

Corporations find cheap labor haven in US

Andrei Damon
9 July 2012

The economic crisis that erupted in 2008 has been seized on by major corporations and their political representatives in the United States to slash workers' wages and impose speedup.

The Obama administration has spearheaded this anti-working class offensive. Its 2009 restructuring of General Motors and Chrysler was based on a 50 percent wage cut for all new-hires, setting a wage-cutting precedent that was rapidly taken up by manufacturing companies across the country. The United Auto Workers union supported Obama's demand for poverty-level wages in auto, and it and other unions have gone on to back the attack on workers' wages and benefits across the economy.

Wage-cutting, speedup and the imposition of sweat shop conditions are at the heart of Obama's strategy for doubling US exports by 2015. He has repeatedly boasted of his administration's success in "insourcing" jobs back to the US, omitting to mention that these jobs often pay half their previous wage.

The United States has become increasingly appealing as a manufacturing base to corporations that scour the globe looking for the cheapest and most exploited labor.

Europe-based Airbus last week announced plans to open a \$600 million facility in Mobile, Alabama to produce the A320 jet. All of the company's production currently takes place in its home base of Europe.

Google announced on June 27 that its new home media player, the Nexus Q, would be made in the United States, at a facility near the Google campus in Mountain View, California.

Google joins a number of electronics manufacturers that have recently set up shop in the US. Element Electronics Corp. has recently opened a plant in the Detroit suburb of Canton, Michigan to assemble flat screen televisions, making it the first company to produce TVs on US soil since Sony closed its last US television plant in 2010.

Last year, the Boston Consulting Group predicted that "by sometime around 2015—for many goods destined for North American consumers—manufacturing in some parts of the US will be just as economical as manufacturing in China," leading companies to "re-shore" production back to the United States.

This process is already well underway. Almost half of all US-based manufacturing companies with over \$10 billion in annual revenues are either bringing back production to the US or "actively considering it," according to a survey of executives published by Boston Consulting in April.

No wonder, when companies, with the support of the unions and the backing of the White House, can impose poverty wages while squeezing more production out of their workers. As a result of the auto bailout of 2009, Chrysler was able to reduce its labor costs by 35 percent between 2006 and 2010.

The real median wage of US workers fell by 7.7 percent between 2007 and 2010, according to figures released last month by the Federal Reserve.

The *World Socialist Web Site* reported that production workers in the newly opened Chattanooga, Tennessee plant that makes the Volkswagen Passat start at \$12 per hour. As contractors, they can be fired for the slightest infraction.

The phenomenon of international corporations moving production to the United States to take advantage of low wages by no means indicates a genuine manufacturing “recovery.” Since 2010, only 495,000 manufacturing jobs have been created. This compares to the loss of 5.8 million manufacturing jobs since 2000.

The most recent data indicates that the US manufacturing sector is contracting under the impact of a renewed downturn of the global economy. Last month, manufacturing activity shrank for the first time since July 2009.

The unions back the slashing of US wages in order to entice companies to bring production to the United States and bolster the union executives’ sagging dues base. For decades these organizations condemned Asian countries for “stealing” American jobs by paying low wages. The fact that, with their collusion, the US is becoming a poverty-wage manufacturing platform is an indictment of their nationalist and pro-capitalist policies.

To defend the right to a decent-paying job, workers must reject the nationalist outlook of the trade unions. They must unite their struggles for jobs and decent wages on an international basis against corporations that oppress and impoverish workers on every continent.

This must go hand-in-hand with the rejection of capitalism. Workers must fight to build a political party that advances a socialist program to reorganize economic life on the basis of social need, not private profit.

Andre Damon



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact