

Wage Cuts hit Millions of US workers

By [Patrick Martin](#)

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According to a report by the US Bureau of Labor Statistics, released Friday, millions of American workers who lost their jobs after the Wall Street crash of 2008 have failed to find work, while millions more have gone back to work only after taking substantial wage cuts.

According to the BLS, some 12.9 million workers were displaced from their jobs between January 2009 and December 2011. The BLS study focused on those who had lost jobs they had held for at least three years, who comprised just under half the total, some 6.1 million workers.

Of these 6.1 million workers, 27 percent were still unemployed but looking for work, while 17 percent have stopped looking for work, effectively dropping out of the labor force. Of the 56 percent who had found new jobs, slightly more than half took jobs that paid less than their old jobs. For those who took new jobs with pay cuts, the majority lost 20 percent or more compared to their previous wages, on top of the loss of earnings due to part-time work or reduced overtime.

All told, only 1.1 million out of the 6.1 million workers had been rehired at full-time jobs paying as much or more as they earned before the crash. In other words, of the workers hit hardest by the slump, barely 15 percent have been able to regain a position comparable to what they lost.

There is the starkest contrast between these figures, which give a glimpse of the mass suffering and hardship in the working class, and the conditions facing corporate America, where most large companies are enjoying bumper profits, stock prices are back to the levels before the crash, and CEO salaries and perks have broken all records.

In the midst of this bonanza for profits and CEO pay, the giant corporations have stepped up the assault on working-class living standards, following the example set by the Obama administration in its bailout of General Motors and Chrysler, which slashed wages for new hires by 50 percent and imposed sharp cutbacks on health and pension benefits.

Last week Caterpillar and the International Association of Machinists pushed through a draconian deal at the company's Joliet, Illinois plant, as the union called off a 14-week strike and engineered acceptance of a contract that cuts real wages by 20 percent over six years, even though the company is making record profits.

A second report released last week showed that median household income has fallen 4.8 percent during the three years of the "recovery" touted by the Obama administration (July 2009 through June 2012), a bigger drop than the 2.6 percent during the two years officially recorded as "recession" (July 2007 through June 2009). Median incomes have fallen most for

African Americans (down 11.1 percent) and residents of the Western states, the focal point of the housing market collapse (down 8.5 percent).

Since the official start of the recession, December 2007, median household income has fallen 7.2 percent. From 2000 to 2012, over three presidential terms, two of George W. Bush and one of Obama, real incomes in the United States have fallen by 8.1 percent.

This social reality is ignored by both the capitalist parties competing in the 2012 presidential election, and it will go largely unacknowledged at the convention of the Republican Party, which opens Tuesday in Tampa, Florida, and at the similar gathering of the Democrats the following week.

The Republican Party and the Mitt Romney campaign hope, of course, to profit politically from the catastrophic conditions for working people, focusing their fall campaign on key Midwestern and industrial states like Ohio, Wisconsin, Michigan and Pennsylvania.

Their protestations of concern for laid-off factory workers and struggling single mothers are cynical lies, given that the policies advanced by the Republican campaign involve the destruction of the social safety net on which millions of unemployed and impoverished working-class families depend.

The true attitude of the Republicans will be demonstrated behind the scenes at the convention in Tampa, where hundreds of banquets, receptions and other lucrative “private events” will be mounted by corporate and billionaire backers of the Romney campaign. Some 1,500 Romney donors—“Stars” who have raised at least \$250,000 and “Stripes” who have raised at least \$500,000—will get top-level special treatment.

As the *New York Times* noted Sunday, when the delegates arrive in Tampa, “hundreds of lobbyists, corporate executives, trade associations and donors will be waiting for them, exploiting legal loopholes – and the fun-house atmosphere – that make each party’s quadrennial conventions a gathering of money and influence unrivaled in politics.”

There are no unemployed or displaced workers among the Republican influence peddlers, nor among their equivalents at the Democratic convention when it assembles the following week in Charlotte, North Carolina.

The Obama campaign is, if anything, even more cynical and false than Romney’s, because it portrays the Democratic incumbent as the defender of working people against Wall Street interests and the wealthy, when the truth is the direct opposite. Obama spearheaded the destruction of jobs and wages with the auto bailout, and helped launch the war on public education that has accounted for the largest single cut in jobs of the past three years: the wiping out of 600,000 jobs of teachers and support workers by state and local governments.

Last week, the Obama administration announced that it was extending its wage freeze for federal government workers, already two years long, for an additional six months, until April 2013, on the pretext that this would help reduce the federal budget deficit. No such considerations, of course, were allowed to affect the colossal Treasury handout of public money in the Wall Street bailout.

The capitalist politicians, like the giant corporations and banks they serve, welcome the growth of unemployment, wage cutting and poverty, because these are central components

of a vast transfer of wealth from the working class—and large sections of the middle class—to the super-rich.

As the Federal Reserve Board noted in a report released in June, the real wealth of the average American household plummeted 38.9 percent from 2007 to 2010, essentially wiping out all the gains made by working people over the previous two decades.

This was not merely the result of the collapse in the housing market, which slashed the value of the only sizable asset owned by most workers. It was the direct consequence of decisions made in corporate boardrooms and in Washington to benefit the wealthy at the expense of working people.

These policies will continue and intensify regardless of whether Obama or Romney occupies the White House next year, and whether the Democrats or the Republicans control Congress. The American ruling class is waging war against the jobs, living standards and social conditions of working people, and both the official parties are enlisted on behalf of the financial aristocracy.

This truth was underscored by an interview Obama gave Saturday to the Associated Press, in which he pledged to reach agreement with the Republicans in Congress if he is reelected. "I'm prepared to make a whole range of compromises," he said, including concessions that would be opposed within his party, because "the American people will have voted."

In other words, once the election is safely over, the two parties can drop their populist phrases and their pretense of intransigent hostility and get down to business: meeting the demands of their corporate masters to slash the federal deficit by gutting programs like Medicare, Medicaid and Social Security, and enacting new tax breaks for the corporations and the wealthy.

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