Having ruled out any government job-creation programs and abandoned even its own paltry stimulus proposals, and having refused to provide aid to bankrupt state and local governments, the White House and congressional Democrats are touting a pledge to double US exports in five years as their plan to reduce the highest levels of unemployment since the Great Depression.

At the heart of this strategy is slashing the cost of American labor and on this basis reviving US manufacturing as a cheap-labor platform for exports to global markets. The shifting of operations from India to the US is undoubtedly being celebrated both in Washington and on Wall Street as evidence of the initial success of this ruthless policy.

Wage and benefit-cutting has hit every part of the US working class: factory workers, teachers, government employees, and service workers; whites, blacks, Hispanics; US-born and immigrants; women and men; teenagers and workers with decades of experience. Last week the Commerce Department reported that private

sector wages fell 6 percent in 2009.

It is on this basis that corporations are again reporting fat profits and CEOs are continuing to reward themselves with seven and eight-digit compensation packages.

The success the corporate elite has so far enjoyed in implementing this policy is above all due to the collaboration of the AFL-CIO and the Change to Win union federations. Every union, whether it claims to represent teachers, auto workers, mine workers or government employees, seeks to impose employers' demands for wage cuts in the name of "saving jobs."

This assault on wages, and the complicity of the trade unions, is not simply an American, but rather an international phenomenon. The *Financial Times* article noted that the Indian-based IT outsourcing company Wipro Technologies has "started to recruit workers in Europe, the Middle East and Africa during the global economic downturn."

Anger is mounting among US workers, who are beginning to identify the capitalist system itself as the source of their oppression and are increasingly recognizing that their so-called "unions" are instruments of the bosses.

On Sunday, auto workers employed at a GM stamping plant in Indianapolis shouted down and chased out UAW officials who demanded that they take a 50 percent pay cut as part of a deal to sell the factory. This follows Ford workers' rejection of a concessions contract late last year that culminated in Bob King, the newly installed UAW president, being shouted down at a meeting of Rouge workers in Dearborn, Michigan.

Another struggle against wage-cutting, a strike of 305 workers at a food processing plant in upstate New York, is about to enter its fourth month. Workers at Mott's, a subsidiary of the conglomerate Dr Pepper Snapple, voted to strike when the firm demanded they accept pay cuts of \$3,000 per year, a freeze on pensions, the ending of pensions for new-hires, and increased out-of-pocket health insurance fees.

A *New York Times* article on the strike published Tuesday provided insight into the attitude of the US corporate elite—and its political servants in both big business parties—toward American workers. The article quoted a worker who described statements by the plant manager during negotiations: "He said we're a commodity like soybeans and oil, and the price of

commodities go up and down... He said there are thousands of people in this area out of jobs, and they could hire any one of them for \$14 an hour."

What the manager failed to take into account is the difference between soybeans and workers. Workers can fight, and they will!

American workers, having been betrayed and their struggles sabotaged by the unions for the past three decades, are about to enter into colossal class battles. It is critical the lessons of past defeats be learned and the coming struggles be guided by a new industrial and political strategy.

The first prerequisite is that the workers break from the official unions. Independent factory committees, genuinely popular and democratic organs of the rank-and-file, should be formed to plan occupations and strikes. These struggles must rally behind them the broadest possible support under the working class principle—long abandoned by the unions—that an injury to one is an injury to all.

The movement of low-wage Indian outsourcing firms to the US teaches another lesson. The capitalists' scouring of the globe for ever-cheaper wages requires a global response by the working class. The recent surge in strike activity in China, Europe, Bangladesh, India and the US must become the starting point for a global working class counteroffensive against wage-cutting and layoffs.

This is a political struggle against the entire ruling class, the Obama administration and both parties of big business. A mass socialist movement must be built to fight for workers' power and the reorganization of economic life to promote social equality and meet social needs, not corporate profits.

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