Mondialisation.ca
Centre de recherche sur la mondialisation

Labor Day Gives US Workers Little to Celebrate. The Derogation of Labor Rights

Par Bob Hennelly
Mondialisation.ca, 05 septembre 2016
Who What Why

Région : USA
Thème: Global Economy, Poverty & Social Inequality

As Americans celebrate Labor Day, expect little meaningful talk about labor itself. Or about the great equalizer in the everyday engagement of labor and capital: the union movement — and its decades-long decline.

And yet, for a great portion of the American populace, that decline has already had a profound impact on their quality of life.

This spring, researchers at the Economic Policy Institute (EPI) reported that in the last two years, 2014-2015, union participation dropped to a little more than 11% of the US workforce. That's down dramatically from more than one in three workers who were represented in 1945.

While union representation plummeted, the highest paid 10% of workers took an even larger share of the country's total wages. In 1945, the top 10% earned just under a third of total wages; in recent years, their share has grown to nearly half. That's the biggest slice of the wage pie the upper crust has seen since 1917, the earliest date for which the EPI analysts could find reliable data.

> "I think this strike demonstrated that despite a climate where strikes are rare it is still possible to carry the day if your workers are united and militant. "

Judging by the recent upsurge of populism — manifested on the right in the rise of Donald Trump and on the left by Senator Bernie Sanders's (I-VT) campaign — voters continue to rank the economy, the decline of the middle class, and the nation's growing wealth inequality, as hot button issues.

The demand for a $15 dollar minimum wage has gone national, boosted by a dynamic grassroots movement that has prompted legislative action at the municipal and state levels across the country. This fall voters in several states will get to weigh in on a related ballot question, which would mandate an $7.75-an-hour raise in the federal minimum wage, which has been stuck at $7.25 an hour since 2010.



Photo credit: [The All-Nite Images / Flickr (CC BY-SA 2.0)]

Unions Still Relevant.

Despite the drop in the number of American workers represented by unions, when a union does flex its muscles the results can be impressive. A case in point is the recent Communications Workers of America (CWA) strike against Verizon last April.

When the six-week strike ended, and the smoke cleared, the CWA had won a 10.9% raise for workers, to be phased in over four years, plus enhanced job security, expansion of the union's jurisdiction and the promise of more new hires.

"I think this strike demonstrated that despite a climate where strikes are rare it is still possible to carry the day if your workers are united and militant," said Bob Master, assistant to the vice president of the CWA District One. "It is not lost on us that this strike played out in a very favorable political environment where the public had grown increasingly hostile to corporate greed and Verizon was making $1.5 billion in profits monthly."

CWA also played an astute geopolitical hand, taking full advantage when a group of Filipino call-center workers, in an act of self-sacrificing solidarity, refused the overtime generated by the strike. When Verizon's Filipino management called down local law enforcement on its workers. It only drew global press attention to Verizon's outsourcing, something the company had attempted to downplay.

"The company over in the Philippines reacted so stupidly by calling in an armed military SWAT team when all we were trying to do was meet with management," Master told *WhoWhatWhy*.

The strike was settled not long after.



Verizon Strike National Day of Action, May 5, 2016.
Photo credit: Thomas Altfather Good / Flickr (CC BY-ND 2.0)

The Disconnect Between Making and Earning.

But one successful strike can hardly reverse the erosion of the middle class that has been in the making at least since the 1970s. That's when American workers stopped seeing their wages grow at a pace with their increasing productivity. Last month the Economic Policy Institute reported that from 1973 until last year, while productivity was increasing more than 73%, hourly pay for workers went up only 11% — in other words, productivity grew by more than six times the rise in wages earned by workers.

For his part, Trump, the GOP presidential nominee, has offered only bromides, pledging "to make America great again." He promises to return the nation to those halcyon days, post-World War II, when America was a manufacturing dynamo that had saved the world, and was populated by middle class households that had both economic leverage and buying power.

And there are strong macro signs that things are going to continue to be problematic when it comes to the power balance between capital and labor, not just for American workers, but for their counterparts around the world.

For decades now American workers have been losing their leverage, as the world's biggest corporations were able to successfully play one country's workforce off another. But now the same corporate interests, which sparked the race to the bottom for wages and worker benefits between countries, are increasingly turning to robots and automation to reduce their human workforce planet-wide.

A few months back the BBC reported Foxconn, the Chinese-based manufacturer that is the key supplier for Apple and Samsung, had cut its 110,000 workforce by more than half — down to just 50,000 — with the introduction of robots.

"Economists have issued dire warnings about how automation will affect the job market, with one report, from consultants Deloitte in partnership with Oxford University, suggesting that 35% of jobs will be at risk over the next 20 years," reported the BBC.

Foxconn's statement put the best spin on the seismic shift, asserting that it was sparing humans the toil and trouble of "repetitive tasks," while offering training to give employees a chance "to focus on higher value-added elements in the manufacturing process, such as research and development, process control and quality control."

But, bottom line, there will be a whole lot fewer jobs.

Even as the $15-an-hour living-wage movement gains traction with the public, captains of industry are quick to counter by invoking the threat of automation.

Man Versus Machine.



Automated Food Processing
Photo credit: MATSUOKA Kohei / Flickr (CC BY-SA 2.0)

"I was at the National Restaurant Show yesterday and if you look at the robotic devices that are coming into the restaurant industry — it's cheaper to buy a $35,000 robotic arm than it is to hire an employee who is inefficient making $15 an hour bagging French fries — it's nonsense and it's very destructive and it's inflationary and it's going to cause a job loss across this country like you're not going to believe," former McDonald's USA CEO Ed Rensi told FOX Business in an interview.

The threat of automation has been with us for decades. Historically the attitude has been that in the long run, this process would create more jobs than it destroyed. But experts say this time is different, and it is not just the specter of driverless cars and trucks.

A few months ago the *Financial Times* reported that China and Japan were going through a robotic explosion. Globally, over the last few years, the market has grown at a compounded rate of 17% per year. By 2019 the global robot market is expected to be worth $135 billion.

Paradigm Shift to a Post-Work World?.



Photo credit: Derek Yu / Flickr (CC BY-SA 2.0)

Andy Stern, the former president of the Service Employees International Union (SEIU), is probably best known for his organizing campaign, "Justice for Janitors," which brought thousands of immigrant workers into a union for the first time, helping to dramatically expand the ranks of the SEIU.

But these days, as an academic and author based at Columbia University, Stern believes society needs to come to terms with what he expects to be an increasing scarcity of work as automation slips into a higher gear.

Only a universal income, without means testing, can help buffer the US from the socio-economic dislocation that's going to come from "permanent" job scarcity, Stern contends. He says that the current recovery, considered to be the most anemic since World War II, gives us an idea of what lies ahead.

"The wages of workers would have to be $5 a day to match the cost of robots in China," Stern told *WhoWhatWhy*. "It is no longer people being poor because they are not working. Its people being poor because there is no work."

"We already see in this recovery that the economy can produce economic growth skewed to the top 1% but without real wage growth for workers and the creation of quality full-time jobs with benefits," said Stern. "All the job growth since 2008 has been alternative working arrangements, part-time or contingent, all part of the gig economy."

Stern sees the current youth unemployment crisis — with as many as six million 16-to-24-year olds in the US not working and not in school — as a "harbinger" of things to come.

Under Stern's proposal, laid out in his new book "*Raising the Floor: How a Universal Basic Income Can Renew Our Economy and Rebuild the American Dream*," adults would get a $1,000 a month stipend, a form of universal social security, that would replace current programs like food stamps and unemployment benefits. It would be paid for with the cost savings from realigning the existing social safety net, and by raising taxes on the highest end earners.

"This is an idea that disappeared for 50 years and has resurfaced," Stern told *WhoWhatWhy*, pointing out that President Richard Nixon had proposed a Family Assistance Plan that would have also ended welfare but replaced it with the concept of a basic income.



"World's largest poster" promoting basic income.
Photo credit: Generation Grundeinkommen / Flickr (CC BY 2.0)

"In Martin Luther King's last book he called for it," Stern told *WhoWhatWhy*. In *Where Do We Go From Here: Chaos or Community,* King wrote that a direct payment to impoverished families was far superior to the existing federal response to poverty, which was failing because it was "indirect" and sought to solve "poverty by first solving something else."

Finland is preparing to start a two-year experiment to provide a monthly basic income of $600 up to 3,000 for its citizens who are already unemployed and who will be selected at random. The government wants to see if the basic income pilot will cut bureaucracy, boost employment, reduce poverty and the social isolation that it is often associated with it.

The provincial government of Ontario, Canada, has also announced plans to roll out its own experiment offering a basic monthly income.

Slide in US Workforce Decades in the Making.

Since the 2008 meltdown a declining unemployment rate has been offered as proof that the US is in recovery. Meanwhile, the percentage of Americans actually in the labor force, which the Bureau of Labor Statistics (BLS) defines as anyone working, or looking for a job, has also been declining.

For decades the steady growth in workforce participation, along with increased new household formation, lifted the US into its post-World War II economic expansion. But years after the Great Recession these twin engines for prosperity are stalling out.

In 1948, 59.3% of Americans were in the labor force. That number grew, as more women joined the labor force, so that by 1997 it peaked at 67.2%. But since then the rate has declined and is now in the low 60s, something not seen since the 1970s, suggesting that there's something long-term going on that's different.



Occupy Wall Street protest, March 16, 2012
Photo credit: Michael Fleshman / Flickr (CC BY-SA 2.0)

BLS predicts the participation rate will drop to 61.6% by 2022.

What accounts for this? Outsourcing? Automation? Some not so obvious factor, like the increase in the percentage of young people going to college? In the late 1960s just one in four opted for higher education. These days it is closer to 40%.

Another possible factor is the aging of the US population, with 10,000 Americansturning 65 every day, many of whom will retire and drop out of the workforce.

And another factor: For decades, during the war on drugs, the US came to lead the world in the percentage of the people it incarcerated, which resulted in more than 2 million people in jail and not on the job.

One more possible contributor to the drop in workforce participation: Increasingly, the US population has become sidelined from work by disability. In 1970 just 1.7% of Americans were on disability. Today it is 5.8%.

Whatever the reasons, the implications are significant for the nation: Just as the bill for keeping the social contract with the baby boomers comes due, a smaller percentage of the population will be hard at work to pay for it.

Several million Americans are underemployed and millions more have left the workforce. In what will be the third Presidential election since the start of the Great Recession, the candidates will, once again, call for the renewal of the American Dream without a trace of irony.

The US is in the midst of a profound shift that is having generational consequences. Coming to terms with it means re-assessing the ways that people have been thinking about labor and wealth for centuries — back to the transition from feudalism to the emergence of mercantilism.

La source originale de cet article est Who What Why
Copyright © Bob Hennelly, Who What Why, 2016

Articles Par : Bob Hennelly

Avis de non-responsabilité : Les opinions exprimées dans cet article n'engagent que le ou les auteurs. Le Centre de recherche sur la mondialisation se dégage de toute responsabilité concernant le contenu de cet article et ne sera pas tenu responsable pour des erreurs ou informations incorrectes ou inexactes.

Le Centre de recherche sur la mondialisation (CRM) accorde la permission de reproduire la version intégrale ou des extraits d'articles du site Mondialisation.ca sur des sites de médias alternatifs. La source de l'article, l'adresse url ainsi qu'un hyperlien vers l'article original du CRM doivent être indiqués. Une note de droit d'auteur (copyright) doit également être indiquée.

Pour publier des articles de Mondialisation.ca en format papier ou autre, y compris les sites Internet commerciaux, contactez: media@globalresearch.ca

Mondialisation.ca contient du matériel protégé par le droit d'auteur, dont le détenteur n'a pas toujours autorisé l'utilisation. Nous mettons ce matériel à la disposition de nos lecteurs en vertu du principe "d'utilisation équitable", dans le but d'améliorer la compréhension des enjeux politiques, économiques et sociaux. Tout le matériel mis en ligne sur ce site est à but non lucratif. Il est mis à la disposition de tous ceux qui s'y intéressent dans le but de faire de la recherche ainsi qu'à des fins éducatives. Si vous désirez utiliser du matériel protégé par le droit d'auteur pour des raisons autres que "l'utilisation équitable", vous devez demander la permission au détenteur du droit d'auteur.

Contact média: media@globalresearch.ca