

The coming fight over wages in the US

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Amidst general proclamations of “economic recovery” in the United States, there is a nervousness within the corporate and political elite over the consequences of the real state of social relations in the country—above all, extraordinary levels of social inequality. Several leading newspapers and think tanks have pointed to the long-term stagnation of wages and the lack of social mobility, especially among young workers, as the catalyst for a potential eruption of class conflict in 2015.

In a January 17 blog entry, “Driving the Obama Tax Plan: The Great Wage Slowdown,” *New York Times* columnist David Leonhardt writes: “Wages and incomes for most Americans have now been stagnant for 15 years. They rose at a mediocre pace for much of President Bush’s tenure in the 2000s, before falling sharply during the financial crisis that dominated the end of his presidency.” Leonhardt claims that Obama “helped break the back of the crisis.” However, he adds, “the recovery on his watch has been decidedly mediocre, too — especially in terms of paychecks.”

What is involved is a historic restructuring of class relations in the United States. Leonhardt notes: “There is little modern precedent for a period of income stagnation lasting as long as this one. Official records don’t exist before World War II. But the best estimate is that the Great Depression may be the only other modern time in which incomes for most households in the United States have grown so slowly—or not at all—for so long.”

Leonhardt cites a new report by the Democratic Party-aligned Center for American Progress, whose coauthors—Obama’s former economic adviser, Lawrence Summers, and British Labour Party Shadow Chancellor of the Exchequer Ed Balls—warn, “When democratic governments and market systems cannot deliver such prosperity to their citizens, the result is political alienation, a loss of social trust, and increasing

conflict across the lines of race, class, and ethnicity...”

Leonhardt, following the line of Summers and Balls, presents the historic decline of wages in the United States as the outcome of cosmic economic forces—globalization, disparities in education, technological change and the like—divorced from any analysis of the policies of the ruling class and its political representatives. While counseling his readers that “no politician, of either party, can quickly alter the basic forces behind the great wage slowdown,” he hails a number of paltry proposals from the Obama administration as a significant step toward resolving the growth of social inequality.

In fact, the slashing of wages has been the deliberate policy of successive Democratic and Republican administrations over the last three-and-a-half decades, starting with the administrations of Democratic President Jimmy Carter and Republican President Ronald Reagan. Responding to the globalization of production and the long-term decline of American capitalism, the ruling class went on the offensive: a systematic campaign that involved the destruction of tens of millions of industrial jobs, wage-cutting and union-busting on the one hand, and the promotion of the most reckless forms of financial parasitism on the other.

This process has vastly accelerated under Obama. Beginning with the forced bankruptcy and restructuring of the auto industry in 2009, which led to the halving of wages for tens of thousands of new-hires, the Obama administration and US big business utilized chronically high levels of unemployment to transform American workers into a highly exploited, low-wage work force, hired and fired at will, with virtually no job security or guaranteed level of hours, wages and benefits.

As a result, the proportion of labor’s share of the gross domestic product—in the form of wages, benefits and government outlays for Social Security, Medicare

and Medicaid—is now at the lowest level since the Second World War. At the same time, the share of GDP going to corporate profits is at the highest-ever postwar level.

With consummate cynicism, Obama, in his State of the Union address tomorrow, is expected to call on Congress to pass tax increases on capital gains and on the biggest financial firms to fund tax credits for childcare and college tuition. The effort is a political fraud, since the president knows that the Republican-controlled Congress will not pass any of these proposals.

What is most striking about the proposals to deal with wage stagnation is their paucity. Even if the Obama administration passed its meager tax proposals, they would do nothing to reverse the historic decline of working class living standards. Every other proposal, “profit-sharing” and “employee stock ownership,” is aimed at further tying the fate of the working class to American capitalism and its struggle for market share and profits.

In its efforts to forestall independent action by the working class over wages, the ruling class is seeking to mobilize the right-wing, pro-corporate trade unions. Earlier this month, the AFL-CIO—which has been instrumental in suppressing the class struggle and driving down wages —held a “National Summit on Raising Wages” in Washington, DC.

The keynote address, delivered by Democratic Senator Elizabeth Warren, was filled with demagoguery about social inequality and Wall Street greed, along with obsequious praise for the trade union functionaries she was addressing. The Massachusetts senator avoided any criticism of the Obama administration itself, which has funneled trillions of dollars to the banks as part of the greatest transfer of wealth from the bottom to the top in American history.

The emergence of a movement by workers in the United States and throughout the world to fight for better living standards is inevitable. Young workers and students, in particular, confront a future of economic insecurity far worse than the conditions faced by their parents or even their grandparents.

To carry out this fight, the working class must be armed with a clear perspective and strategy. The Socialist Equality Party urges workers to establish independent and genuinely democratic rank-and-file

committees, organized in opposition to the trade unions and their defense of the capitalist system and subordination of the working class to the Democratic Party.

The experiences of the working class over the last three-and-a-half decades have shown that such a fight involves a struggle against not just this or that greedy employer or political administration, but in opposition to the entire economic and political system.

This is a *political struggle*, which requires uniting the working class—black, white, immigrant and native-born, young and old, in the United States and internationally—on the basis of a common revolutionary perspective and program. The capitalist system has failed and must be replaced with socialism, the rational organization of the world economy on the basis of democratic control and production for human need, not private profit.



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