California’s Inland Empire: A model of low-wage “growth”

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An hour east of Los Angeles, two counties, San Bernardino and Riverside, are home to more than 4 million people. This metropolitan area is referred to as the Inland Empire. Along with the Los Angeles metropolitan area, it is part of the Greater Los Angeles Area, with its 18.5 million inhabitants.

The Inland Empire saw a radical transformation in the 1970s, characterized by a shift from an agricultural to an industrial economy. A large section of immigrant workers chose this area for its more reasonable cost of living.

In 2008, the region was devastated by the financial crisis, following the collapse of the real estate market. Between 2009 and 2012, unemployment shot past 14 percent from slightly above 4 percent in 2000. Three years ago, San Bernardino was thrown into bankruptcy, threatening the obliteration of pensions for hundreds of city workers. May 30 is the deadline for the city’s presentation of a restructuring plan which may duplicate the experience in Detroit.

In the last two years, the area has seen profound changes. Unemployment is officially down to 6.5 percent as of March 2015 and the Inland Empire is being hailed as an economic miracle, having undergone a shift from construction to logistics (transportation, inventory, warehousing) to become a crucial node in global commodity distribution.

The region is inseparably linked to the Los Angeles/Long Beach ports, which are the entry point for some 40 percent of all US imports. Goods from China and the rest of the world are then warehoused in the Inland Empire for retail giants like Amazon, Home Depot, Wal-Mart, Sears, Kohl’s, Nordstrom and Macy’s.

Economists have praised the development, calling the Inland Empire one of the fastest growing regions in California, alongside the development of the IT industry in San Francisco and Santa Clara. The growth is based on cheap labor and hazardous working conditions.

John Husing, chief economist for the Inland Empire Economic Partnership, commented for the *Los Angeles Times* that the growth of warehousing facilities is one of the fastest in the “recovery” and “will be a benefit to our region and Southern California even if nationally that’s not a good thing,” referring to the adverse impact of the strong dollar on US exports affecting other areas of the country. “We were in a hole, but we climbed the ladder and now we’re out in the sunshine,” he said.

The Inland Empire's “success” is part of the official narrative proclaiming that “recovery” is underway and unemployment has been defeated. Beneath the hype, however, there lies a different truth.

Despite a substantial boost to the profits of major corporations, conditions for workers have significantly worsened. The highly praised new jobs pay a pittance and conditions are often perilous. This is the direct consequence of Obama’s policies, whose opening shot was his attack on auto workers in 2009.

In the name of competitiveness and corporate profitability, workers are required to bear the brunt of “growth” by suffering a dramatic decline of their living standards. Promises that workers can work up the skill ladder are simply not credible given the precarious nature of employment contracts.

Commenting on what he defined “poverty wages,” a warehouse worker at California Cartage Company commented: “We have people working here 20 years, still moving boxes and making minimum wage with no benefits.”

Another worker, Jose Rodriguez, said that after 6 years, he received a 40-cent increase, insufficient to avoid late penalty fees on his bills.

The *World Socialist Web Site* spoke to Jake Wilson, a sociology professor at California State University, Long Beach. He pointed out, "The question should be not about the number, but the quality of jobs and, within that, wages and working conditions, the ability to organize and live with dignity.

"Most workers are hired by temp agencies; working conditions and wages are terrible. These giant corporations rely on the continuous squeezing of workers across the supply chain."

A large portion of jobs are temporary. As of 2013, more than 60 percent of new positions were handled by temporary agencies or contractors, almost always with no guarantee of hours and benefits. A high percentage of these workers are immigrants, highly vulnerable to brutal levels of exploitation. Standard salaries begin at the minimum wage and stay there for years. Tasks are repetitive, shifts are long, and injuries frequent.

Citations of violations by California's Division of Occupational Safety and Health are common. Lawsuits proliferate involving insufficient safety measures and retaliation against employees who stop working because of excessive heat and nonpayment of wages. A token settlement typically ensures the continuation of business as usual.

Only two weeks ago, Amazon was sued for allegedly stealing workers' pay. The company even demands from its employees a non-compete provision for 18 months after separation date, a trend that is expanding into low-wage work.

Cases of wage theft are common in logistics. Illinois warehouse workers protested last week against Elite Staffing temp agency, accusing the company of stealing from their paychecks.

Nearly three years ago, warehouse workers in the Inland Empire protested poor job conditions. At the time, several testimonials revealed the reality of poverty wages, inhuman and unsafe conditions and fear of employer retaliation.

None of the issues have been resolved, despite the "miraculous" economic boom of the area. Awesome profits don't reach those who produce them. Their recompense is increased misery.

Professor Wilson commented on this dichotomy: "The growth of the logistics industry in the Inland Empire is an outcome of global capitalism. But over the past 25 years, conservative policies that were anti-worker, anti-poor and pro-capitalist prevailed. We need to be very critical of the dominance of these retailers and giant shippers that have weakened the power of workers."

In no small part, the responsibility lies with the Warehouse Workers Union (WWU), affiliated to the Change to Win Coalition. While these workers are not officially represented by the WWU, the union isolated their struggle, limiting it to single issues, impotent protests and toothless lawsuits, under conditions where other sections of the working class (oil and dock workers especially) are entering into conflict with big business and ready to escalate the struggle.

The WWU endorses the campaign for the $15 minimum wage, which in California—the 6th most expensive state in the US—ensures poverty. At such a wage, 40 hours a week yields $31,200 yearly, equal to the level of the median wage in 2006. Median rent in California is slightly less than $1,900 a month, or 70 percent of the median wage.

Without a socialist perspective, workers risk being defeated time and again by the very organizations that claim to represent their interests. The starting point is an independent mobilization aimed at uniting all sections of the working class in a common struggle. The economy must be reorganized rationally on the basis of the satisfaction of human needs, not profit motives.