

# US study details destruction of labor rights in wake of the 2008 financial crisis

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In the aftermath of the implosion of the US housing market and financial system in 2008, employers' associations in league with big business politicians have mounted attacks to basic standards of living for the working class throughout the country, according to a report released by the liberal Economic Policy Institute (EPI) October 31. The report, "The Legislative Attack on American Wages and Labor Standards, 2011-2012," shows how authorities have used austerity measures aimed at eroding the position of the American workforce in relation to big business, while draping their attacks in the guise of economic necessity.

Since the wake of the 2008 financial collapse, media pundits and corporate-backed politicians alike have argued that "there is no money" to fund basic social welfare programs and that workers must learn to "live within their means." However, what the report finds is that the attacks on workers' living standards have been of a politically driven character.

"As the US economy has grown dramatically more unequal over the past few decades," the report states, "it has produced a critical mass of extremely wealthy businesspeople" who have been able to throw around their political weight and influence in ways not seen in the past.

The EPI report notes that a consortium of "the country's largest corporations—including Wal-Mart Stores Inc., The Coca-Cola Company, FedEx, Amway, Exxon Mobil Corp., Koch Industries Inc., and leading tobacco and pharmaceutical firms" have converged in a number of disputes between public workers and administrations at state and municipal levels. The aim of such groups has been "to advance legislative goals that had long lingered on wish lists ... aimed at ... reshaping the fundamental balance of power between workers and employers."

The report cites the passage of the Wisconsin "budget repair bill" by Republican Governor Scott Walker in 2011

as a major turning point in this attack. In 2011, Walker passed a bill aimed at voiding public unions' ability to collect dues from the municipal workforce. The passage of the bill provoked an occupation of the state capitol by nearly 100,000 workers and youth for over a month. The struggle was diffused only with the help of the trade union apparatus, working in league with Democratic Party operatives from the state and national levels.

The success of this bill was seen by business lobbies and other pro-corporate entities as a green light for similar legislation to be passed elsewhere. The bill's passage was followed by several dozen other states filing anti-worker and anti-union laws.

The report spends significant time detailing the immense disparity between the attacks leveled at workers and social programs in some states that had very little fiscal debt.

In 2011, states across the country set a record for the amount of state-level workers laid off in one year: 230,000. States transferred into the hands of Tea Party Republican candidates during the 2010 midterm elections laid off nearly 88,000 public workers, although these states' share of the overall budget shortfalls was only 12.5 percent.

Furthermore, the report shows that the budget crisis as a whole was not the result of the supposedly profligate spending of public money on worker pay, or as Governor Walker of Wisconsin infamously put it, "a society where the public employees are the haves and taxpayers who foot the bills are the have-nots."

Rather, the study points out that the source of the states' budget crises lay in the collapse of the housing market and financial implosion of 2007-2008. In the decade proceeding, public worker pay not only remained stagnant, but largely lagged behind private employee compensation on average. Similarly, 40 out of the 50 states turned in budget surpluses as late as 2007.

Importantly, the study notes that the debt of all 50 states for the year 2011 could have been wiped out simply by undoing tax cuts enacted by the Bush administration that primarily benefited the top 2 percent of the population. States were within their legal rights to do so, but the report notes that “none ... even seriously explored this road to fiscal balance.”

“Thus,” it finds, the budget cuts were “exactly the opposite of what one would expect if decisions were based on economics.” Rather, state legislatures adopted massive austerity measures aimed not only at public workers, but at the broader population while simultaneously granting massive business-friendly tax givebacks to corporations.

In district after district, social programs were slashed. In 2011 alone, Tucson, Arizona, the second largest school district statewide, had its curriculum bled dry, eliminating geometry, art, drama and photography courses from class schedules. In Texas, proposals to slash Medicaid spending on the elderly threatened the closing of 850 out of the state’s 1,000 nursing homes, placing the elderly and infirm in harm’s way. In Philadelphia, Pennsylvania, 40 percent of the school district’s teaching staff was eliminated.

Similarly, the attacks on unionized public workers have served to set precedents for the population as a whole. In Arizona in 2012, for instance, legislators passed a bill eliminating protections for civil service workers. According to Republican Governor Jan Brewer, the bill would “usher in a host of HR practices modeled after those that are commonplace in the private sector,” such as “changes ... in administrative leave; overtime and compensatory leave; workers’ compensation; and hiring practices.”

Elsewhere, the study details numerous instances in which legislation has been passed that restricts workers’ rights to receive a minimum wage, overtime pay, and sick leave. Other bills have lessened laws restricting the use of child labor and diminishing workplace safety standards. Lastly, federal agencies charged with protecting workers from illegal exploitation such as wage theft and the misclassification of employees as contractors have been defunded and hobbled by technical challenges, all spearheaded by corporate lobbies.

The report focuses primarily on attempts made by Republican Party operatives to reduce the living standards of the population and make electoral gains against Democratic opponents. Aside from electoral considerations, however, both Democratic politicians and

labor unions have been on the side of big business in the assault on workers’ living standards.

It was the Obama administration, in league with the United Auto Workers union, which forced auto workers to take massive concessions when General Motors declared bankruptcy in 2009, setting the stage for later attacks on public workers featured in the study.

Tellingly, the report points to the installment of financial emergency managers in several states, including Michigan, whose primary objective has been to undermine and void the contracts of public employees in the name of deficit reduction. Kevyn Orr, the emergency manager for the city of Detroit, is a Democratic Party operative who first participated in the Obama administration-led forced bankruptcy of Chrysler. The administration has likewise given its approval to the bankruptcy proceedings in Detroit.

In the case of Wisconsin, the report fails to mention the movement of the working class that developed in the aftermath of Walker’s budget proposals. The attacks on workers’ benefits were correctly seen by millions as an attack on the broader mass of society, leading to the occupation of the state capitol. The report briefly mentions that the trade unions representing Wisconsin municipal workers offered no resistance to Walker’s demands, agreeing to all major proposals for concessions save the one caveat that they maintain the organizational ability to extract dues payments from the workforce.

The Economic Policy Institute itself is an organization closely affiliated with both the Democratic Party and the trade union bureaucracy. When it says that there “may be times when employee concessions are needed to help close budget gaps, but such concessions in no way require curtailing bargaining rights,” its role as a mouthpiece for this constituency is underlined.



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