KEYS

- The rise & fall of organized labor in U.S.
  - Combination of economy & politics

- Neoliberalism as the victory of the capitalist class
  - Political/policy changes & weaker labor

- The grotesque inequality of contemporary America
  - It's no accident
  - The triumph of capitalist (vs capital)
I. The Decline of Labor

II. Political Defeat of Labor

III. The Spoils of Victory
I. The Decline of Labor

A. **Breakthrough**
B. **Golden Age**
C. **Hard Times**
D. **Union Decline**
New Deal era

- Great Depression of 1930s
  - Economic collapse
  - Capital delegitimated
  - Democratic Party revival

- FDR & the New Deal
  - Public works (WPA etc.)
  - Wagner Act (NRLA)
  - Social Security
  - Big government

Source: Historical Statistics of the United States, Colonial Times to 1970
Working class power

- Union breakthrough
  - Militance & strikes
  - Mass unionization
  - CIO
  - Political clout

- Wartime
  - Full employment
  - High profits
I. The Decline of Labor

A. Breakthrough
B. Golden Age
C. Hard Times
D. Union Decline
Labor’s Golden Age

- Productivity wage
  - Rising real incomes

- Benefits
  - Retirement
  - Health
  - Unemployment
Better Working Lives

- Unions
  - 1/3 of all workers, 2/3 manufacturing

- On the job protections
  - Seniority, grievances & work rules

- Dignity
  - ‘Semi-skilled worker’

- Low unemployment & job stability
  - Lifetime employment
Rising Living Standards

- **Automobiles**
  - Society of the Chevy

- **Appliances**
  - Era of White Goods

- **Houses**
  - 30-yr mortgages
  - FHA & VA backed
Era of the ‘Middle Class’

- More equality
  - Progressive income tax
  - Corporate income tax
  - Stock market quiet

- Working Class » Middle Class
1. The Decline of Labor

A. Breakthrough
B. Golden Age
C. Hard Times
D. Union Decline
High Unemployment

- Four recessions with 7-10% unemployment
- Higher average unemployment
  - 2X Golden Age
- Oversupply of labor
  - Depresses wages
Job Insecurity

- Job turnover up > 40% 1970-1987
- Longer bouts of unemployment
- Hard to find new jobs
- Older workers hit hardest

- Brown, Claire, John Haltiwanger and Julia Lane. 2006. 
  Economic Turbulence: Is a Volatile Economy Good for America?
Stagnant Wages

- Real Wages
  - Fell by 12%, 1973-1990
  - Picked up in late 1990s
  - Decline in 2000s

- Income, too
  - Median family real income 1996=1973

One more month/year since 1970

Juliet Schorr, The Overworked American

US workers suffer labour pains as they put in record hours at work
I. The Decline of Labor

A. Breakthrough
B. Golden Age
C. Hard Times
D. •Union Decline
Decline of Union Density

- Down from 35% in 1955 to under 13% in 2000
- Fewer strikes & actions
Gutting the Heartland

- Decline of old industries
- Shrinkage of factory jobs
- Geographic base weakens

[Graph showing the percentage of manufacturing employees among all non-agriculture employees, with a sharp decline from 1960 to 2004, labeled as "Grandfather Economic Report" and "data - Bureau Labor Stats B-46".]
Union Free

- Expanding sectors
  - Electronics
  - Big Box retail
  - Fast-foods
  - Business services
- Growing regions
  - South
  - Southwest
Employers Offensive

- **Helpers**
  - Hired guns & weak NLRB

- **Tactics**
  - Fire leaders
  - Delay & challenge in elections
  - Take-backs & two-tier contracts
  - Closures & bankruptcies

*Fig. 2. Unfair labor practice charges filed against employers, 1945–2003. Sources: Annual reports of the National Labor Relations Board.*
Public Sector Unions

- Public sector unions
  - Growth after 1970

- Attack on government
  - Budget cuts hit unions

---

**Lack of Organization**
Percentage of union workers, 1983-2004

- Public
- Total U.S. workforce
- Private

Source: Bureau of Labor Statistics
Class Struggle in the USA

I. The Decline of Labor

II. Political Defeat of Labor

III. The Spoils of Victory
II. Political Defeat of Labor

A. Against the New Deal
B. Self-Inflicted Wounds
C. Counter-Revolution
D. Neo-Liberalism at Home
Dark Side of the 1930s

- Northern capitalists
  - Most hated FDR
  - Ford & American Fascism

- Dixiecrats
  - Conservative, Jim Crow
  - Farm workers left out
Counter-attack

- Republican revival
  - FDR dies 1945

- Taft-Hartley Act (1947)
  - Passed over Truman veto
  - Outlawed boycotts, wildcat strikes, solidarity strikes, secondary pickets, etc.
  - Right-to-work laws
    - End of closed shop
  - Strike injunctions
1950s & McCarthyism

- Republicans regain White House
  - Nixon as V-P

- Anti-communist hysteria
  - J. Edgar Hoover
  - Senator Joe McCarthy
Ruling Class Defeats of 1960s

- Great Society
  - LBJ revives New Deal
- Civil Rights
- Students/youth
- Anti-war
- Environmental
Thirst for Revenge

- Demonizing the Sixties
  - Fomenting popular backlash

- Think Tanks
  - Generating new policies

- Mass Mobilization
  - Borrowing the Left’s tactics

Kim Phillips-Fine, Invisible Hands
II. Political Defeat of Labor

A. Against the New Deal
B. Self-Inflicted Wounds
C. Counter-Revolution
D. Neo-Liberalism at Home
No More Movement

- Expulsion of radicals
  - Out with Communists

- AFL-CIO merger
  - George Meany

- Cold War unionism
  - AFILD
Business Unionism

- Undemocratic
- Contract fetish
- Little organizing
- Corruption/Mafia
White & Male

- Racial exclusions
- Women's work
- No farm workers
Labor & Democrats

- Backbone or patsies?

![Bar chart showing voting percentages for Gore, 2000 for different groups.](chart.png)
II. Political Defeat of Labor

A. Against the New Deal
B. Self-Inflicted Wounds
C. Neo-Liberalism at Home
D. Labor Revival?
Political Turn

- Crisis of Democratic Party
  - Assassination of Kennedys
  - Humiliation of Johnson
  - Vietnam War

- Nixon's return
  - Still restrained in Congress
  - Fall of Nixon
Outside Washington

- Disciplining New York
  - Southern Strategy
    - + suburbs
    - White backlash
- New Right in So Cal
  - From Goldwater to Reagan
Triumph of the Right

- Ronald Reagan
  - Systematic policy shift

(+ Thatcher in Britain)

- State & Local
  - Tax Revolt
    - Proposition 13 (1978)
    - California leads the way
Union Busting

- Reagan busts PATCO
- Reagan guts NRLB
  - Unions lose protections
Deregulation & De-taxation

- Finance, Telecoms, Media, Airlines
  - Laws + rules + enforcement -- all weaker

- Tax cuts for business & the rich
  - Capital gains, inheritance, top brackets
  - Reagan & Bush II
Social Service Cuts

GOP drafts bill to slash domestic programs

By Nick Anderson
Los Angeles Times

WASHINGTON - With budgets for most federal agencies still in flux, congressional Republicans are drafting a long-overdue $335 billion spending bill for the current fiscal year that would slash billions of dollars for domestic programs when it was under Democratic control last year.

The bill will now have to be taken to the showdown floor as the Republicans gained full control of Congress in the elections. As a result, powerful lawmakers from both parties have been batten down the hatches on how to keep up these dollars among their favorite programs.

Among the potential reductions should the National Institutes of Health get a $3 billion increase this year, according to House GOP aides. The National Institutes of Health is $3 billion beyond what it received last year.

“Basically, what this reflects is a dramatic cut, a deep, deep cut in the funding for education, a deep cut for homeland security, a deep cut for transportation and research, cuts virtually across the board,” said Senate Majority Leader Tom Daschle, D-SD. “We will vote, as strongly as we can, against these cuts.”

But Daschle acknowledged the stopgap spending bill to move through the Senate without a recorded vote — saving his line for the larger battle to come.

Republican leaders plan to block the Senate Democratic spending blueprint by about $29 billion, according to House GOP aides. Amy Call, a spokeswoman for the White House Office of Management and Budget, said Bush had “made clear” his wishes.

“We need to control the rate of growth in government spending,” Call said. The $29 billion, added for domestic programs “is what he feels is acceptable.”

Rep. Ralph Regula, R-Ohio, who oversees labor, health and education spending, said he could live with the Bush level. “We’re at 5 percent. It’s a 5 percent rate,” Regula said. “But there are so many things you don’t want to mortgage our future.”

While the chances will be difficult, lawmakers are looking ahead to future spending battles.

Health and education spending, the administration seeks more money for its anti-terrorism campaign or a conflict in Iraq. And there will be another 15 annual spending bills to work on for fiscal 2004.

For the reasons, one analyst suggested, the long-simmering spending debate over fiscal 2003 may be quietly settled after a bit of a show.

“There’s a lot of a nod-and-a-wink going on,” said Robert Reischauer, president of the nonpartisan Urban Institute and a former congressional budget director.

“Of course, significant differences will arise both between Republicans and Democrats,” Reischauer said. “But now that we’re under Republican control — and, final discipline can be brought about.”

And Democrats can say, “Hey, when the Congress is under Republican control, we can use programs that help people.” Both parties are singling out their audiences to see the cuts here.

U.S. ranks in bottom third in spending on schools

By Lee Miligang
The Associated Press

NEW YORK — America spends a smaller share of its wealth on schools than two-thirds of the world’s most advanced countries, according to a teachers union study released yesterday.

Government spending on U.S. public and private education — from kindergarten through postsecondary education — equalled 5.1 percent of the Gross Domestic Product, followed by Sweden, 7.2 percent; Canada, 7.1 percent; the Netherlands, 6.8 percent; Norway, 6.7 percent; France, 6 percent; Australia, 5.3 percent; and Portugal, 5.2 percent.

Trailing the United States: Japan, Britain and Switzerland each devoted 5 percent of GDP to schools, while Italy spent 4.7 percent and then-West Germany 4.5 percent.

“This study lays to rest the myth that the U.S. spends more than other nations,” said Albert Shanker, president of the 750,000-member teachers union. “No matter how you measure it, our investment falls short of being number one.”

Among factors contributing to lower U.S. spending, the AFT study said America had the fourth highest pupil-teacher ratio of 16.7, compared with an average of 15.8 among the 15 nations studied.

The United States also had the second largest average elementary enrollments at 352 per school, compared with a pupil average for the 15 countries.

Still, the report is unlikely to end debate about whether the United States should be spending more, or whether countries that spend more necessarily outperform others educationally.

Commenting on the findings, W. Cummings, an expert on internal educational finance at the Harvard Graduate School of Education, said the billions of dollars spent by the government in schools aren’t necessarily being delivered the best education.
**Law & Order**

- **Judges**
  - Supremes & others
  - California recalls
    - Rose Bird et al.

- **Criminalization**
  - War on Drugs
  - Draconian laws
  - California prisons (the Duke)

- **Policing**
  - Massive build-up
  - Security services
Democrats Capitulate

- Bitter losses to Reagan
  - 1984 & 88
  - Rise of DLC
- Clinton wins 1992
  - Clinton & New South
  - Republicrats
- New(t) Republicans
  - Contract on America
  - 1994 victory
- Clinton moves right
  - Media, welfare & the wall
II. Political Defeat of Labor

A. Against the New Deal
B. Self-Inflicted Wounds
C. Neoliberalism at Home
D. Labor Revival?
Change at the Top

- Internal rebellions
  - New workers, new left

- Return to organizing
  - SEIU

- AFL-CIO renewal
  - John Sweeney, SEIU
  - Richard Trumka, UMWA
Movement at the Bottom

- Organizing services
  - HERE & hotels
  - Justice for Janitors
  - SEIU & home health

- Immigrants & renewal
  - Protests

- Image of a book titled "L.A. Story" by Ruth Milkman
Fighting Government Cuts

- Teachers’ unions
- Nurses unions & health care workers
Class Struggle in the USA

I. The Decline of Labor

II. Political Defeat of Labor

III. • The Spoils of Victory
III. The Spoils of Victory

A. Income Divides

B. Wealth Divides

C. The Poverty of Power
The Upper Crust

- In 1997, the richest 1% earned as much as the poorest 100 million Americans
  

In 1977, richest 1% earned as much as the poorest 50 million Americans (after taxes)
Capital vs. Labor Shares

- **Profits/GDP, 2005:** 14.5%
  - Highest ever recorded
- **Wages/GDP, 2006:** 51.8%
  - Lowest ever recorded (77 years of data)
Executive Sweets

- **CEO/worker pay**
  - 8/1 in 1950
  - 40/1 in 1980
  - 80/1 in 1990
  - 400/1 in 2001
  - Larry Ellison: 28,000 to 1!

- CEO pay/ minimum wage worker's: **821:1**

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CEOs’ options keep them flush

Despite the downturn, executives have a ready source of cash

By Todd Walker
California State Water

Apple Computer's stock plunged 70 percent over the past three years as personal computer sales slumped, making many workers' options worthless. But don't cry for co-founder and Chief Executive Officer Steve Jobs, who traded in his options for 5 million shares of stock, currently worth about $1 billion. Jobs also gave him fresh options to buy 7.5 million shares - which the company estimated could eventually be worth between $10 million and $12 million, depending on how much Apple's stock rises in the future. Apple's board approved a $1 billion buyback last year, prompting the Santa Clara company to offer some of its shareholders the chance to buy stock at $33.40 per share in August 2000, closed last week at $7.24. But don't feel bad for chief executive Scott McNealy, who received a $100 million bonus last year and cashed in options worth $25 million. He also received stock options, which Apple estimated could eventually be worth between $10 million and $16 million. His earnings: $386 million. Sales were 48 percent higher last year, according to analysts, a record for the chipmaker.

Based on a survey of 331 Standard & Poor's 500 companies that have reported their 2002 pay data, the median salary for CEOs at the firms rose 5.2 percent from 2001. CEO pay median, up 5.2 percent in 2002 Company year had $173,000 Revenue: $7.06 billion Sales: $37.32 billion CEO Scott McNealy: $12 million, up 5.2 percent from 2001

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CEO pay

- Steve Jobs, Apple Computer
- Scott McNeely, Sun Microsystems
- John Chambers, Cisco Systems

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PERFORMANCE: Stock Performance: 2003 Company year had 5.2 percent Revenue: $173,000 Sales: $7.06 billion Stock price: $70 million

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STOCK: Page 56, Col. 1

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Page 56, Col. 1
And They Suck!

- Robert Nardelli, CEO of Home Depot: resigned after 6 years, with a compensation package worth $210M from a company that has suffered a lagging share price and performed poorly compared with Lowes, its closest rival.
  
  *The Economist, May 22, 2007*

- Average amount companies spend to recruit a new CEO from outside the company: **$2,000,000**

- Probability that newly hired CEO will quit or be fired within the first eighteen months: **1 in 2**
Skilled Workers

- **Top 10-20% gain**
  - Payoff to technical, professional & managerial labor
- **Middle sags**

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**We Grew Together**

1947 to 1979 - Real Family Income Growth by Quintile and for Top 5%

- Bottom 20%: 116%
- Second 20%: 100%
- Middle 20%: 114%
- Fourth 20%: 89%
- Top 5%: 65%

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**We Grew Apart**

1979 to 1994 - Real Family Income Growth by Quintile and for Top 1%

- Bottom 20%: -14%
- Second 20%: -5%
- Middle 20%: -1%
- Fourth 20%: 6%
- Top 20%: 25%
- Top 1%: 93%
Who’s to Blame?

- “Should you blame China or your computer?”

- Or the Schools? (Human Capital)

Just don’t blame the capitalists & class system...
III. The Spoils of Victory

A. Income Divides

B. Wealth Divides

C. The Poverty of Power
Fortune’s 3,000,000

- If you think income is bad, you don’t understand class

& it’s getting worse »
What is Wealth?

- Two kinds of wealth (assets)
  - Capital: stocks, bonds, land
  - Household (worker): homes, cars

- Distribution (without houses!!)
  - 1% own 50%
  - 10% own 75%
  - 20% own 80%
  - Top 50% own 98%
  - Bottom 50% own <2%
  - Bottom 20% negative

- What middle class?
  - Americans who have saved less than $25,000 toward their retirement: 53%

Race & Wealth

- Wealth & whiteness
  - Persistent advantage
  - Refusal to recognize

- The color of money
  - African-American & Latino families with zero or negative net worth: 31% & 38%

Median Wealth, 2004
(in thousands of dollars)
Wealth & Inheritance

**Figure III**
Inheritances as a Percent of Net Worth
(married households ages 60-69)

<table>
<thead>
<tr>
<th>Share within Network Percentile Range</th>
<th>Bottom 50%</th>
<th>Top 20%</th>
<th>Top 10%</th>
<th>Top 5%</th>
<th>Top 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.8%</td>
<td>11.4%</td>
<td>12.8%</td>
<td>15.2%</td>
<td>17.4%</td>
</tr>
</tbody>
</table>

Source: Calculations based on 2004 Survey of Consumer Finances.

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*American Dynasty: Aristocracy, Fortune, and the Politics of Deceit in the House of Bush*

Author: Kevin Phillips

Author of Wealth and Democracy
De-Taxing the Rich

- Tax cuts
  - Reagan, Bush II
  - Prop 13 & states
- Getting off easy
  - Popular confusion of personal & capital wealth

GOP’s new tax plan smiles on the rich

By David E. Rosenbauer New York Times

WASHINGTON — The tax-cut plan offered this week by Republican leaders in the House would be even more favorable to the wealthier taxpayers than the larger plan proposed by President Bush, and those with incomes below $100,000 would get smaller tax cuts than after the Bush plan, a computer analysis showed on Friday.

The analysis by the Tax Policy Center at the Urban Institute and the Brookings Institution found, for example, that taxpayers with incomes over $1 million would get an average tax cut this year of $780 under the Bush plan and $712 under the Thomas plan, and those with incomes between $400,000 and $500,000 would get an average tax cut of $482 under the Bush plan and $496 under the Thomas version.

Similar disparities exist with the smaller tax cuts at lower income levels. Eighty-four percent of all taxpayers have incomes below $75,000.

The main difference between the two plans is that the president would eliminate the tax on most stock dividends but would not change capital gains taxes. The House plan would lower the tax on capital gains — now 18 percent or 20 percent in most cases — to 15 percent and tax income from dividends, now taxed at rates up to 38.5 percent, also at 15 percent.

Rich people, because they have more to invest, are the main beneficiaries of tax cuts on capital gains and dividends. But they have a larger proportion of total capital gains, which are profits from the sale of investments, than they do of dividends. So they benefit even more when the capital gains rate is reduced than they do from eliminating the tax on dividends.

Taxpayers with incomes over $1 million would save an average of $42,000 this year from the Thomas approach of lowering the rate on capital gains and dividends. They would save an average of $20,000 from eliminating the tax on most dividends.

The net of the tax savings this year would come mainly from provisions that would lower tax rates across the board.

Percentage of Tax Filers Who Owe Zero Tax Liability, 1950-2004

- 2004 - 32.4%

Source: IRS, Tax Foundation Individual Tax model
World’s Worst

- % of world’s wealthiest in the USA
- Top 1% & 10%
III. The Spoils of Victory

A. Income Divides

B. Wealth Divides

C. The Poverty of Power
Do the Rich Invest?

- Chief argument for tax cuts for the rich
Persistent Poverty

- 50% working poor
No Child Left Behind?

The countries were ranked on:

- material well-being, health and safety, education, family relationships, behaviors and risks, and young people’s own sense of well-being.

- Economic inequality, poor levels of public support for families and high incidences of single-parent families are some factors that landed the U.S. and Britain at the bottom.

UNICEF survey of child well-being in wealthy countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>4.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>5.0</td>
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<tr>
<td>Denmark</td>
<td>7.2</td>
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<tr>
<td>Finland</td>
<td>7.5</td>
</tr>
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<td>Hungary</td>
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<td>18.0</td>
</tr>
<tr>
<td>Britain</td>
<td>18.2</td>
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</tbody>
</table>

Bottom of the class
Children’s well-being, selected countries, rank out of 21

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Prosperity</th>
<th>Health</th>
<th>Education</th>
<th>Relationships</th>
<th>Behaviour</th>
<th>Contentment</th>
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<td>1</td>
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<td>13</td>
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<td>13</td>
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</tr>
<tr>
<td>France</td>
<td>16</td>
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<td>7</td>
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<tr>
<td>United States</td>
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<td>12</td>
<td>17</td>
<td>21</td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Unicef
You Get the Rulers You Pay For

- Imperial arrogance = Class arrogance
  - Capitalist class unopposed
  - Entitlement & omnipotence
Terms of Endearment

- Liberal creed (since Locke)
  Individual effort +
  Equal opportunity =
  Just desserts

- Classless ideologies
  - Mainstream economics
  - Great American Middle Class
  - ‘Diversity' Will Solve It

- So is it true?