

# Trump's "Blue Collar Boom": Myth vs Reality

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In his State of the Union address earlier this month, President Trump gave a rosy portrayal of the US economy. American workers, according to Trump, have never had it so good.

"Wages," he declared, "are rising fast." Household income, he claimed, "is the highest ever recorded." The result of his policies since taking office three years ago, he maintained, is a "blue-collar boom." This coincides, according to Trump, with a 70 percent run-up in the stock market, "adding more than \$12 trillion to our nation's wealth."

For the American ruling class, the massive profits it is making on the stock market are the real criterion of economic success, not the conditions of life for the working class.

The reality is very different than the fantasy Trump presented over the country's airwaves. Corporate profits, dividends and the incomes of wealthy executives are higher than ever before—the direct result of unprecedented levels of social misery.

Trump's policies are an acceleration of those pursued under Obama and the Democrats after 2008. The deliberate aim of these policies, which included the 2009 restructuring of the auto industry, the promotion of for-profit charter schools and the pro-corporate Affordable Care Act, was to prop up the profits of American capitalism by driving millions of workers into poverty.

This is the real situation facing American workers:

## The jobs bloodbath in the auto industry

US manufacturing cut 12,000 jobs in January, according to government figures. This continues a decades-long decline in manufacturing employment, from a high of nearly 20 million in 1979 to less than 13 million today. January's losses were almost entirely concentrated in the auto and auto parts industries, which shed 11,000 jobs last month alone. Over the last twelve months, 24,000 US autoworkers lost their jobs.

The betrayal of the General Motors strike by the United Auto Workers paved the way for the closure of four US plants, including the historic Lordstown plant in Ohio. New investments, including a new battery plant near Lordstown, will be based on lower wages and benefits, and will account for only a fraction of the jobs lost.

While Trump never tires of nationalist tirades against Mexican

and Chinese workers stealing "American" jobs, these cuts were part of a global jobs massacre in the auto industry, which eliminated over 500,000 jobs worldwide last year. Auto companies are pursuing an international strategy to force workers in every country to bear the cost of the emerging downturn in the industry, and to prepare for the transition to electric and autonomous vehicles, which will require a vastly reduced workforce.

However, 2019 was only a down payment—German automakers have announced tens of thousands of additional job cuts. The disruption to global supply chains caused by the coronavirus, Ford's disastrous 2019 performance and the impending merger between Fiat Chrysler and French automaker Peugeot all point to further cuts in 2020 and beyond.

## Stagnating and declining wages

Under Trump, real wages have continued their post-2008 stagnation. According to The Conversation website, from December 2016 to September 2019, nominal wages rose only 6.79 percent, but even this was almost entirely wiped out by inflation. When "fringe benefits" such as health insurance, retirement packages, bonuses and other forms of non-wage compensation are included, total real compensation actually declined by 0.22 percent. In the traditionally higher-paying manufacturing sector, total real compensation plunged 4.33 percent.

This is particularly pronounced in the traditionally industrial states of the Midwest. In six of the seven heaviest manufacturing states that voted for Trump in 2016, economic growth has slowed since 2016, and in all but one, personal income growth is below the national average, according to *Barron's*. Trump's vaunted rise in wages for low-income workers is due in large part to local minimum wage increases—the federal rate of \$7.25 has not budged since 2009—which still leave workers at or near poverty.

## Part-time and "gig" work—the "new normal"

In his speech, Trump cited the fact that 3.5 million people have

joined the workforce. However, this increase is due almost entirely to a rise in part-time and casual employment, according to the McKinsey Global Institute. The US employment rate, the percentage of the working-age population with jobs, remains 3 points lower than in 2000. Full-time employment has fallen 6.8 percent since the turn of the century, while part-time employment has risen 3.4 percent.

A survey conducted last year by the Federal Reserve found that 3 in 10 American adults rely on “gig” work for at least part of their income. For half of these workers, gig work represents 10 percent or more of their total income, and 6 percent of gig workers rely on gig work for 90 percent or more of total family income.

This “new normal,” together with hundreds of thousands who have given up looking for jobs altogether, has masked the actual state of the job market by keeping official unemployment figures at artificial lows. Real unemployment, once underemployed and “discouraged” workers are added, is 6.9 percent, nearly twice the official rate.

This is bound up with a significant rise in economic insecurity. Forty-four percent of the US workforce is classified by the Brookings Institution as low-wage. Millions of Americans are one crisis away from destitution; nearly half the country cannot make an unexpected \$400 expense without taking on debt.

### **Inequality at record levels**

Karl Marx’s observation that “accumulation of wealth at one pole” of society is “accumulation of misery [and] agony” at the other pole is being decisively confirmed. On the basis of endemic poverty in the working class, the American ruling class is accumulating historically obscene levels of wealth.

Three individuals--Jeff Bezos, Warren Buffett and Bill Gates--own more wealth than the bottom half of the US population. Another study by inequality researchers Emmanuel Saez and Gabriel Zucman found that the bottom half of the country actually has a negative combined net wealth, meaning its debts are larger than its assets.

Meanwhile, US corporations are making money hand over fist. According to the Federal Reserve, annualized after-tax profits have reached \$1.8 trillion, three times the level in 2000. This figure has stayed constant since 2012, the end of Obama’s first term. The labor share of national income, meanwhile, is by far the lowest on record.

These huge profits are being made, not through investments in productive activities—for more than a decade, US companies have sat on a \$1.5 trillion cash hoard which they refuse to invest—but through financial transactions, including stock buybacks and dividends, mergers and acquisitions and other speculative activities, propped up by Trump through massive infusions of cash from the Federal Reserve and corporate tax cuts. These irrational and essentially criminal policies, which amount to the ruling class looting society, are preparing the way for another economic crisis.

### **Capitalism, socialism and the working class**

The Democrats, no less than Trump and the Republicans, are a party of Wall Street committed to poverty and inequality. Since Trump’s election, the Democrats have opposed him only on the grounds that he is insufficiently committed to a conflict with Russia. On all other issues, the Democrats agree with Trump and have voted in Congress for virtually all of his proposals.

But the working class is beginning to fight back against these intolerable conditions. According to the Economic Policy Institute, the average number of workers who took part in strikes in 2018 and 2019 was 455,000, the highest in 35 years. The number of workers taking part in large strikes involving more than 20,000 people is at its highest level since records begin in 1993.

Around the globe, tens of millions of workers are participating in strikes and social protests. To be successful, these struggles must be armed with an understanding that the workers are engaged in a fight not just against individual employers or government officials, but against the capitalist system itself.

The Socialist Equality Party is running Joseph Kishore and Norissa Santa Cruz in the US presidential elections to provide this movement with a revolutionary leadership and perspective. We are running not only to win votes, but to activate workers and youth and to build a powerful movement of the working class against capitalism.

Placed at the disposal of society, the trillions of dollars controlled by the ruling class could be put to use with a vast improvement in the material and cultural conditions of the majority. But this can be accomplished only through a frontal assault on the capitalist profit system itself, which is incompatible with the needs of modern society.



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