As workers seek higher wages

Billionaire warns of growing class conflict in US

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With the stock markets soaring and corporate America celebrating a massive tax cut, there are increasing warnings from some business circles that the immense level of inequality is generating deep social discontent.

In an interview published in the *Wall Street Journal* last week, Ray Dalio, who manages the world's largest hedge fund, Bridgewater Associates, warned that "elevated stock valuations" had not translated into higher long-term economic growth, let alone improvements for the bottom 60 percent of the population. This layer of the population, he said, lacked any savings, suffered a higher percentage of premature deaths, and had children destined to earn less than their parents.

"His biggest worry," the *Journal* declared, "is that lower corporate taxes and higher stock prices do nothing for the bottom 60% of households who own almost no assets and whose stagnant wages are the mirror image of expanding profit margins, feeding resentment and political polarization. Says Mr. Dalio: 'If we do have an economic downturn, I worry we will be at each other's throats.'"

Dalio, who has a net worth of $17 billion, is no social reformer. In 2004, he infamously summed up the parasitic character of the social layer of which he is part by saying, "The money that's made from manufacturing stuff is a pittance in comparison to the amount of money made from shuffling money around." His warnings will have no serious effect on the financial oligarchy, which is demanding austerity measures, tax cuts and deregulation.

A decade after the global financial crash, the financial aristocracy in the US and around the world is flush with cash from government bailouts and the near-zero interest rate policies of the world's central banks. This has fueled the unprecedented stock market rise, which added $1 trillion to the personal fortunes of the world's 500 richest billionaires in 2017.

A new survey of workers at 5,000 large employers by global advisory firm Willis Towers Watson found that two-thirds "were feeling more on edge than they did in 2015" due to stagnant wages and higher household debt. Fifty-one percent reported suffering a "significant financial event" in the past two years, including a major medical expense. Ten percent of workers reported taking a loan from their 401(k) retirement funds.

Despite supposed "full employment" in the US—with the official jobless rate at the lowest level in 17 years—wages only rose about 2.5 percent in 2017, barely above the official rate of inflation of 2.0 percent. This is well below the annual increases of between 3.3 and 3.6 percent before the Great Recession.

An analysis compiled by Bloomberg News of 665 contracts signed in late December showed first-year pay raises averaging 2.7 percent for workers overall, 2.5 percent for manufacturing workers and only 2.1 percent for government workers.

Analysts have warned that Trump's sharp reduction in corporate taxes will encourage workers to demand significant wage improvements in 2018. Hundreds of thousands of workers in the trucking, warehouse, telecom, health care and entertainment industries have labor agreements expiring this year, according to Bloomberg.

These include:

* The contracts covering nearly 3,000 employees at Allina Health hospitals throughout Minnesota and 3,000 employees of Abbott Northwest Hospital in St. Paul, Minnesota, members of the Service Employees International Union (SEIU), expire on February 28. Nearly 5,000 nurses conducted a month-long strike at Allina in 2016.

* The Teamsters contract covering 7,500 workers at ABF Freight Systems in multiple states expires on March 31.

* Contracts covering 5,000 workers, members of the International Association of Machinists and Aerospace Workers, expire March 4 at Lockheed Martin plants in Georgia and California.

* The contract for 4,500 members of the United Auto Workers at Daimler Truck plants in North Carolina expires in mid-April.

* Several contracts covering 40,000 hospitality and casino workers in Las Vegas expire in May.

* The contract covering 132,000 television workers, members of SAG-AFTRA, ends June 30.

* An agreement covering 43,000 members of the

International Association of Theatrical State Employees expires with Alliance of Motion Picture and Television Producers on July 31.

* 230,000 United Parcel Service workers, members of the Teamsters, will see their contract with the giant package delivery company expire on July 31.

* The contract covering 200,000 US Postal Service workers, members of the American Postal Workers Union (APWU), expires on September 20.

After decades of falling real wages, workers are determined to recoup lost income from companies making record profits. "I think everyone's going to have their hand out when it comes to the potential benefit of the tax bill," UPS spokesman Steve Gaut told Bloomberg. "Certainly investors are going to expect to benefit," he added.

UPS made $5 billion in the first three quarters of 2017, after a profit of $3.4 billion in 2016. Corporations will use their tax windfall not to improve conditions for workers, but for stock repurchase programs and dividend payouts to wealthy investors, and to increase mergers and acquisitions, which will result in greater attacks on the jobs, wages and pensions.

The employers are counting on the continued collusion of the Teamsters and other unions. Faced with the danger of a "wages push" in 2015-2016, President Obama called in the leaders of the unions for a White House meeting in July 2015. The result was the sabotage of any unified struggle, the signing of sellout deals barely above the rate of inflation, and the isolation and betrayal of strikes the unions were forced to call, including by oil refinery workers, Allegheny Technology steelworkers and Verizon workers.

The 10-year period between 2007 to 2016 saw the lowest number of major work stoppages since the US Bureau of Labor Statistics began collecting data in 1947, with an average of only 14 per year. This compares to an average of 145 per year in 1977-1986, 332 in 1967-1976 and 344 in 1947-1956. Last year, there were only eight major strikes—with half lasting fewer than three days—the lowest annual number since 2009, when there were only five.

The financial orgy on Wall Street has been made possible by the artificial suppression of the class struggle by the unions. Class antagonisms, however, have only grown more intense during this period, guaranteeing that they erupt more explosively, and encompass the widest layers of the working class.

The 2015 rebellion by autoworkers against the United Auto Workers union demonstrated the weakening grip of the union bureaucracy, which is thoroughly discredited after decades of collusion with the auto bosses and the exposure of widespread corporate bribes funneled through labor-management training centers and phony charities. The contracts for 150,000 autoworkers will expire in September 2019.

The New Year has begun with signs of growing class conflict internationally, including demonstrations by workers and young people in Iran opposing price hikes and austerity; strikes and protests by Israeli pharmaceutical workers; and Jerusalem municipal employees against mass layoffs.

In Germany this week, workers are conducting limited strikes at VW, Porsche, Siemens and other corporations, as 3.9 million auto, steel and engineering workers face the expiration of a wage contract at the end of the month. This follows the wildcat strike by Romanian autoworkers at Ford's Craiova plant in late December.

In France, autoworkers and other workers are confronting the government of Emmanuel Macron, "the president of the rich," who has unilaterally imposed American-style labor "reforms" to facilitate the firing of workers and vastly expand the use of part-time and temporary labor. In England, rail workers are continuing walkouts against the elimination of conductors pushed by the Tory government and its Labour Party allies.

On January 3, a wildcat strike by an airport ground crew in Buenos Aires followed strikes by subway workers and others in Argentina.

These struggles are increasingly pitting workers against employers, the corporate-controlled governments that defend them, and the pro-capitalist and nationalist unions. Increasingly, workers are being driven to coordinate their struggles against the global corporations and banks on an international scale.

To take this struggle forward, workers will have to break with the pro-capitalist unions and build new organizations controlled by rank-and-file workers based on the methods of the class struggle, not class collaboration. Such a struggle must be linked up with the building of a new revolutionary leadership in the working class, to fight for workers' power, the seizure of the ill-gotten gains of the financial aristocracy and the socialist reorganization of economic life.