

May Day 2013: Workers Rights and the Global Economic Crisis

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Stock markets around the world have made up the losses they incurred during the 2008-09 financial crisis and the workers of the world are paying the price for this recovery. Fiscal stimulus packages and bank bailouts that helped to contain the crisis left governments with deficits that are now being used as a pretext for spending cuts and layoffs in the public sector. At the same time, rising unemployment has had a dampening effect on wages. Losing a decently paid job to join the ranks of the working poor is very common these days. The pervasive feelings of social insecurity amongst workers is the greatest in decades.

Not surprisingly, then, inequality within and between countries is on the rise almost everywhere. Yet, redistribution from the bottom to the top does not create an equal level of misery that would allow different kinds of workers to recognize each other as equals easily and would recruit them into a common front against capital automatically. Quite to the contrary: rising inequality also deepens the divisions between male and female workers, white- and non-white workers, and Canadians and immigrant workers. These divisions within the working-class allow capitalists to pit one group of workers against another and, by doing so, keep the general redistribution machine going. Redistributing incomes toward the corporate sector boosts not only stock prices but corporate profits too. Massive government intervention during the financial and economic crises saved the free market agenda.

Neoliberal Cracks

Still, things are not the same anymore. Rising stock prices should not deflect attention away from the frailness of economic recovery since 2009. Though still at a very high level, growth in China is slowing, economies in the U.S., Brazil and Japan are stagnant while Europe is back in recession. Thanks to redistribution of incomes from the poor to the rich and generous government support, private corporations are awash with cash.

But the corporations see no reason to invest in production capacity and employment in the face of already existing over-capacities and little prospect of aggregate demand increases that would boost consumption any time soon. Putting money into the stock market under such conditions is more a means of hoarding than the anticipation of the economic prosperity to come. Austerity and the downgrading of workers have not been enough to restore business confidence.

Financial investors and corporate CEOs have at least two reasons to be concerned about the future. One is that the ruling class, in the form of the policy elites in governments, central bankers, and the heads of international organizations, is deeply divided about strategy.

Central banking doves, such as at the U.S. Federal Reserve and the Bank of Japan, think

unlimited amounts of cheap money are the only way of re-booting economic growth; while hawks, such as at the Deutsche Bundesbank or the Bank of China, warn the only effect of near-zero interest rates and quantitative easing is ballooning money supply that will feed into inflation. Concerns about inflation are grossly out of touch with the realities of stagnating economies in which companies would price themselves out of the market if they asked customers to pay more.

However, the hawks have a point by arguing that unlimited supplies of money do not automatically lead to higher sales of consumer or investment goods. For these hardcore neoliberals, pushing down wages, social and ecological standards would provide an incentive to companies to increase investment spending. Of course, that has not been the case. Otherwise, the onslaught on jobs and wages that followed the 2008/09 crises would have led to an economic boom rather than stagnation.

The frailty of the economy is precisely the reason why central bank hawks have not had it their way. Everyone who is not a die-hard believer, or who does not want to produce an economic collapse, understands that cheap money from the central bank may not trigger economic activity but that jacked up interest rates would push the economy into the abyss.

However, if stagnation continues while stock prices go up raising fears of another asset price bubble, it is conceivable that the boards of central banks will either change direction or will be unable to reach consensus. For the time being, the hawks accept the extremely loose monetary policies in return for fiscal retrenchment.

But this policy matrix has recently been questioned. While the European Union Troika (of the European Central Bank, the IMF and the European Commission) prescribes draconian austerity measures to crisis-ridden countries of its southern periphery and the U.S. government is paralyzed by its attempts to reign in its deficits, the IMF admits that the cuts it helped impose on Greece as part of the Troika 'bailout' pushed the country further into crisis.

The IMF Chief, [Christine Lagarde](#), is now running all over the place urging governments to delay further spending cuts to avoid crashing an already fragile world economy. The political stalemate over U.S. fiscal policies, with moderate Democrats wanting to relax the austerity agenda and Republican hawks pushing for even more cuts, is setting a precedent for the policy impasse that is likely to beset other parts of the world.

Growing Doubts

The possibility of political paralysis is not the only issue that plagues capitalist investors. Another concern is cracks in the neoliberal ideological consensus that underpinned the free market agenda for over thirty years, and successfully integrated via market discipline workers into a new collective bargaining regime governed by the maintenance of firm level competitiveness.

The mantra of 'trickle-down economics' was never particularly persuasive at a theoretical level, but it was at least something to believe in and it justified the massive restructuring in companies and the welfare state to increase the rate of exploitation in workplaces. And it was central to making other views, such as with socialist alternatives, look even less persuasive.

After the 2008-09 crisis and the mobilization of public funds for the protection of private profits, capitalists and government policy-makers changed their tune from the trickle-down promises of income gains in the future from restraint now to only promises of endless austerity and cuts into the future. This was an open declaration of 'class war from above.'

This is why the slogan, 'We're the 99%,' resonated so widely. It got even people who never reflect on anything political or economical to think about class. And it wonderfully captured the bailing out of the banks and the corporate classes with public funds, while calling on sacrifices in income and public services from everyone else.

Austerity is the only policy game in town at this point in the core capitalist countries. But it has growing doubters amongst ruling elites and is deeply resented by the working classes. In the zones of severe crisis, the free market ideology is losing even more credibility, as in the case of the Southern European states. An upsurge in right-wing populism in many countries, from the American Tea Party to Golden Dawn fascists in Greece, is one of the expressions of the deep crisis of legitimacy that is befalling neoliberal capitalism in the midst of continuing economic crisis and another sharpening of economic inequalities.

A New Uprising of Workers?

Another sign of uprising is, however, more promising. This is the series of mass protests and strikes, from the Arab Spring to the Wisconsin labour rebellion to dockworkers in Hong Kong, and on to some of recent signs of new electoral strength for the Left, such as in Greece by Syriza.

Less spectacular but potentially very significant are the efforts of Walmart and McDonald's workers to unionize. During the heyday of neoliberalism, the McDonaldization of work became a synonym for the downgrading of union jobs with decent pay and benefits into precarious low-wage work. The majority of the working poor that companies such as McDonald's employed are women. In the 1970s, the women's movement fought for equal pay in unionized workplaces and an expansion of public services that would allow them to enter the workforce. Beginning in the 1980s, more and more women began working the double shifts in low-wage occupations and unwaged household work. Companies such as Walmart, but also others like Starbucks, were seen as unorganizable and were vanguards in downsizing the working-class as a whole by creating new gender imbalances.

The same is true for the sweatshops that Chinese communists opened up for capitalist super-exploitation and whose lower-than-Walmart-wages are widely seen as benchmarks for global wage setting. Yet, Chinese workers have recently become among the most combative despite vigorous attempts by the Chinese state to prevent independent union organization and coordination amongst workers.

Still, vast numbers of work stoppages, local in scope and hindered by the lack of independent unions, won at least some wage gains. These gains are lagging far behind productivity increases, so the shift from wages to profits continues in China as in much of the rest of the world. At the same time, though, they help alleviate lifting considerable numbers of workers out of the most miserable conditions of poverty.

So far, Canada has neither seen mass actions like the Wisconsin labour rebellion or recurrent general strikes in Southern Europe nor high numbers of local struggles like in China. Struggles, such as the one at [Porter Airlines](#), are the exception rather than the rule of

working-class life in Canada. There continues to be constant attacks by private and government employers, ranging from plant closures, demands for concessions and the use of government deficits to cut the public payroll.”

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The introduction of right-to-work laws in Indiana and Michigan has inspired provincial and federal governments to follow suit. Divided by jurisdictions, unionized workers all across Canada are facing the same challenge of defending their incomes and working conditions. Government and private employers’ success in portraying union-workers as overpaid and lazy makes a fightback to such efforts extremely difficult. Organized labour will have to convince the wider public that the attack on unions is an attack on all workers. The union movement will need to draw non-union and unemployed workers into its ranks to win the coming battles against right-to-work legislation.

A general global labour resurgence cannot yet be claimed. The fact that workers all over the world are paying the price for the capitalist crisis clearly indicates that unions and the working classes are still on the defensive. The discontent with neoliberalism, and capitalism more generally, however, is spreading. Resistance continues to pop up in new, unexpected locations almost weekly. Alternatives to austerity are in high demand and, indeed, alternatives to capitalism in any number of forms are gaining attention. And workers, increasing numbers of them unemployed and with precarious livelihoods, are willing to fight for them.

These struggles have yet to yield much in the way of material gains. Many have been short-lived, defeated or co-opted, the Egyptian revolution being the most prominent. These setbacks also provide hard learned lessons about the need to develop more resilient and deeper organizing and mobilizing strategies in the future. There may be an alternative to austerity and capitalism, and a significant advance to the receptiveness of socialist ideas in Canada and North America. But it’s a challenging road to get there. •

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