A Conspiracy to Keep Wages from Rising. Is This Class Warfare?

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Global Research, March 30, 2016
CounterPunch

Theme: Global Economy, Poverty & Social Inequality

Is there a conspiracy to keep wages from rising or is it just plain-old class warfare?

Check out these charts from a recent report by Deutsche Bank and see what you think.

Well, what do you know? Everywhere the global bank cartel has its tentacles, wages are either flatlining or drifting lower.

"Coincidence", you say?

(Feeling Underpaid, Zero Hedge)

Not bloody likely, I say. There's either policy coordination between the various heads of state and their central banks or wealthy elites have secretly seized the levers of power and imposed their neoliberal dogma when no one was looking. Either way, it's pretty easy to see the effects of "extraordinary monetary accommodation" on wages. It's done absolutely nothing, which is why inflation has stayed in check. Because if wages aren't rising, then inflation remains subdued which gives central bankers an excuse for launching another one of their trillion dollar QE programs that further enriches their crooked friends on Wall Street.

Yipee! More free money for Wall Street and the investor class!

See how it works?

And what about productivity? Why are wages no longer rising along with productivity?

(What Killed the Middle Class, Zero Hedge)

It seems fairly obvious that if wages don't rise with productivity, then personal consumption is going to flag and the economy's going to tank. If that's the case, then boosting wages should be a top priority among policymakers, right?

But it's not. The top priority for most politicians is kowtowing to their private sector bosses who fund their campaigns and make sure they have a nice-comfy job when they finally call it quits after years of groveling service. Isn't that the way it usually works for these so-called "public servants"; they craft legislation that serves their fatcat constituents and then count the days until their next big payoff?

The point is that economic policy is not designed to improve conditions for ordinary working people. It's not even designed to strengthen the economy. If that was the case, then there'd be some effort to hire more public workers to increase activity, boost business investment and strengthen growth. That would be the obvious remedy for today's sluggish economy, wouldn't it? Instead, Obama has done the exact opposite. He's slashed the deficits by a full trillion dollars and allowed more than 500,000 government employees to get their pink slips. As a result, the economy has been chugging along at half-speed for nearly a decade. Thanks for nothing, Barry. Don't let the door hit you on the way out.

Now check out this "Government Job Destruction" chart at the Streetlight blog:

(Government Job Destruction, Streetlight blog)

And it doesn't stop there either, because all this wretched belt-tightening has reduced consumer demand which has forced corporations to decrease the amount capital they reinvest in their businesses. So, just as wages have been suppressed in developed countries around the world, so too, business investment has been sharply curtailed just about everywhere eliminating another critical source of stimulus. Check out this clip from the Daily Reckoning:

> "Yesterday's release of domestic capital expenditure (capex) figures were a sorry sight. In the three months to September, business investment fell a barely believable 9.2%. …
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> In light of plunging domestic spending, it's a good opportunity to reflect on what's happening to global capex. (Capital Expenditures) Like Australia, the world as a whole has something of an investment problem. And there's no sign that things are likely to improve anytime soon…
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> Outside of the US, it appears as if the world has decided to forego investing altogether. Business spending is down by 6% in the US; over 20% in Europe; 15% in China and Japan. As for the rest of the world, Australia included, capex is down a whopping 28%." (Australia's Capex Collapse is Part of a Global Disease, Daily Reckoning)

Okay, so corporations aren't investing in their businesses because wages are flat and demand is weak. Is that really a big deal?

It IS a big deal, because there are only so many sources of spending in the economy, and when businesses, governments and consumers all reduce their spending at the same time, the economy slows to a crawl and stays like that until something changes. Unfortunately, nothing has changed which is why GDP is still hovering around 2 percent a full eight years after Lehman Brothers blew up.

But, why? Have policymakers suddenly forgotten how the economy works or what fiscal levers to pull to kick-start growth?

Of course not. They simply refuse to do what's needed. Instead, Congress has used the crisis to hand over control of the system to the central banks and their deep-state powerbrokers. Now, wherever you look, the politicians are on the sidelines sitting on their hands while the CBs dictate policy. It's crazy. It's like regime change without all the blood.

And how has this bloodless coup effected working people?

It's been terrible. While stock prices have nearly tripled and speculators have raked in trillions, median household income has dropped by more than 7.2 percent, incomes are falling, wages are flatlining and more and more people are hanging on by the skin of their teeth.

Did you know that 85 percent of Americans say that it's harder to maintain a middle class standard of living today than it was 10 years ago? (Pew Research Center) Or that "77 percent of all Americans live paycheck to paycheck at least some of the time", or that "one of every four workers in the US brings home wages that are at or below the federal poverty level", or that "47 million Americans are on food stamps, or that "40.4% of the U.S. workforce is now made up of contingent workers," mainly temps, contract workers and part-time labor?

Anyway, you get the picture. Making ends meet is getting harder all the time. But why would wealthy elites support policies that are so obviously destructive to working people and the overall economy?

For money, that's why. Lots of money. Check it out:

> "Between 2009 and 2012, according to updated data from Emmanuel Saez …The top 1 percent saw their real income grow by 34.7 percent while the bottom 99 percent only saw a 0.8 percent gain, meaning that the 1 percent captured 91 percent of all real income…
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> Wage income continues to be flat. Wages grew just 1.7 percent last year, the slowest rate since at least the 1960s. That's not because American workers are slacking off, though. While they have seen an entire decade of stagnant or falling wages, they've increased their productivity by nearly 25 percent.
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> At the same time, the stock market has been reaching record highs, which mostly helps the wealthy who are much more likely to own stocks, thus exacerbating income inequality. Corporate profits have also hit records and boosted executive pay without trickling down to workers." (The 1 Percent Have Gotten All The Income Gains From The Recovery, Think Progress)

But it could just be a big mistake, couldn't it? I mean, maybe the central banks really didn't know that their policies would work the way they have.

Be serious. Do you really think that this relentless upward waterfall of money to uber-rich tycoons ("95% of income gains from 2009 to 2012 went to the top 1% of the earning population") is a mistake, that it's merely the unintended consequence of well-meaning monetary policies that were designed to spur lending and strengthen growth but, by pure happenstance, backfired and triggered the biggest redistribution of wealth to voracious, do-nothing plutocrats in history?

Is that what you think?

You don't need to be Leon Trotsky to figure out what's really going on here. Heck, even Warren Buffett nailed it when he said, "There's class warfare, all right, but it's my class, the rich class, that's…winning."

You got that right, Warren.

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