

The impoverishment of industrial workers in America

Jerry White**25 November 2014**

Recent reports highlight a historic reversal in the wages and living standards of industrial workers in America, which accelerated in the aftermath of the global economic crash of 2008. The reports shed light on the reality behind Obama's "economic recovery" and the basis for the record profits being piled up by American corporations and financial institutions.

The decades-long, relentless ruling class offensive against the working class finds one of its sharpest expressions in the impoverishment of Michigan, historically the automotive manufacturing center of the US and for several decades after World War II one of the country's most prosperous states. According to the US Bureau of Economic Analysis, the state of Michigan is now ranked in the bottom third of US states for per capita income.

After nearly forty years of factory closures, mass layoffs and wage cuts, Michigan's per capita income is 38th out of 50 states and Washington, DC. The figures are even more staggering if government transfers such as Social Security, Medicare, food stamps, welfare and veterans' benefits are excluded, leaving Michigan ranked 42nd in the US.

Only a handful of other states, including the more economically backward states of Arkansas, Alabama, West Virginia and Mississippi, are worse. It is an irony of history that these are largely the states from which hundreds of thousands of impoverished coal miners and sharecroppers fled to find a better life in the auto and steel plants of Michigan during the first six decades of the last century.

The human cost of this situation was revealed in a United Way report released earlier this year, which showed that 40 percent of households in Michigan—some 1.54 million across the state—do not have enough money to meet basic needs. In 73 percent

of the Michigan towns surveyed, more than 30 percent of households could not afford housing, child care, food, transportation or health care needs even though they are working.

The situation in Michigan is part of a national trend. Last week, the National Employment Law Project issued a report entitled, "Manufacturing Low Pay: Declining Wages in the Jobs that Built America's Middle Class."

Among its findings were:

- * Of the 6.2 million production workers in the US, more than 600,000 make \$9.60 an hour or less, and more than 1.5 million make \$11.91 or less. Increasingly, workers are employed by staffing and temporary agencies, which pay even lower wages.

- * Since 2003, real wages for manufacturing workers have declined by four percent—or one dollar an hour—translating to an annual income loss of \$2,000 for an industrial worker laboring 40 hours a week, 52 weeks per year.

- * In the auto parts industry—which now accounts for three-quarters of all jobs in the auto industry—the wage collapse has been even more staggering. Between 2003 and 2013, real wages for team assemblers in the industry fell \$1.47 an hour (9.2 percent), while wages for auto part production workers fell \$2.77 an hour (15 percent).

Increasingly, corporations like General Motors, Ford, Caterpillar, Boeing, Airbus and Chinese computer manufacturer Lenovo are shifting production back to the US from Mexico, China and other low-wage countries. The wage differential between Chinese and US workers is projected to shrink to \$7 an hour by 2015, down from \$17 an hour in 2006.

The depression of industrial workers' wages has gone hand-in-hand with the dismantling of much of the

country's industrial base and the increasing dependence of the US economy on financial speculation and parasitism. The US lost half of its manufacturing jobs between 2000 and 2009, and only 500,000 of the six million manufacturing jobs that were lost have returned.

The attack on industrial wages was accelerated by the Obama administration in its 2009 forced bankruptcy of General Motors and Chrysler, which was based on an across-the-board 50 percent cut in the wages of newly hired workers. The result has been record profits for the auto companies.

For much of the post-World War II period, Michigan ranked among the top 10 states for per capita income, with Detroit recording the highest per capita income of any city in the US in 1960. This was the result not of liberal-minded employers or politicians like Franklin Roosevelt, but the explosive mass struggles that built the industrial unions in the 1930s. These class battles were led by left-wing militants and socialist-minded workers inspired by the 1917 Russian Revolution.

Fearing the danger of "America's own 1917," the ruling class, having the luxury of America's immense industrial power and wealth, granted concessions to the working class. Over the next several decades, industrial workers in Michigan and other states fought to secure wages and employer-paid health care, pensions and vacation time, enabling many to buy a home, send their children to college and live a longer, healthier life.

The American ruling class never reconciled itself to the so-called "middle class" lifestyle won by workers. Yet it could not reverse these achievements without the collaboration of the trade unions.

By the late 1970s and early 1980s, the United Auto Workers (UAW) and other unions abandoned any defense of the working class and, in the name of defending the global "competitiveness" and profits of US corporations, collaborated in the destruction of millions of industrial jobs and the impoverishment of working class communities in Detroit, Flint and other cities.

In the 2009 restructuring of the auto industry, the UAW accepted billions of dollars in GM and Chrysler stock as payment for its collaboration in slashing wages, ending overtime payments after eight hours, and opening the door to the hiring of thousands of temporary workers. The UAW decades ago

transformed itself into a business entity, presently worth over a billion dollars, which sustains a staff of high-paid executives whose interests are diametrically opposed to those of the workers they falsely claim to represent.

The conditions in Michigan and throughout the United States are proof in the life experience of millions of workers of the complete failure of a labor movement based on the defense of capitalism, economic nationalism and the subordination of the working class to the Democratic Party.

Workers won previous gains only through mass struggles. The opposition of the working class did not go away in the 1980s and later. It was sabotaged and disorganized by the UAW and other unions, which had purged left-wing militants in the 1940s and 1950s and consolidated themselves on the basis of anti-communism and the defense of American imperialism's global interests.

This was not simply an American phenomenon. In the face of the globalization of capitalist production, the nationally based trade unions in every country have become anti-working class organizations that suppress the class struggle and help drive down wages.

The road forward is the development of new, democratic organizations of struggle independent of the unions, as part of a powerful political movement of the working class in the US and internationally based on a revolutionary program to replace the capitalist system with socialism.



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