Labor Day report details huge decline in wages for Michigan workers

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A new study by the Michigan League for Public Policy, "Labor Day in Michigan: Pay Falls for Low-Wage Men yet Women Still Far Behind," found that real wages of Michigan workers have fallen by more than ten percent since 1979 for broad sections of the working class.

The study found that hourly pay for low-wage workers of "prime working age" in Michigan fell 13.4 percent between 1979-2013, while pay for mid-wage workers of prime age fell 12.7 percent.

Low-wage males' wages declined by an astonishing 31.2 percent, with mid-wage male workers seeing a 16 percent drop, the study found. Workers without a high school diploma suffered a 46.3 percent fall in wages, while workers with only a high school diploma lost 32.1 percent, and those holding a bachelor's degree lost 4 percent.

Starting from a level well below male wages, female wages saw a modest increase between 1979 and 2013, yet remained on average only 74 percent of male pay, and began to fall again dramatically after 2010. Women fill some 69 percent of low-wage jobs, the study reported, while composing only 49 percent of the workforce.

This impoverishment of broad layers of Michigan's working class has occurred alongside major increases in productivity resulting from the development of technology and emergence of globally integrated production. As the study notes, "after 1979, the link between productivity and wages began to break…Between 1979 and 2013, productivity grew 64.9 percent, but hourly wages rose just 8.2 percent."

Economic gains from increased productivity have fallen exclusively to the top earners, the study shows. Incomes of the top 10 percent of earners grew significantly since 1979, with top layers experiencing wage growth of up to 39.7 percent, in a process the authors themselves describe as "increases for a relatively small sector of the workforce and declines for the vast majority."

Meanwhile, between 1990 and 2011 alone, some 37 percent of manufacturing jobs in Michigan were eliminated as the US ruling elite sought to deindustrialize the US economy and drive down wages.

While arguing that the state's minimum wage should be raised to $10.10, the authors acknowledge that this "would still leave many families in poverty, including thousands of Michigan children whose parents struggle to make ends meet."

The study's meager proposal only highlights how far real wages have fallen over the past three decades. Even with a minimum wage as high as $15 per hour, workers would still only receive in real terms the equivalent of the $5 per day paid by Henry Ford to his employees beginning in 1914.

While proposals to raise the minimum wage are used to promote illusions in the Democratic Party, driving down wages has been one of the central national policy goals of the Obama administration. The Obama administration spearheaded the "managed bankruptcy" of the auto giants GM and Chrysler, collaborating with the United Auto Workers (UAW) to impose a six year strike-ban, destroy 35,000 auto jobs and cut wages for new hires in half, to $14 per hour. These attacks were felt particularly sharply in Michigan, the historic center of the auto industry.

The collapse of wages in Michigan also illustrates president Obama's "insourcing" policy, which involves pushing for lower corporate taxes and lower living standards and wages for workers in order to make American cities "attractive" for business. Speaking at a Milwaukee factory in 2012, Obama celebrated the results of his policies in Michigan as a model for the rest of the country: "What's happening in Detroit can happen in other industries."

The study went on to conclude that greater unionization could halt the downward plunge of wages in Michigan. "Higher rates of union membership could curb wages erosion. Unionization enhances worker's ability to bargain for better wages and usually results in higher wages," the authors wrote.

In reality, the unions have been instrumental in the collapse of workers' wages in Michigan. Working in partnership with management, unions have imposed wage and benefit concessions on workers in Michigan and throughout the US, year after year, since the early 1980s.

The collapse of workers' wages in Michigan is the outcome of a decades-long conscious policy, pursued by both Republican and Democratic administrations alike from the local to the national level, with the active assistance of the unions, to drive down wages and create the conditions for the more and more aggressive exploitation of the working class.

This policy is currently finding its most concentrated expression in Michigan's largest city, where Chapter 9 bankruptcy proceedings are set to resume this week. The bankruptcy of Detroit is being used to strip municipal workers of their health benefits and constitutionally-protected pensions. The unions have refused to mount any serious opposition to the bankruptcy, with the American Federation of State, County, and Municipal Employees (AFSCME) and other major unions giving their full support to the restructuring plan.