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A Sea Change for Wages v. Capital?

Addicted to Identity Politics, Progressives May Miss a Historic Chance To Connect with America's Working Class

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New [research](#) affirms what has been known for centuries. In the wake of a pandemic, a smaller, more risk-averse work force is often in position to [demand higher wages](#). After the Black Death ripped through Europe, for example, peasants, shop workers and craftsmen realized they had gained bargaining power. Wages rose and the return on capital fell.

Though the impact of the current pandemic probably will be much milder, millions in the American working class suddenly deemed to be “essential” may come to a [similar realization](#). People working with their hands in nursing homes, grocery stores, meat packing plants, or as home health aides, might ask whether they are getting a fair deal. Why, they might ask, are we expected show up to work and risk contagion for wages that barely cover the rent, while millions in the professional, management, and bureaucratic classes can shelter at home and still pull down a good salary? Why don't we get paid sick days, health insurance, and other basic benefits like they do? Why can't we spend more time raising our kids to help them get ahead?

In just two months, the Covid virus has upended the American workforce. Incomes have crashed. Unemployment has rocketed. Whatever new normal emerges will be different and probably more unequal. A larger portion of the workforce – and the electorate -- may well be unemployed or working for low wages. Jobs that can support a middle-class lifestyle may be harder to find.

This is the perfect time for elected officials to talk to all American workers about how to improve their lives. Unfortunately, many Democrat leaders are deeply rutted in rituals of race and gender politics. The Democratic party may be blowing its chance to regain working class support -- once its bread and butter --

in two important ways. First, its policy agenda largely reflects upper-middle class priorities. Second, the party's world view and messaging for many years has presumed that low-wage work is exclusive to blacks and Hispanics. To many Democratic leaders, pale-skinned poor people seem to have no standing. It's almost as if they don't exist.

This week, for example, Joe Biden's campaign released "The Biden plan for black America," highlighting the pandemic's disproportionate impact on African American families and advocating that their businesses get access to economic relief. He emphasized the Latino community deserves special help as well. Did anyone on the campaign stop and consider who might be conspicuously missing from the messaging – and how that absence might make them feel? Meanwhile, Biden's criteria for picking a running mate appear to be based on more on [gender and racial classification](#) than qualifications to lead the country.

President Trump has adroitly harnessed the alienation and anger stemming from years of liberal identity politics. While his administration has acted against working-class interests in a multitude of ways, Trump has delivered for low-paid workers on a key issue by slamming the door on illegal immigration. Unlike liberal apologists who don't seem to understand the constraints of supply and demand, low-wage workers of all ethnic backgrounds know in their bones that shutting off the spigots of cheap labor at the southern border has helped deliver the only raises (albeit small) many have gotten in a long time. Unlike most of his opponents, Trump also speaks directly to working people – and not about them as if describing a variable in a political calculation presenting poor people with no logical choice but the Democratic party. Many are more comfortable with his myriad flaws than the standards of correctness imposed by the elite left.

In their insightful new book [Deaths of Despair and the Future of Capitalism](#), Princeton's Anne Case and Angus Deaton connect recent declines in U.S. life expectancy with job loss, alienation, and self-destructive behavior of working class whites. Just as America's version of capitalism disenfranchised African Americans in the past, [they assert](#), it has now put less-educated people of all races at a severe economic disadvantage. I've heard them discussing the book with Washington audiences via Zoom recently. It's not clear their message is

getting through. Liberal moderators and audiences often have trouble perceiving lower-educated blacks and whites in a similar predicament.

A multi-colored, post-pandemic workforce with more low-paid workers may confront the Democratic party with litmus tests of its own making: Is it still a progressive party? Is it the party that tries to advance everyone in the working class? Or is it a party defined by social engineers spotlighting favored groups for advancement while maneuvering to protect the privilege of its own elites?

To succeed, Democrats need to reach working class voters more than ever. A couple years ago, a leading [Progressive think tank](#) suggested reaching out to the entire working class, rather than targeting specific subparts, to push major economic reforms: “Policymakers must take action to ensure that all members of the working class are able to thrive in today’s economy—no matter their race, ethnicity, gender, or the industry in which they work.” It was good advice and may be even more on target now. Center for American Progress research showed, in most states, whites comprise by far the largest part of the working class (defined as people with less education than a college degree). Workers of color make up the majority of the working class in only eight states — Hawaii, California, New Mexico, Texas, Nevada, Maryland, Florida, and Arizona — and Washington, D.C.

Yes, poverty rates remain much higher among minorities and need to come down. This should be addressed by gender- and race-neutral policies based on household income. Subsidies and taxation based on income will naturally benefit people whose race is a factor in their economic status while treating low-income individuals in other ethnic groups equitably. This approach also will reduce intra-class friction, thereby helping to gather the political muscle to support changes.

Democratic centrists were right to reject unworkable Medicare-for-All approaches in favor of a more conventional way to expand health insurance coverage. But too much of the Democratic agenda still entails extravagant ideas that defy passage into law. A more concrete [agenda](#) might have a better chance of winning back the working class. Front and center should be a push for higher wages and a minimum of [five paid sick days per year](#). Neither issue is getting its due now.

Other ideas that could benefit workers include: no surprise medical bills, more affordable college, and expanded job training and apprenticeship opportunities.

There should be a strong commitment to universal health coverage (all Americans covered by 2025, strong cost controls; any number of payers will work). For \$30 billion or so --“budget dust” by today’s legislative standards -- our 401(k)/IRA system could be fleshed out so that all workers receive at least \$500 annually in a retirement savings/investment account. Such a [universal retirement savings system](#) would allow all workers to share in capital gains. Social Security benefits for lower wage workers should be improved and long-term program solvency achieved by taxing those with the highest income.

A couple of months ago, when we were hanging on to middle class aspirations, political strategies and bread-and-butter ideas along these lines might have seemed unrealistic or irrelevant. They might find fertile ground in an era when large number of workers must struggle to survive.

The time has come to ditch identity politics and speak to the entire working class. No one left out.

