American workers fight back

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The Great Recession and its aftermath have generated a wholesale and unprecedented assault on the living conditions and future prospects for the American working class. This is the backdrop for the dramatic conflict now unfolding in Wisconsin.

The organized working class in the United States is a shell of its former self, pummeled by protracted neoliberal policies of aggressive union busting, globalization, and the relative decline of the manufacturing sector. While, at the same time, the Chamber of Commerce rebooted itself from a network of small town grandees into a confrontational and highly assertive national advocate for free market policies. Business elites plowed profits into conservative think tanks, transforming these into handsomely paid ideological sinecures whose "studies" widely displaced those of academic institutions in framing social policy initiatives. By 1978 unions had all but abandoned big ticket social programs, in favor of a modest package of labor law reforms believed needed to bolster its ability to organize. But here too it was cruelly betrayed by inaction on the part of Democrats who controlled both the Congress and the White House, just as it would again be under the first two years of the Obama administration, which declined to even bring the Employee Free Choice Act to the floor for a vote. But by abandoning its inspiring vision of an economy tightly bound by an interlocking web of social protections and unable to deliver wage growth and the spillover effects that such victories invariably provide, the union movement began — fairly or unfairly — to assume the whiff of a special interest lobby. Or at least this is how the business dominated media tirelessly recast it. Union density in the private sector dropped to just under 7%. The trade union movement became increasingly distant and irrelevant to the day to day the lives of most working people.

And, with the loss of union standing within working class communities, the dormant habits of subservience to power resurfaced. Strikes, increasingly rare, were met with disdain and sometimes utter hostility in working class communities. The 2005 NYC transit strike was defeated to no small extent because it failed to elicit broad community support. Workers began to ape the attitudes of the ruling class, that union workers are a pampered, privileged and elite strata. The autocrats who run the economy incredibly re-sold themselves, with no little success, as "job creators" to a working class desperate to keep its head above water. The "scissorbill" mentality — to coin an old wobbly phrase — that any worker with sufficient ambition could still rise economically and socially, took hold in a period in which, ironically, the odds of experiencing a 50% drop in family income have more than doubled since 1970.

An inauspicious time for the defining confrontation of our era, but let's remember. The strike wave of the early 1930s took place against a broadly similar backdrop. The roaring twenties was a period in which all the old conservative mental silt again encrusted itself into the mindset of American workers. Union membership was similarly seen as the elite confines of highly skilled workers. It was fortified by the manifest failures of the unskilled to independently sustain themselves organizationally and the indifference of the AFL to intervene on their behalf, which reinforced the public's perception of them as a narrow interest group.

The American economy is now said by economists to be emerging from a traumatic economic dislocation. The vaunted boom in profitability which might presage a broader economic expansion, is however unconvincing to most capitalists. And for good reason. Pre-tax domestic non-financial profits as a percentage of the national income are at about 7%, far below the 15% of the late 1940s, and 12% of the 1950s and '60s. Profits are simply not that high by historical standards. And taxes are now at their lowest level since the end of the Second World War. According to the Bureau of Economic Analysis, it is the financial and overseas sectors alone that are exceeding the mid-century profitability levels. Domestic sales revenues have barely grown. To the extent that domestic profit margins have improved this is almost entirely due to cost cutting at the expense of the employed and the liquidation of inventories. Business is not investing. Not surprisingly, the economy is growing at an anemic rate of 2.8%, far slower than the 3.4% average of the past 80 years. This is an ignomious start, indeed, for a meaningful recovery.

Moreover, while the financial sector revived because the government pumped out the poisonous assets and saddled them on the public, the engine of *finacialization* is exhausted. The mid 2000 boom was inflated by excess consumer demand supplemented by continuous refinancing of the housing stock. The value of that stock has now been drained of 35% of its value. Exploitation hit the working class at both ends, both in the process of production and at the point of consumption. Workers lost a collective $743 billion each year during that boom, while the top 1 percent gained $673 billion. The working class can no longer maintain its standard of living by syphoning the value from its only significant asset. Consumer markets are consequently blocked, and the mechanism of enhanced exploitation—which is the real significance of financialization— has been disengaged if not disabled.

The only cost left for business to cut is its overhead tax burden. Cheap government has always been the battle cry of small business. This has now caught on across the business spectrum. The recession itself blew a hole in state government finances, with tax receipts—income, sales, and property taxes—declining sharply, while the demand for state services grew dramatically. The AIG bailout alone, if it had been applied to the states, would have been sufficient to cover the combined costs of state deficits and it would have provided a more robust thrust to economic expansion than the banking bailout ever could. But that was never on the table. Business is desperate to dismantle the last vestiges of the welfare state, the remnants of "big" government. But this cannot be done without decimating the public sector unions that stand in its way.

Business has been preparing the public for this assault for months. It has ginned up a near lynch mob mentality against public workers. It successfully took tax increases for the obscenely wealthy — happily characterized as "job creators" — off the table, while castigating "selfish" government employees (and retirees) for not accepting cuts in their pay and benefits needed to subsidize the profits of these beleaguered "job creators" in their quest to jump start the economy. This is a two-pronged attack. On the federal level, it's a struggle against "entitlements" — social security and medicare/Medicaid — that is, to further beggar the working class itself as it looses its commodity status due to old age or disability. On the state level, where most government workers are employed, it is an assault against the operating costs of government through squeezing state workers and reducing or eliminating services.

Republican governors have been in the forefront of this assault. First it was a question of givebacks, but this morphed in Wisconsin into a basic question of union bargaining rights. The governor and his Republican assembly had already precipitated the immediate crisis by giving a tax break to the wealthy, which made the projected shortfall in revenue immanent. He reinforced and made permanent this revenue shortfall by ramming through a bill that requires a two thirds vote in the assembly to pass tax rate increases on income, sales or franchise taxes. Walker then decided to kill two birds with one stone. Not only would he demand givebacks, but he would limit future bargaining to basic wages and put any negotiated wage increase above the cost of living to a state plebiscite for approval. He would also demand a recertification vote for public sector unions on a yearly basis and eliminate dues checkoffs from paychecks. In other words, he would render state workers defenseless.

What is particularly outrageous is precisely how the Wisconsin governor, Scott Walker, has twisted the facts out of all relation to reality in order to sell this program. The elimination of "dues checkoff" would simply cripple unions. His justification for this is the bald-faced lie that union dues are used for political purposes, that is, to fund his Democratic opponents. Unions are in fact prohibited by law from using dues in this way and must ask for voluntary pledges earmarked for political purposes.

Then there is the assertion that public workers are overpaid relative to their private sector counterparts. Were this so, it might be a selling point for the union cause. As it is, however, this lie is simply red meat to overtaxed working people. The truth is that public servants enjoy a pretty hefty pay cut for the privilege of being employed by the state. Adjusting for age, experience, gender, race, etc., Wisconsin public sector workers face an annual compensation penalty of 11%, 5% if adjusted for their slightly shorter work week. Even this understates the problem. The equation of government sector benefits — the equivalent of medium to large corporations — with the private sector, whose average undertaking is dwarfed by the scale of government, is indefensible. The large share of small businesses in the private sector, which typically offer lower wages and benefits, so distorts the issue as to make comparisons useless. To properly make the Governor's case would require matching the compensation package of public sector workers with packages of workers employed by medium to large corporations. This is never done. It would not serve Walker's purpose of playing both sides against the middle.

Finally there is the Governor's assertion that public sector workers are being given an extra gift by the taxpayers in terms of outlandish pensions and Cadillac health care plans. This is malarkey on stilts. And it is a lie that is swallowed and regurgitated by the mainstream media almost without exception. Many if not most states have low balled their wage packages to public sector unions over the years, but sweetened the pot by offering enhanced benefit packages that may entail obligations from the taxpayers should there be investment shortfalls, as a result, say, of a stock market downturn. But not in Wisconsin's case. The Pew Center for the States demonstrates that

> (s)ome states are doing a far better job than others of managing the bill that is coming due. Such states as Florida, Idaho, New York, North Carolina and Wisconsim all entered the current recession with fully funded pensions.

As Pulitzer Prize winning tax reporter, David Cay Johnston, explains it

> (o)ut of every dollar that funds Wisconsin' s pension and health insurance plans for state workers, 100 cents comes from the state workers.
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> How can that be? Because the 'contributions' consist of money that employees chose to take as deferred wages — as pensions when they retire — rather than take immediately in cash. The same is true with the health care plan. If this were not so a serious crime would be taking place, the gift of public funds rather than payment for services.

It is therefore utterly meaningless to demand, as the Governor has, that public workers contribute a larger share of their wages to health care and pensions. It would not save tax payers a single dime. All the state does is distribute a part of negotiated earnings on behalf of the employee to the different funds, modifying the apportionment that was previously agreed to in the contract. It does not add to that fund from state revenues. Walker's demand would merely present an accountant's problem of redividing payment to reduce cash wages and expand health or retirement funds. *What Walker is really asking is that state workers take a pay cut so that the state of Wisconsin can use the additional funds freed up to fill the hole that Walker himself created.*

Again, the purpose of this whole charade is to bamboozle hard-pressed private sector workers into believing that the Republicans are removing greedy state hands from their pockets. When the propaganda, distortions and misrepresentations are swept away, the attitudes of the oh-so conservative Republicans resemble nothing as much as Polish Stalinists of a thankfully bygone era confronting workers in the Gdansk shipyards. Strikes against the state offer socialists unique opportunities, because labor struggles for wage and working conditions can only be divorced from the broader economic and political struggles at their peril. It is in such confrontations that workers directly experience the latent authoritarianism of the business dominated state, the intersection of capital and politics. That is why, in times of heightened struggle, street solidarity is "what democracy looks like."

The spirit of Wisconsin street solidarity is inspiring union members in Ohio, Indiana, and Michigan to jam capitol buildings by the thousands to fight a raft of union-busting bills in their states.

That next stage in that struggle may soon commence. In sly defiance of the Taft-Hartley act, the Madison AFL-CIO local requested that the "Education Committee immediately begin educating affiliates and members on the organization and function of a general strike."

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