USA labor : Thanks to the Tea Party

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• *Pivotal Decade : How the United States Traded Factories for Finance in the 1970s* by Judith Stein
Yale, 367 pp, £25.00, May 2010, ISBN 978 0 300 11818 6

• Stayin' Alive : *The 1970s and the Last Days of the Working Class* by Jefferson Cowie
New Press, 464 pp, £19.99, September 2010, ISBN 978 1 56584 875 7

Half a century ago it would have come as no surprise to find demonstrating workers from both the public and the private sectors occupying the state house in Madison, Wisconsin along with students, community organisations and church groups. And it isn't only in Wisconsin – much the same is happening in Ohio and Indiana and elsewhere. Legislative action in Wisconsin has come to a halt as the Democratic Party minority in the state senate, in sympathy with the public workers, has fled the state to make it legally impossible to conduct business. Again the same thing has happened in Indiana. Southern Wisconsin's Central Labor Council has taken the first steps towards calling a general strike.

It is the Tea Party that has effectively brought the unions back to life. Newly elected Republican governors in the Midwest, catapulted into office thanks to the Tea Party insurgency against Big Government, have launched a no-holds-barred assault on public sector unions. They don't just threaten to slash wages and benefits and eliminate jobs : they want to deprive the unions of their right to exist. The response has been electric. Sympathy rallies have erupted across the country, calling on their own state and local governments to stop scapegoating public sector workers for problems that originated on Wall Street.

The economy started going wrong in the 1970s – Tom Wolfe's 'me decade'. Frivolous and self-regarding, the 1970s were also profoundly grim. It was in this decade that the American (and global) economy embarked on its fateful transformation from industrial to finance-driven capitalism and that the American working class underwent a makeover that would soon render it virtually invisible. And it was during this decade that the labour question was asked for the last time.
As Judith Stein observes in *Pivotal Decade*, the 1970s was the only decade except for the 1930s during which Americans grew poorer. By the late 1960s, around a quarter of all new investment by US companies in electrical and non-electrical machinery, transportation equipment, rubber and chemical manufacturing was being made abroad. As the new decade began the US suffered its first trade deficit since 1893. By its end productivity had slowed and turned negative ; the US share of the world market for manufactured goods shrank by 23 per cent. America's share of world steel production shrank from 50 to 20 per cent. Only the UK had a lower rate of gross capital formation as a percentage of GDP.

Stein argues that this was a fundamental structural crisis, not merely a low point in the economic cycle. Core sectors of American industrial capitalism could no longer compete : plant and equipment were increasingly antiquated ; productivity was declining compared to European and Japanese producers, whose revival had been made possible by Cold War imperatives. Trade, currency and

other measures favoured Western Europe and Japan even when that meant loading American industry with burdens it couldn't bear : this was the price of empire. At the beginning of the decade members of a still powerful labour movement, deploying the leverage it enjoyed thanks to Vietnam War-generated full employment, went on strike in numbers not seen since the wave of strikes that followed World War Two. But the administrations of Nixon, Ford and Carter weren't particularly moved by the industrialists' troubles. Later, the double-dip oil shocks that followed the Opec embargo of 1973 and then the Iranian Revolution of 1979 served to ratchet up the costs of production in an increasingly oil-dependent economy.

Profit rates shrank as the nominal value of US industry's assets greatly exceeded their real worth in the international marketplace. Capital began flowing elsewhere, not just into Europe but also into select parts of the Third World, and into non-industrial sectors – finance especially but also real estate, retail and service businesses – and into an increasing array of leveraged speculations in corporate and government securities. So began the deindustrialisation of America, the shutting down of what had for a century been the engine house of the economy. A whole way of life was headed for extinction.

It is not merely in hindsight that we can see this as a structural crisis. Pivotal Decade makes it quite clear that remnants of the New Deal coalition, including the trade unions and labour liberals, recognised that something other than conventional postwar Keynesian fiscal and monetary policy was called for. Even the sclerotic bureaucracy running the major trade unions pressed hard for industrial and even national economic planning : a full employment bill that would legally oblige the government to guarantee jobs, either by creating them in the public sector or by encouraging private investment ; a new development bank to help steer capital to ageing sectors of American industry and to help new ones get started ; government sponsorship of regional and infrastructural development, and more.

None of this happened despite some political and business support. Keynesian orthodoxy had long since abandoned any serious interest in structural economic reform, government planning or frontal attempts to redistribute wealth and income. What began as a political decision aimed at warding off postwar Red-baiters had evolved into an intellectual conviction sustained by postwar prosperity. Democrats and Republicans alike embraced a policy of demand management through the manipulation of tax rates and government spending. Nixon ventured furthest from orthodoxy when, after the devaluation of the dollar in 1971, he toyed with wage and price controls, a risky and quickly jettisoned foray into 'command economics'. Once conventional Keynesianism collapsed the result was stagflation, with simultaneous postwar highs for unemployment and inflation, a combination once thought to be impossible. The old liberal order was discredited and the organised working class blamed for the mess.

Revolution inside the Democratic Party – played out first on the streets of Chicago in 1968 – left it even less prepared to respond effectively to industrial and working-class decline. The New Politics embodied in George McGovern's 1972 presidential campaign was deeply estranged from the labour liberalism of the party's New Deal wing. McGovern's core constituencies – anti-war and counter-cultural youth, minorities and middle-class social liberals – were interested in identity politics rather than class politics, in individual rights rather than collective ones. Moreover, they had come to perceive white working-class men as the enemy : racist, patriarchal and jingoistic, fatally tainted by 'white skin privilege'. The trade-union bureaucrats were just as hostile to McGovernites and refused to endorse their candidate. The triumph of the New Politics opened the door to the later capture of the Democratic Party by neoliberalism, a confection of social liberalism and free-market individualism that consigned the labour question to the party's attic.

The collapse of the New Deal coalition opened another door as well. Through it walked Richard

Nixon. Stein examines the strategy that aimed at making the Republicans the party of the white working class. It was an audacious political move that took advantage of the racial, nationalist, religious and patriarchal resentments and fears unleashed by the 1960s – civil rights, black power and ghetto insurrections, women's and gay liberation, anti-war protest and defeat in Vietnam, the War on Poverty, affirmative action and busing – and used them to transmute class grievances into cultural ones, resulting in a white working-class version of identity politics. The attempt to win over the white working class – given real impetus by George Wallace's campaigns for the presidency in 1964 and 1968 – was well underway by the time of Nixon's first victory, but given the downward arc of the economy in the 1970s the strategy was invaluable. With a political economy of scarcity supplanting one of abundance, Republicans and their allies in big business could have anticipated a quite different – and dangerous – reaction from the working class.

The conversion of working people into 'values' voters – concerned with pride rather than power – didn't entirely succeed, however, and often left Nixon and his inner circle caught between their traditional business and middle-class constituencies and their newly discovered fondness for blue-collar America. How, for example, do you drive down construction union wages through wage and price controls (and government-mandated affirmative action on publicly financed projects) while also persuading the hard hats to come out en masse in support of a war most of the country had grown sick and tired of ? How do you remain the party of business and a party of the majority when, as David Rockefeller complained, 'people are blaming business and the enterprise system for all the problems of our society' ? How to finesse the passage of regulatory legislation in the areas of occupational health and safety, the environment and consumer protection while assiduously cultivating ties to new institutions like the Business Roundtable, which aimed at restoring the political clout of free-market capitalism ?

Stayin' Alive covers much of the same terrain as *Pivotal Decade*, but it's a very different kind of book. It is focused not on the elite, but on the masses, and is more gracefully written, though less coherent. Jefferson Cowie brilliantly dissects the disappearance of working-class identity in American political and cultural life. He tells a tragic story of missed opportunities and lost illusions which begins in the early 1970s, with militants shutting down steel, coal, meatpacking and car plants, as if in a return to the glory years of the unions ; and concludes with the emergence of the 'Reagan Democrat', consorting with his class enemy, fuelled by patriarchal, racial and revanchist emotions encouraged by plutocrats masquerading as populists.

The working class's fall, in Cowie's account, is mainly a consequence of its own contradictions and historic limitations. Like Stein, Cowie takes note of what was happening elsewhere : deindustrialisation, the Keynesian dead end, the assault carried out by a reorganised and re-energised business class. He even blames the 'rights revolution' of the New Politics, although with some ambivalence, for abetting the free-market assault on collective labour rights. But Cowie's central argument is that the organised American working class committed social and cultural suicide.

No one could have predicted that when the decade began with an eruption of working-class militancy. Cowie exaggerates when he compares this to the massive postwar strike wave of 1945-46 – these later walk-outs lacked the programmatic ambition, co-ordination and national political significance – but observes correctly that they were largely initiated by a rebellious rank and file. These strikes were inherently anti-authoritarian, concerned as much with the dehumanising quality of work as with its material rewards. This was a new generation of workers : they wore beads, had beards and long hair, smoked pot, and weren't keen on the Vietnam War. Here, then, was a historic opportunity to build an alliance between blue-collar rebels, anti-authoritarian black activists and white middle-class progressives involved in the civil rights and anti-war movements.

The opportunity was squandered. The strikes made no lasting impact nationally, and hardly registered politically. Soon enough the trade-union movement returned to the status quo ante. Union leaders made one last, unsuccessful push to reform the nation's labour laws, hoping to open up the South to unionisation and to eliminate the crippling disabilities that had hobbled the unions since the passage of the Taft-Hartley Act at the height of the Cold War (the act proscribed secondary boycotts, sympathy strikes and other forms of working-class solidarity).

During the early 1970s, though, the labour question lived on. Rebelliousness and independence, pride in work (especially in manual labour) and mockery of white-collar snobbishness and paper-shuffling sustained a populist, albeit culturally conservative, working-class identity which found heroic if debased expression in the macho violence of Dirty Harry and the forlorn attempt to hold on to or restore an image of the working-class male as a protector of the underdog. As Cowie points out, the right grabbed hold of these notions, while the left turned its back on them. Country rock, the music of Dylan, The Band, Jackson Browne and others might have seemed to hold out the possibility of a reconciliation between working-class collectivism and the rights revolution. But their music was shaped by rebellion against the norms of suburbia, materialism and family values which so much of the working class subscribed to. Easy Rider and All in the Family's Archie Bunker came closer to capturing how provincial and even malignant much of this world had come to seem to the new middle classes.

By the second half of the decade, the game was up. This is the world of *Saturday Night Fever*, where the only solution to being a working-class dinosaur, ignored and shamed, left to roam the Staten Island reservation, is to escape into Manhattan's precincts of cool self-invention. 'By the end of the decade,' Cowie writes, 'working people would possess less place and meaningful identity within civic life than any time since the industrial revolution.'

Was this fated ? Cowie never quite says so but much in the book suggests that he thinks it was. He stresses the inherent fragility of the New Deal moment. An extraordinary outburst of militant class solidarity established the modern industrial labour movement and provided much of the social energy for the political reforms that helped define the New Deal political order for half a century. But, according to Cowie, this ran against the American grain. After that exceptional – Cowie calls it 'unique' – démarche, the social vision narrowed and historic racial, ethnic, occupational/skill and gender divisions reasserted themselves. The trade-union leadership succumbed to the iron law of bureaucracy, becoming estranged from the rank and file and beholden to the Democratic Party establishment. By the time things fell apart in the 1970s the Popular Front enthusiasm of the 1930s was a fading memory.

What Cowie fails to consider is the impact of the Cold War and especially of domestic anti-Communism. A series of fateful decisions made during the five years following the end of World War Two permanently crippled both the social democratic wing of the New Deal and the labour movement itself. The shadow of anti-Communism did away with any thought of universalising the welfare state, establishing state economic planning, or an institutionalised role for the labour movement in the distribution of national income and the day to day management of the economy, finally cracking the non-unionised South, or mounting a frontal assault on the South's racist political economy and its outsize influence on national politics. Anti-Communist hysteria split the labour movement down the middle and led to the purging of some of its most militant industrial unions. Intimidated into abandoning its role as champion of the working class, it tried instead to create a privatised version of the welfare state through collective bargaining with big industry, cutting itself off from the unorganised black, immigrant and female workers in other sectors of the economy. The politics of fear became an essential part of the repertoire of postwar liberalism, driving every alternative underground.
Cowie doesn't supply this historical context, but if you don't explain the anti-Communist and anti-

labour origins of the Taft-Hartley Act, it’s hard to understand why people failed to feel any sympathy for badly treated workers. Cowie notes that there was really nothing uniting Nixon with the construction and other unions except anti-Communist patriotism, but since he doesn’t explore the origins of the American Federation of Labour’s support for the Cold War, we are left to conclude that this jingoism is just part of the genetic code of the American male working class. When Cowie describes the heroic failure to unionise the Farah clothing company in Texas in the mid-1970s, he tells us how rabidly anti-union the South remained and how susceptible it was to the blandishments of the Republican Party in the matter of ‘states’ rights’ (code back then for the segregationist status quo). It would have been more useful to point out that the labour movement’s last great effort to unionise the South just after the Second World War collapsed as a result of persistent Red and race-baiting.

Early and late in his book, Cowie refers to America’s two gilded ages : the one that garishly lit up the late 19th century, and the one that began with the rise of Reagan and the financialisation of the economy. These bracket what Cowie sees as the New Deal parenthesis in the longue durée of American history. Before and after that detour the country combined a commitment to self-seeking individualism with a myth of America as the world’s first classless society, an environment hostile to any instinct for collectivism and a graveyard of class consciousness.

But the first Gilded Age, when the country’s ‘leisure class’ openly masqueraded as an aristocracy, doesn’t conform to this picture, as Cowie admits. During this period, as American industrial capitalism was rapidly expanding, a long wave of strikes, uprisings, boycotts, political rebellions and other forms of insurgency raised fears of a second civil war. These protests often crossed lines of ethnicity, religion, gender – even race – and embraced whole communities, towns and regions. In defiance of the traditional American fear of government meddling, they looked to a revivified democratic state to get their robber baron overlords under control. They were preoccupied with the ‘labour question’ and sometimes backed anti-capitalist ideologies : socialism, anarchism, syndicalism, trust-busting and what the Populists and Knights of Labour called the ‘Co-operative Commonwealth’. Together they comprised a society-wide reaction to the damage caused by primitive accumulation. Foreclosed homesteaders, craftsmen, immigrant peasants, industrial artisans, subsistence farmers, small businessmen, ex-slaves – a galaxy of refugees from pre-capitalist ways of life went down the rabbit hole of proletarianisation. Before they did so they cried out against an alien future, imagining alternatives to wage labour borrowed from their diverse pasts or extrapolated from the technological and organisational breakthroughs of industrial capitalism. Primitive accumulation, so essential to the strength of the American economic behemoth, was also the source of enormous oppositional energy.

Cowie’s ‘unique’ moment can be seen as the culmination of, rather than the exception to, a great wave of resistance : the ‘long strike’ that lasted for a hundred years between 1870 and 1970. The labour liberalism of the mid-20th century has it own distinctive historical contours, more proletarian in character than earlier upheavals. However, by transforming outcasts into citizens of a reformed industrial republic, it helped bring that era of resistance to an end, closed down alternatives, calmed energies that once threatened to breach the borders of the capitalist order : Cowie refers to the ‘golden cage of postwar industrial relations’. But what he so richly describes could be seen as the marginalisation, disinheritance and dispossession of those descendants of industrial democracy’s pioneers. Primitive accumulation drove the first Gilded Age : self-cannibalising powers the second. The shift in the centre of gravity of the political economy from industry to finance has bred a demoralised politics of economic underdevelopment, social decline and malignant cultural fantasy. The New Deal moment made a great noise, but it is the near-acquiescence of our own era which is more exceptional. Indeed, without trying to read too much into the events in the Midwest and elsewhere, it is not inconceivable that the second Gilded Age is reaching its limit. Demonstrators

around America have not been shy about mentioning Tahrir Square in the same breath as Madison. Why long-lived acquiescence suddenly gives way to resistance is always a bit of a mystery. But it happens.

Steve Fraser

* From the *London Review of Books*, Vol. 33 No. 6 · 17 March 2011. Steve Fraser, Thanks to the Tea Party (print version), pages 23-26.

Letters

From Cal Winslow

'It is the Tea Party that has effectively brought the unions back to life,' Steve Fraser writes (*LRB*, 17 March). It's a bit more complicated than that. The revolt in Madison was spontaneous, sparked by graduate students, teachers and local unions – a grassroots movement. The 'unions', if we mean the national union leaderships, entered late, offered lukewarm endorsement and no leadership.

Fraser also misunderstands the working-class movements of the 1970s. He ignores the vast gulf that separated the rank and file (the unorganised) and the 'unions'. The 1970s revolt was above all a rank and file rebellion, a historic strike wave, characterised by wildcat insurrections, roving pickets and internal union revolts. Rebellious American workers typically confronted entrenched, business-oriented unions. 'I never went on strike in my life,' George Meany, president of the American Federation of Labor and Congress of Industrial Organisations from 1955 to 1979, declared, 'never ran a strike in my life, never ordered anyone else to run a strike in my life, never had anything to do with a picket line.'

These unions, far from being victims of Anti-Communism in the 1950s, or the 'new politics' of the 1970s, as Fraser suggests, were top-down and statist ; they relished incorporation and stoked the fires of the Nixon era 'backlash'. Fraser says that the opportunities of the 1970s were 'squandered' but fails to explain by whom and why. In the public sector, where opposition to the Vietnam War and a commitment to civil rights was strongest, in particular among teachers, there was sustained union growth – the result also of a grassroots movement but in this case assisted (or at least not blocked) by national unions.

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