

Labor Day 2026: The oligarchy demands that workers pay for the crisis of American capitalism

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6 September 2026

On Labor Day 2026, the American working class confronts an assault without precedent in the post-World War II period. The economic crisis of American capitalism has produced a single response from the ruling class and both of its political parties: make the working class pay.

Under Trump's "One Big Beautiful Bill Act," Medicaid, which insures 74.9 million people, including 35.7 million children, is being cut by more than \$900 billion over a decade through work requirements, eligibility purges and monthly re-certification. The Congressional Budget Office estimates that between 11 and 17 million people will lose coverage. The same law triggers nearly \$500 billion in automatic Medicare cuts.

Food stamps have been slashed by \$187 billion, the largest reduction in the program's history, stripping benefits from roughly 5 million people, at least 1.2 million of them children. The *Wall Street Journal*, celebrating this as reform, demands that "mandatory spending"—that is, Social Security, Medicare and Medicaid—be cut further.

This money is to be funneled into war. The administration's fiscal 2027 budget demands \$1.5 trillion for the military, an increase of \$445 billion and, adjusted for inflation, the largest single-year rise since World War II. The Pentagon has sought more than \$200 billion in supplemental funding for the war against Iran.

The deficit is itself a mechanism of enrichment. The national debt passed \$40 trillion on Aug. 18, double its level when Trump first entered the White House in January 2017, and interest payments are approaching \$1 trillion a year.

This is a continuous tribute paid by the working class to the financial oligarchy that owns the debt. Households in the top 1 percent hold 38 percent of all government and

municipal securities owned by American households, according to the Federal Reserve's Distributional Financial Accounts, while what flows to the bottom half of the population is negligible. The growth of the debt and the growth of the fortunes at the top are one process.

The overriding reality of American life is the staggering levels of social inequality. Median compensation for S&P 500 chief executives reached \$17.3 million last year and the average CEO-to-worker pay ratio climbed to 312-to-1, according to the AFL-CIO's 2026 Executive Paywatch report. That ratio excludes Elon Musk, whose pay package is \$158 billion and who became the world's first trillionaire in June. Labor's share of national income has fallen to its lowest level since World War II.

The ruling class understands that a program of this scale cannot be imposed by democratic means. Trump is manufacturing the pretexts for suppressing, rigging or overturning the November midterm elections, demanding passage of the SAVE America Act to disenfranchise millions of working class voters, while his regime declares that it will not lose an election for 100 years. In January, federal agents murdered Renée Nicole Good and Alex Pretti on the streets of Minneapolis during the paramilitary occupation of the city. The drive to dictatorship is the political form of the assault on the working class.

The Trump administration is a government of, by and for the oligarchy. The Democrats, however, are not an opposition party. They are co-conspirators in the ruling class assault on workers. The entire establishment, whatever its internal squabbles, is united in placing the burden of the escalating capitalist crisis on the working class.

And it is here that the role of the trade union bureaucracy becomes decisive. If the media refers to

Labor Day at all, it is to equate the working class with the trade unions. But the American labor movement, which once provided some defense against the predations of the employers, died long ago.

The unions today are labor enforcers, incorporated into the structure of corporate management and the capitalist state. UAW President Shawn Fain boasts of working with the Trump administration on tariffs, the same trade war that has thrown tens of thousands of autoworkers out of their jobs, and has told his members nothing about the threat of dictatorship. Any struggle that escapes the control of this apparatus is intolerable, because the entire strategy of making workers pay depends on suppressing the class struggle.

The bureaucracy has performed this role for nearly five decades. In the 1980s, the AFL-CIO colluded in deindustrialization and the destruction of PATCO because it accepted that American workers' wages had to be driven down to compete with Japan. In 2009, the UAW lent its full assistance to the Obama administration's restructuring of General Motors and Chrysler, ramming through contracts that slashed wages and imposed the tier system on the next generation of workers.

What this means in practice is written in blood. More than 5,000 workers are killed on the job every year, nearly 14 a day, and the AFL-CIO estimates that 120,000 to 135,000 more die annually from occupational disease. On Aug. 1, James Brasher, 57, a UAW member with more than 30 years' seniority, fell 25 feet to his death at Stellantis' Mopar parts center in Center Line, Michigan, the third Stellantis worker killed under the UAW's "historic" 2023 contract. Thursday night, Moet McCullum, 41, a mother of three with 11 months on the job, was struck and killed by a D train in the Bronx while setting up flagging lights, as the Transport Workers Union blocks strike action by New York City transit workers.

This is an international process. In Germany, IG Metall has agreed to the elimination of tens of thousands of Volkswagen jobs and joined the works councils in celebrating the "cost discipline" that is destroying the livelihoods of the workers who produce all value, even as the plants are converted to armaments production.

The reality of social life is fueling an immense growth of social opposition, which increasingly takes the form of a rebellion against the bureaucracy itself. Contract after contract has been voted down. The year began in Minnesota, where more than 100,000 workers and young people demonstrated on Jan. 23 against the ICE occupation of the state. The union apparatus, working

with the Democrats, conspired to block the development of a general strike movement.

The International Workers Alliance of Rank-and-File Committees exists to give this movement organized form. It encourages and spearheads the development of committees elected and controlled by workers themselves in every workplace, linked across industries and across national borders. In the 1930s, workers who could not advance through the craft-based American Federation of Labor built new industrial organizations, which became the CIO.

Such committees do more than defend workers against the employers. They are the anticipatory forms of genuine workers' democracy and workers' power, through which the working class begins to constitute itself as the future ruling class. The campaign of Will Lehman, the Mack Trucks worker running for UAW president on a program of abolishing the apparatus and transferring power to the shop floor, has given this revolt conscious political expression.

The crisis of American capitalism cannot be resolved within the framework of the profit system. The ruling class has no answer but war abroad, austerity at home and dictatorship to enforce both. The working class must answer with its own independent mobilization: the building of rank-and-file committees in every workplace, their unification internationally through the IWA-RFC, and the fight for a workers' government and the socialist reorganization of economic life.

The Socialist Equality Party fights to arm the developing movement of the working class with a revolutionary and internationalist perspective. We urge every worker and young person who agrees with this perspective to join the SEP today.



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