



Labor's Love Lost

‘Some day we will pay for this orgy of capitalist incontinence.’

AS LABOR DAY approached, a sublimely ironic drama was being played out on Capitol Hill. At the end of July, the U.S. House of Representatives finally passed a bill that would raise the minimum wage, over the next couple of years and with no provision for future inflation, from \$5.15 to a kingly \$7.25 an hour. Worried that this might be excessive, the Republican leadership made sure that “tipped” workers’ wages would be lowered or frozen.

The real kicker is that the minimum wage increase was linked to a tax break for the wealthiest families in the United States, an eventual bounty of almost \$1 trillion to be compensated for by cuts in health care, education and assistance programs for laborers.

Fortuitously, in August the Senate barely refused to rubber stamp the scam, Senator Frist’s exertions notwithstanding. Perhaps the senators realized the inappropriateness of lavishing more money on the richest 300,000 Americans, whose incomes have more than tripled since 1970, while the real, inflation-adjusted incomes of the working poor actually fell. Robert Kuttner of *The Boston Globe*, citing research by Thomas Piketty and Emanuel Saez, further informs us that the bottom 270 million Americans, 90 percent of us, have had basically flat incomes over the last three decades. The richest 14,000 taxpayers have had their income quadruple since 1980. These are the people for whom the Republicans yearn to ease tax burdens.

One wonders whether those legislators who are pushing for the tax cut have any sense of shame. Some who opposed

the minimum wage hike had hitherto warned that such a raise would actually hurt workers and small businesses—a conjecture not confirmed by the previous measly raises. But now, with the minimum wage hike mysteriously attached to a cut in the inheritance tax, the old spurious argument does not count for much.

Wage earners, manual laborers and service providers seem not to count for much either. As Kuttner points out, while income taxes have been made less progressive, payroll taxes (having no exemptions or deductions) have increased. As mountainous costs for the Iraq war soar at the same time as huge tax cuts, the main decrease in federal expenditures is for education, Medicare and affordable housing, with the effect that state, city and property taxes are inevitably hiked.

There are many other assaults on the working poor and the middle class. Congress has cut \$13 billion in aid to college students. The tuition for community colleges is moving beyond the range of families who aspire to move out of poverty. Free trade arrangements have cost thousands of jobs. Pensions are lost, but just for labor. General Motors ended pensions for 42,000 workers this year, although it retained a \$1.4 billion pension program for its executives. (In June *The Wall Street Journal* reported that “executive benefits are playing a large and hidden role in the declining health of America’s pensions.”) Meanwhile, a new bankruptcy law, as if crafted by credit-card companies, will be a crushing blow to families afflicted with medical crises. Of the 1.6 million Americans who filed for bankruptcy in 2003, 90 percent were middle class; and 40 percent of the newly uninsured 2.4 million Americans are middle class.

It is no wonder that 70 percent of Americans expect that their financial

future will be more difficult for them than it was for their parents.

As Elizabeth Warren wrote in “The Middle Class on the Precipice,” in *Harvard Magazine* earlier this year, “families have been threatened on every front. Rocked by rising prices for essentials as men’s wages remained flat, both Dad and Mom have entered the workforce—a strategy that has left them working harder just to try to break even. Even with two paychecks, family finances are stretched so tight that a very small misstep can leave them in crisis. And at the same time that families are facing higher costs and increased risks, the old financial rules of credit have been rewritten by powerful corporate interests that see middle-class families as the spoils of political influence.”

We pay our C.E.O.’s (even those who fail their companies) 475 times the salary of an average worker, despite the fact that worker productivity has steadily increased over the last few decades. (In Japan, the rate is 11 to 1; in Canada, 20 to 1). Our media superstars, even when they cannot sing, dance or act, are given their hundreds of thousands; our baseball players, even when they cannot hit their weight, are given their millions.

But laborers, those who run our day care centers, teach our children, attend to our sick or infirm, transport us and clean up after us, offer us ample menus to dine from, clean schools and buildings to work in, clear roads to ride on—they are being squeezed dry.

This is not a clarion call for “class warfare,” as some readers no doubt will claim. It is only to name a reality. War has already been declared: against the poor, the middle class and the laborer.

When once there was a threat of Communism or Socialism, it seemed that Capitalism at least had to make efforts to protect and affirm the rights and dignity of workers, lest they be seduced by an alien ideology. Those enemies now vanquished, our working poor and the middle class are abandoned by politicians, who are filling the wallets of the super-rich.

Some day we will pay for this orgy of capitalist incontinence.

John F. Kavanaugh

