

# US becomes a center of poverty-wage manufacturing

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29 September 2011

Earlier this month, the *World Socialist Web Site* reported that production workers are now being hired at \$12 an hour at Volkswagen's Chattanooga, Tennessee plant, and that BMW has opened a new assembly line in Spartanburg, South Carolina that employs mostly contract workers earning \$15 per hour.

These wages, among the lowest for autoworkers anywhere in the developed world, are the result of the unrelenting assault on living standards of American workers over the last three decades. This has reached new heights since the outbreak of the financial crisis in 2008.

With the full backing of the Obama administration, US and foreign-based corporations are exploiting levels of mass unemployment and poverty not seen since the Great Depression in order to transform the US into a cheap labor platform in direct competition with Mexico, China and other low-wage countries.

Tennessee, like nearly half of all US states, has an unemployment rate hovering around 10 percent, and its real jobless rate is probably double. When Volkswagen began taking applications for 1,700 jobs in Chattanooga, it received over 65,000 responses in the first three weeks. On the basis of cutting labor costs by at least a third at its US factory, Volkswagen is able to sell cars for \$7,000 less than comparable models made in Germany.

Aided by the plummeting dollar, the wage gap between American workers and their brutally exploited counter-parts in Mexico and Asia is increasingly being narrowed. Asked by a *New York Times* columnist why Siemens chose to build a new plant in Charlotte, North Carolina instead of China, a spokesman said that for highly skilled work, the labor cost differential wasn't very big. "For this kind of manufacturing," he said, "the US can compete with China."

The lowering of wages is a key part of Obama administration's goal of doubling US exports by 2015. While doing nothing to alleviate the jobs crisis, the administration spearheaded the drive to cut wages during the forced bankruptcies and restructuring of General Motors and Chrysler in 2009.

Using the threat of liquidation, the White House demanded the expansion of near poverty wages throughout the industry, stripped workers of the right to strike and demanded labor costs be kept in line with the Asian and European manufacturers operating non-union factories in the South. This has resulted in booming profits for the US-based automakers, which have, in turn, refused to provide any wage increases to workers while shoveling out tens of millions in executive bonuses.

Far from defending the interests of workers, the United Auto Workers has facilitated the systematic lowering of wages. The recent agreement signed by the UAW will increase hourly labor costs for GM by only 1 percent annually, the smallest amount in the past four decades. This includes plans to sharply expand the number of low-paid tier-two workers whose current \$15 an hour wage brings them on par with workers at Volkswagen's Chattanooga plant.

For decades, the UAW and other unions screamed about workers in low-wage countries "taking American jobs." Now UAW President Bob King is boasting that GM has shifted production from Mexican plants back to UAW-represented factories in Michigan and other states.

The low-wage benchmark set by the UAW has unleashed a competitive struggle to lower wages throughout the global auto industry. European workers are now being told they must accept American-style wage concessions and "labor flexibility" or their plants

will be closed. As the WSWS noted earlier this month, the same year BMW announced it would move production of its X3 sports-utility vehicle to Spartanburg, South Carolina, it announced 5,000 layoffs in Germany.

The severe decline in living standards for the auto workers is particularly striking because they have historically been the highest paid industrial workers in the US, making so-called “middle class wages.” But the experience of plummeting pay and casual labor conditions is common to every section of the working class in what has become the “new normal” in America.

Since the start of the economic downturn, wages have been in free fall, and there is no prospect for any recovery of the jobs market. According to a census report released earlier this month, real median household income fell 2.3 percent (\$1,154) last year and 7.1 percent below the rate reached a decade ago. Young workers have been particularly hard hit, with more than a third of all households headed by a parent under thirty living in poverty in 2010.

The explosion of poverty over the last three years—along with home foreclosures, homelessness, hunger and the growing number of uninsured—takes place alongside the accumulation of fantastic levels of wealth by the financial aristocracy that controls the economy and political system.

These intolerable conditions can only be stopped through the collective resistance of the working class. New organizations of struggle, independent of the UAW and other anti-labor organizations, must be built to spearhead an industrial and political struggle by every section of the working class—union and non-union, manufacturing and service, at US and foreign-owned companies. In every factory, office, and store, workers should set up committees to plan and organize collective resistance to wage cuts and layoffs.

Such a fight requires an entirely new political perspective. The national chauvinism and race to the bottom promoted by the trade unions and the big business parties must be rejected so that US workers can consciously unite their struggles with workers in Europe, Asia and Latin America.

It is necessary to understand that this is a battle not simply against this or that employer but the entire capitalist system, which is impoverishing the majority

of the world’s population in order to enrich the wealthy few. In every country, the political parties and trade unions defend the profit system and are complicit in the looting of society by the corporate and financial aristocracy.

In the US, the Obama administration has demonstrated that the Democratic Party, no less than the Republican, is a tool of Wall Street and the corporations, determined to gut living standards and slash vitally necessary social programs.

The working class must build a mass political party to fight to take power in its own hands. The economic dictatorship of the banks and big corporations must be broken and economic life reorganized to meet the interests of the masses of working people who create society’s wealth.

The Socialist Equality Party calls for the transformation of the major financial and industrial concerns, including the auto industry, into publicly owned utilities. Capitalism must be replaced with a planned and rational system based on social need, not the profits of billionaires. Only then can the right to a job and a decent wage be secured for all people.

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