

# International Labour Organization report documents growing assault on wages

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A report issued by the International Labour Organization (ILO) yesterday shows that workers' share of global income has fallen "substantially" over the past two decades, with a systematic redistribution of wealth to both capital and the top income earners.

Globally, the share of national income going to workers is declining, having fallen from 53.7 percent in 2004 to 51.4 percent in 2017, while the share going to capital rose from 46.3 percent to 48.6 percent. This is part of an ongoing trend, only temporarily interrupted by the 2008–09 global financial crisis.

However, the overall redistribution of wealth from labour to capital is only part of the picture.

One of the most significant findings in the report documents how social inequality is widening. Income is being siphoned up to the highest levels at the expense of middle-income earners, defined as the middle 60 percent of workers. Their share of total wages fell from 44.8 percent in 2004 to 43 percent in 2017.

In what it described as a key finding, the report states: "The data show that in relative terms, increases in top labour incomes are associated with losses for everyone else, with both middle class and lower-income workers seeing their share of income decline."

This is particularly the case in the major economies. "In several high-income countries," the report states, "the evolution of the labour income distribution between 2004 and 2017 follows a 'hockey stick' pattern: substantial losses for the middle and lower-middle class, and large gains for the top. This pattern can be found, among others, in Germany, the United States and the United Kingdom."

This pattern of large gains for the upper income earners, coupled with losses for much of the rest of the income distribution, was particularly marked in Britain, where the report found that the largest losses were for

the percentiles ranging from 7 to 50 percent. It also found that the increases for the top income earners were "more pronounced" than in the US and Germany.

On a global scale, the report found that the top 10 percent received 48.9 percent of total wages, the next decile received 20.1 percent, and the remaining 80 percent received 31.0 percent. The lowest 20 percent received only 1 percent of total labour income.

Commenting on the report, Roger Gomis, an ILO economist, said: "The majority of the global workforce endures strikingly low pay and for many having a job does not mean having enough to live on. The average pay of the bottom half of the world's workers is just 198 dollars per month and the poorest 10 percent would need to work more than three centuries to earn the same as the richest 10 percent do in one year."

A number of factors have worked to create this situation. First, the ILO data is yet another confirmation of the analysis of Karl Marx, denounced by bourgeois economists down through the decades, that the essential objective logic of the capitalist mode of production is the accumulation of massive wealth at one pole and poverty and misery at the other.

This logic has been reinforced by the policies carried out by governments and financial institutions around the world, particularly since the eruption of the global financial crisis in 2008.

The injection of trillions of dollars into the financial system in order to boost the value of share prices and other financial assets has been one of the key mechanisms for the transfer of wealth up the income scale. Much of what constitutes the increase in wages for the upper 10 percent is derived from the escalating incomes of those involved in the top-level speculative operations of the financial system.

At the same time, governments are working to

enhance this redistribution of income through tax cuts benefiting top income earners—the latest example being the passage of major tax cuts for the wealthy by the Australian parliament yesterday, with bipartisan support, following the lead of the Trump administration.

However, the key factor in facilitating this process has been the role of the labour and trade union bureaucracies, together with the social democratic parties, in suppressing the opposition of the working class. All over the world, the cuts in real wages, documented by the ILO report, have been accompanied by the actions of the trade unions in doing whatever they can to prevent and shut down opposition.

This is not merely the product of the total subservience and treachery of individual union leaderships—though that abounds—but flows from the nature of the trade unions themselves, rooted in their national-based structures and orientation.

Their response to the globalisation of production and finance over the past three decades has been to make their “own” capitalist class more “internationally competitive” through cuts in real wages and the imposition of changes in working conditions to facilitate greater exploitation. Consequently, they have undergone a transformation: from organisations that once carried out a limited defence of workers’ wages and conditions within the framework of the profit system, to the chief enforcers of the dictates and demands of capital.

In this role they have been aided and abetted by all the pseudo-left organisations, which have worked to promote the deadly illusion that workers’ struggles must be directed through the unions and that social change can come only through the Democratic Party in the US or via social democratic parties in other countries.

However, a new factor has now entered the scene. The ongoing and intensifying offensive by the ruling elites is provoking an upsurge of the class struggle—seen in the strikes by teachers and educators in the US and elsewhere, the “yellow vest” movement in France, the wildcat strikes in Mexico, strikes against wage freezes in Europe and the mass protests in North Africa.

The crucial issue confronting this growing movement, as yet only in its initial stages, is the

development of a program and perspective. It must be based, first of all, on the understanding that all the great social issues confronting the working class, reflected most clearly in the escalation of social inequality, arise from a systemic crisis of the global capitalist order.

This means they can be resolved only with a program that is equally systemic, aimed at their root cause. That is, the growing struggles of workers around the world must be armed with an internationalist socialist program directed to the overthrow of the profit system, the taking of political power by the working class and the building of the world party of socialist revolution to lead this struggle.



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