

How to ease economic anxiety

By Harold Meyerson

The American public knows it's downwardly mobile. What it doesn't know is what it can do to arrest, much less reverse, that trend.

The public's awareness of its plight was evident in the Allstate/National Journal poll released last Thursday. Half of the respondents – 49 percent – said that only the upper class could realistically expect to be able to pay for their children's college education. Another 46 percent said that only the upper class could realistically anticipate having enough money to cope with a health emergency or job loss, while 45 percent said that only the upper class should expect to be able to save enough to retire comfortably. Fully 59 percent said they were concerned about falling out of their current economic class over the next few years.

Clearly, the expectations of economic security and mobility that were widely shared by Americans in the decades after World War II have vanished, replaced by a pervasive economic anxiety. Anxiety, however, won't change anything. Neither will the majority of analyses of how we got into this fix, nor will most of the (relatively few) recommendations as to how we can get out of it.

Consider, for instance, the twin problems of wage stagnation and declining household income. According to former private equity banker and Obama administration official Steven Rattner, writing in the New York Times, "the lack of wage growth owes much to the continuing effects of globalization, a trend that has benefited the United States as a whole while hurting many workers." Good for America, apparently, but bad for Americans. Besides, he implies, who can do anything about globalization? It's as inexorable as the sunrise.

Not much grounds for anything but more anxiety in that kind of analysis. And there is yet another trade agreement, the Trans-Pacific Partnership, that the Obama administration is currently negotiating behind closed doors with nations whose wage rates are lower than ours. We'll surely be told that it's good for us, just as we were told during the selling of every other trade agreement that Congress ratified during the past two decades of wage stagnation.

One way to move from anxiety to action might be to demand that the administration come up with projections of the proposed accord's effect on domestic wages. If, as Rattner suggests and all evidence points to, globalization has led to a "lack of wage growth," just why is our government continuing to promote such agreements? The terms on which we globalize — who

benefits, who gets clobbered — aren't as inexorable as the sunrise. The public might just alert Congress that it expects its representatives to look out for its interests.

Most American workers, however, are not in competition with their counterparts in Mexico and China — not if they work at Wal-Mart or McDonald's, on construction sites, at college campuses or behind the wheel of a truck. The downward pressure that globalization exerts on wages spills over to other sectors, but it's no more than a secondary cause for pervasive income stagnation.

The primary cause is that, with collective bargaining nearly as dead as the dodo (just 6.6 percent of private-sector workers belong to unions), there is no pressure on American employers to share their productivity gains with their workers in the form of higher wages. But there's considerable pressure to boost payouts to stockholders. The age of shareholder capitalism, most notably proclaimed by General Electric CEO Jack Welch in the early years of the Reagan presidency (while Welch was furiously off-shoring much of GE's manufacturing), has, like the age of globalization, also coincided with the age of wage stagnation.

But moving from a shareholder capitalism that has diminished most Americans' share of the national pie to a stakeholder capitalism that distributes a greater share of company revenue to the workers who produce it will require major changes to our political economy. It will require our remaining unions to organize millions of workers whom they won't enroll as members but who can nonetheless agitate for better pay and working conditions. It will require Congress, state legislatures and city councils to set the kind of wage standards — and not just minimum-wage standards — that workers once were able to win for themselves before the advent of shareholder capitalism. It will require the rebirth of the kind of economic left in the United States that gave us the New Deal and the four ensuing decades of broadly shared prosperity. Tall orders all, but the alternative is just more anxiety, and all its attendant pathologies.
