

# Low-wage labor in America

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This week, the National Employment Law Project issued a report showing that since the financial crash of 2008, 1.9 million high- and average-paying jobs in the private sector have been eliminated and replaced with some 1.8 million low-wage jobs.

The report reveals the real character of the so-called “economic recovery” proclaimed by President Barack Obama and the entire political establishment. The only recovery has been in corporate profits, financial assets and the wealth of the super-rich.

For the great majority of the people, the past six years have been marked by unemployment, stagnant or declining wages, and a growth of temporary and part-time employment. This has been linked to a sharp increase in poverty, hunger, homelessness and other forms of social distress.

Mass unemployment and falling wages have led to a transformation in the financial position of American households. Real median household income fell from \$55,600 in 2007 to \$51,017 in 2012—a decrease of nearly ten percent in just five years.

This is the outcome of an attack on the working class that, while ongoing since the 1970s, has escalated dramatically in the aftermath of the 2008 crash. The character of American society has been changed in the process. Three decades ago, an auto assembly worker would have received \$30 per hour or more. Now, the starting wage for new auto workers is \$15 per hour or less, barely above the wages that prevail in the retail and food service sectors.

The so-called “middle-class” blue-collar worker has become a thing of the past. Working people are being reduced to the type of penury that characterized the slums of the 19th century, before the advent of industrial unions and the revolutionary struggles of the 20th century.

The Obama administration has taken the lead in this social counterrevolution. In the 2009 restructuring of

General Motors and Chrysler, Obama’s Auto Task Force made the imposition of a 50 percent wage cut for new-hires the condition for providing financial assistance to the US auto makers. Since 2009, wages in the auto industry have declined an average of 10 percent, generating record profits for the auto companies while setting a benchmark for wage-cutting throughout the economy.

The decades-long assault on the living standards of working people has led to a vast shift in the distribution of income from workers to the ruling elite. Labor’s share of economic output peaked in 1970 at 51 percent. It fell to 46 percent in 2000, 44 percent in 2008, and now stands at 41 percent. Corporate profits as a share of the economy have grown inversely, nearly quadrupling from three percent in 1986 to 11 percent today.

The decision of the Obama administration and the Democratic Party to make the promotion of “middle-class jobs” the theme of their campaign in the 2014 midterm elections, centered on the call for Congress to increase the federal minimum wage to \$10.10 per hour, is a cynical hoax. The Obama administration has made low-wage labor a centerpiece of its economic policy. Its drive to revive American industry—more rhetoric than reality—is predicated on narrowing the wage gap between American workers and those in cheap-labor havens in Asia, Eastern Europe, Latin America and elsewhere, so as to make it profitable for corporations to return production to the US. In the unlikely event that the Democrats’ minimum wage proposal was passed, it would still leave the minimum wage at a lower level than it was, in real terms, in 1968.

The social gains that are now being rolled back were neither gifts from the ruling class nor the result of abstract economic processes. The transformation of American society that took place following the 1930s—in which social inequality diminished and the

living standards of broad sections of the working class improved—was the result of mass struggle.

The eruption of class struggle worldwide in the first part of the 20th century—in which the 1917 Russian Revolution was the high point—forced concessions from the ruling class. In the United States, workers were able to win significant social reforms, including Social Security (and, in a later period, Medicare and Medicaid), as well as increased wages, cost of living adjustments and health and retirement benefits.

These concessions were wrenched from the ruling class during a period in which American capitalism stood dominant over the world economy. The world capitalist system as a whole was restabilized in the aftermath of the Second World War on the basis of the strength of the US economy.

When these conditions began to change—accelerating in the 1970s and 1980s—the ruling class launched a counteroffensive. Entire industries were dismantled and hundreds of thousands of jobs wiped out as the corporate and financial elite engaged in a policy of redistributing wealth from the bottom to the top. This was a period of deindustrialization and financialization, with the wealth of the ruling class increasingly generated through parasitic means.

The working class was organizationally and politically hamstrung by the fact that, while it engaged in enormous struggles in the first half of the 20th century, it did not succeed in forging an independent political organization in opposition to the ruling class and the capitalist system. The organizations created in the midst of these struggles, the trade unions, were dominated by an anticommunist bureaucracy that established a pact with the Democratic Party and the capitalist system.

The trade unions responded to the offensive of the ruling class beginning in the late 1970s by partnering more closely with the employers and politicians to slash workers' wages and benefits so as to promote the international competitiveness of American corporations. For decades, the destruction of decent-paying jobs, health care and retirement benefits has taken place with the full support of the unions, run by increasingly wealthy executives.

The capitalist crisis that erupted in 2008 has intensified these social and political processes. The ruling class under Obama has redoubled its offensive

against the working class, while the trade unions operate as labor contractors and industrial police tasked with suppressing working-class resistance.

The enormous rollback of workers' wages and living standards is creating the conditions for renewed mass struggles. But this requires a new leadership and a new perspective.

The only way to defend the social rights of all people, including a decent job, housing, health care, education, and a secure retirement, is through the independent industrial and political mobilization of the working class in opposition to capitalism. The working class requires a socialist program, including the expropriation of the wealth of the ruling elite, the nationalization of the major corporations, and the reorganization of economic life under the democratic control of the working class.



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