

[Transcript] The Realignment / 365 | Michael Lind: How the Suppression of Wages is Destroying America

Marshall here. Welcome back to The Re-alignment.

Hey, everyone. Welcome back to the show.

We've got a long requested follow-up episode with previous guest Michael Lind.

Michael Lind has a new book out. It's called Hell to Pay, How the Suppression of Wages is Destroying America.

The last had Michael on to speak about his previous book, The New Class War, Saving Democracy from the Managerial Elite.

And before that, we had him on with now Senator JD Vance back in early 2020 to discuss the book there as well.

So if you like Michael Lind content, there is plenty of content there.

This new book is all about the issue of wages.

He basically argues that there are five main issues facing the country right now.

One, a demographic crisis, decline in strong family structures and a shrinking birth rate.

Two, a social crisis, which is due to the increased experience of loneliness and disillusion of communal institutions.

Three, an identity crisis, which is the weaponization of racial and gender-driven identity politics in the fight for good jobs and status.

Four, a political crisis, which is inflamed by distracting culture wars and immoral panic from both left and the right.

All of these crises, in his perspective, are shaped by an underlying one that is an economic crisis, due to the existence of too many bad jobs with, in his words, quote, terrible wages, not existing benefits and dangerous working conditions.

So a lot of things to go through here, but this is a really great episode.

It's always great to speak with them.

Definitely let me know what you think.

Other note this week, Sarah and I are recording our next Realignment Supercast Q&A episode.

So if you'd like to get access to the full episode this Friday, submit your own questions, upload others,

go to realignment.supercast.com or click the link at the top of the show notes.

Huge thank you to the Foundation for American Innovation for sponsoring this podcast.

Hope you all enjoy the conversation.

Michael Lind, welcome back to the Realignment.

Glad to be back.

Yeah, I'm really excited to speak with you.

Last time you went back in person in Washington, D.C., right before COVID to talk about your previous book,

the new class war, your new book is called How to Pay.

I would love for you to start off by maybe articulating why this book is the right follow-up to the framework you offered in the new class war.

A lot of our listeners will listen to that episode first.

So if they're picking up from there, why is this the logical next step in analyzing these spaces?

Well, in the new class war, I drew on the thinking of James Burnham about the managerial elite and other thinkers,

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including John Kenneth Galbraith, to argue that in the 20th century, we transitioned from a bourgeois owner-operator capitalist economy

to one in which you have enormous bureaucracies, public, private, and non-profit, which dominate the economy and society and the culture.

And access to these is through the college diplomas.

So you get the college educated.

What I've called in the new class war and in my earlier book, *The Next American Nation*, the overclass.

Some people call it PMC, professional managerial class.

But I avoid that because it has a specific Marxist usage.

It assumes that the PMC is a form of worker and that the capitalists are still running everything, individual capitalists.

I don't agree with that.

I think that bureaucracies run things and individual capitalists have influence, obviously.

But if Elon Musk and all of the other billionaires vanish tomorrow, society would pretty much keep on going.

But if all of the bureaucracies, all of the NGOs, the corporate executives, and government civil servants vanished, then society would collapse.

So the emphasis in the new class war was on credentialism as a divide between the empowered overclass elite minority,

which is between 30% of the population or a little bit more if you look at college graduates.

But in practice, since as I argue in *Hiltabay*, a lot of college degrees are increasingly worthless. It's really a smaller group, 10%, 15%.

Mostly people graduate professional degrees.

So this is a logical follow up to that, explaining why the working class is so weak in its dealings with the college educated overclass compared to where it was 50 years ago.

And the argument is that its worker powers, the bargaining power of workers, both individually and collectively to bargain for higher wages and better benefits and better treatment, has been more or less systematically destroyed over the last half century by business lobbies and by government, including both Democrats and Republicans.

And here's where I'd love to know I'd love for you to make this idea of worker power of bargaining power, more less, a little less abstract.

So I think of I'm obviously the definition of a white collar worker when it comes to podcasting but I think of I negotiate about my salary I negotiate about how much of this podcast is going to be compensated or not etc etc etc.

That's very literal in my everyday experience. When it comes to the experience of a blue collar working class person, how does this worker power slash bargaining dynamic manifest itself today in the workplace?

Well, there's a myth that small businesses create most jobs in the economy.

They create most jobs, they also destroy most jobs because most small businesses go out of business within a couple of years.

And net job growth is largely dominated by small firms that turn into gigantic firms.

And so medium sized growing firms create most of the jobs, not only that but more than half of all

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American workers in the private sector work for companies with more than 500 workers.

So, people of the professional class like you and me, we are not typical of the average high school educated wage earner working for some national or multinational corporation that has 500 or 1000 or 10,000 employees here and around the world.

And so the bargaining power that professionals might have with small firms or with nonprofits or government agencies.

If you're a janitor and you want a job with Microsoft or IBM, you know, to say as libertarians do that this is a negotiation where both sides, you know, are benefiting.

That's absurd. You know, the janitor has zero bargaining power with IBM or Microsoft.

It's a take it or leave it thing in the absence of what John Kenneth Galbraith, the economist in the mid 20th century called countervailing power, which can take two forms.

One form is simply government fiat, right, you simply say minimum wage is going to be \$15 an hour Bernie Sanders now wants it to be 17, but it's just its government command to employers.

The other method which has collapsed in the private sector, not in the public sector but in the private sector union membership has collapsed from about a third in the middle of the 20th century to 6% and fall.

It's actually lower than it was under Herbert Hoover before the New Deal.

But but what collective bargaining gives you is the ability of all of the janitors to cool their labor power to form a united front and to have some bargaining power which is still may not equal the power of the corporation.

But but they have more power collectively, they do as individuals.

I'd like to understand where the history, you just told us leaves this debate, especially when it comes to ideology, because once again, this podcast is called the realignment and one of the realignments of our politics that we're looking at right now is the fact that the Republican Party is doing better and

with working class voters.

I'm curious how then you see right and left respond to this dynamic because the left would say, well Michael that's why we support those minimum wage increases.

And that's something that moved from the fringe of the Democratic Party pretty much to the center in a pretty quick space on the right though, I would say the right doesn't seem as much interested in this worker power dynamic.

How would you tell the story of how left and right have engaged with the story you're telling in the past few years.

Well, basically, the consensus.

This is something that's called neoliberalism, the neoliberal consensus since the 1990s has been shared by the center right of the center.

And the consensus is what I described and held to pay as the low wage high welfare system.

And by high welfare, I don't mean it's terribly generous.

The welfare is high as a percentage of a low income workers overall income.

So it is taken for granted that we will have millions and millions of American workers in retail, in janitorial services and nursing aides, and so on, who are paid wages that are not only inadequate for them to support a family and children.

But they can't even support themselves on what they are paid. And both the mainstream Republicans

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and mainstream Democrats now for generation have said, Well, that's okay.

The government will top up their income.

And it will top up their inadequate poverty wage income through a variety of programs and the center right tends to prefer the earned income tax credit, which is a wage subsidy for working people who make too little to live on.

The center left, you know, tends to favor socialist in kind benefits, public housing, food stands, things like that, but they both agree that it would be unreasonable to expect employers to pay workers enough to support themselves, much less, you know, a, a, you know, children or a caregiving spouse.

And as I point out in Hilda Bay, this is one of two ways that you can organize a modern industrial society in which most people are wage earners they sell their labor and return for wages that they use to purchase the necessities of life.

The other method is a living wage system in which the costs of paying a living wage or if you're more ambitious, a family wage are passed on to consumers.

These two different systems, you know, the living wage system, coupled with social insurance, which is a form of basically, you know, forced personal insurance, and the low wage high welfare system that we now have.

They have different beneficiaries the beneficiaries of our present low wage high welfare system are low wage employers and consumers.

Your goods are cheaper, your restaurant meal is cheaper, because the workers are paid poverty wages. If the workers were paid higher wage, either the restaurant would automate to save on labor costs, or it would it would pass on the higher price for your breakfast tacos or whatever.

You know, the losers in the high wage, I'm sorry, the low wage high welfare system, or the taxpayers because the system that we've had with the support of neoliberal Democrats and center right Republicans is a system in which the benefits of low wages, go to employers and consumers of the products made by these poverty wage workers. The costs are passed on to you and me to the taxpayers. So you and I may not, you know, use any goods or buy any products from workers who are paid poverty wages, but nevertheless we are taxed, you know, to pay the ITC. So we're basically subsidizing the consumption of other people, and we're subsidizing the profits of employers who pay their workers too little to live on.

So, so that's the center. Okay.

One quick one quick follow up before you go.

We can get into the extremes on either side.

I understand though how you would articulate the difference between you and I as consumers and you and I as taxpayers so yes of course we might not buy every single good from every single corporation in the country but I could see a word we just say it all evens out.

I go to Taco Bell, you go to Burger King.

I once again I'm subsidizing the worker Burger King you're subsidizing the worker Taco Bell but that seems fine.

It seems fine between being a taxpayer and just a consumer but it seems to be pretty well correlated there.

Well, you know to begin with, if you're allowing wages to become a lower and lower share over time

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of work of the overall income of the worker.

Then you have like upon it's like a negative policy scheme basically the wages get lower the social wage subsidy gets higher.

Until finally, nobody's paid everything and you're totally subsidized by the government and everybody's working for the government on welfare with a work requirement.

Okay.

And in the south, I'm a native Texan, we had a system called the convict lease system 100 years ago, in the southern states, where basically the prisons leased out the labor on a temporary basis to private, you know, consumers and private employers so if the government basically the problem with the low wage high welfare system is, you have two bosses.

Right.

Just from the point of view of personal dignity and autonomy of two bosses. There's your boss who pays you the wage that is too little to live on.

And then there's the government welfare bureaucracy, and you have to fill out all kinds of forms for most part to prove that you're really needy.

You have to humiliate yourself, you have to, there are, it's incredibly difficult if you know any poor people, because there isn't a single welfare system.

Each program has separate eligibility requirements, separate forms, and all of this.

So it's a nightmare from the point of view of the poor workers.

And it's also biased in terms of class, because labor intensive goods and services, the very ones that are subsidized by the EITC and by these other forms of wage subsidy are used disproportionately by elite Americans.

Right.

If you're working class, it's DIY, you do it yourself, you mow your own lawn, you wash your own car, right, you know, you may cut your own hair in some cases, or your kid's hair.

As your income goes up, you have servants, you have this revenue of people, you have personal shoppers, you have dog walkers.

So essentially, the people who are most likely to purchase the services of low wage workers are themselves affluent professionals and rich people.

So we're subsidizing butlers and maids and nannies and poor boys and poor people I should say, and so on.

So there's, the reason I stress worker power, not worker income is because much of the right and the left thinks well, power and dignity don't matter, as long as you have money.

Mickey Cass, my old colleague from the New Republic back in the 1990s, he was very good on this, he spoke about money liberalism.

So if you have a terrible job, you don't control the schedule from week to week.

You don't know whether you're going to work tomorrow or not.

You know, you don't have any vacations, you don't have any health insurance.

But if the government makes sure you makes the same amount of money as another worker who's represented by him, and has channels of aggressive grievances in the workplace, and has some voice and say in working conditions.

That's a blind spot. It's a blind spot shared by the right and the left.

So worker power is not just about the power of workers individually and collectively to get more

money, but it's also to be treated decently, to shape their schedules, right?

You know, and to be consulted by their bosses instead of treating as interchangeable units of production.

I guess a question, and we will get to the extremes, the more interesting extremes when it comes to this issue.

I'd like to you to respond to what I feel is if the center left person would say, which would be, oh no, I'm thinking about, let's say that worker situation because I would support a government ban on variable scheduling.

So like that's like when you're in, you know, you're in like oftentimes like a retail job or like a fast food job where like your schedule isn't consistent, it's different hours, you can't construct a life around that.

I've seen plenty of center left right critiques of that system.

I think they would just say the answer to that is a government mandate just in the same way as we like or we have mandatory paid sick leave.

I feel as if there's a whole gamut of things the government could do top down that wouldn't necessarily involve, let's say changing this worker power dynamic.

How would you respond to that?

Oh, yeah, that's that's essentially the contemporary progressive left is technocratic and elitist.

Their theory of politics is you have the poor suffering masses, and they feel for them and you know their hearts play for them.

You have the evil elites, and then you have the good elite, they're the good elite.

And so it's a matter of the good elite taking power and doing good to the poor suffering masses who gratefully receive the benefits.

So again, it's about sharing in this technocratic neoliberal or technocratic progressive approach, you just have like the altruistic experts who care about people and care about the country.

And they just get elected to Washington or executive agencies, and they do the right thing.

The workers of the world to the point of phrase, historically, have not trusted upperclass educated do gooders, and this is true for the entire industrial period.

But they would rather have the power to negotiate deals directly with employers than to have Eleanor Roosevelt, or Francis Perkins who was Franklin Roosevelt, Secretary of Labor.

I mentioned Francis Perkins because she's famous for saying I would rather pass along than organizing union.

And that has always been the approach of patrician upperclass progressive reformers we know what's good for the lower orders.

There's no reason to consult with them there's no reason involved in the process will just will just help, you know, by by field by executive order or by law.

Let's look at the minimum wage for example, throughout the 20th century unions in Western Europe opposed minimum wage once they oppose them, because they thought they could get better deals through direct negotiations.

So the only minimum wages you had in countries like Britain and Germany were for small part time, very decentralized occupations, where it was very difficult to unionize them.

And this work, you know, selling by by or women so on out of their homes. So for those for that minority of four workers.

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You have wage boards which but it's set a minimum wage for that industry only.

But in steel and automobiles and all of these other occupations, the unions wanted to separate from negotiation.

And you didn't get a minimum wage in Britain and in Germany until the 1990s, the 2000s, as a result of the decline of union power.

So, so essentially, I guess what I'm telling you is the entire conversation that we've had that we're having in the 2020s is between the upper middle class left upper middle class right upper middle class about how to help those poor unfortunate people.

Right. Now, if we go back to 1950 or 1960, you have Lane Kirkland from the AFL CIO, right, you have union leaders, you have Jimmy off of, and they're gonna say, Well, wait a second, I want to be part of this conversation.

Mm hmm.

And it seems to me, I know we'll get to the extremes if I want to make sure I'm being fair to all sides here.

Because I just did the center left version the center right version would run I'd like to hear you dismantle like argue against my sense of the center right comfortable story.

Because I think the key thing that's coming from your articulation is that no matter what ultimately these answers quote unquote, are ones that find a center left or center right person very comfortable.

They're not pushing against the assumptions that's your point around the technocratic top down version.

The center right version of this would be.

Well, Michael, the purpose of government economic policy if there is any purpose at all is to expand the pie with more economic growth, there'll be more there there will just be there'll be more money for employers, we should focus on inflation

inflation, you know, you know, Marjorie Taylor Greenby very comfortable stating this inflate not that she's center right but you know, she's status quo economics from that perspective, inflation's eating up workers salaries we need to focus there.

Like what will be your your response to the center right, because they're not going to say tip tip top tip that the center right is going to nod with the first half of your statement they're going to say you're right Michael, they are top down they do want fiat and mandates etc.

What is the center right response to your critique.

Well, the center right in the right, the theoretical response is the same.

Policy is different.

The center right favors this socialization of the living costs of low wage workers to some degree they're where they're earning the tax credit.

Oh yeah, quick things because like you do see this in debates they would say don't increase them their own wage, increase the EITC if we need to do any increase that be the beast is a subsidy to employers of course they would say right.

They're talking their book, but the theory and then the libertarian say no, we're not going to do anything right we just pay people, you know, 25 cents an hour, and then charity or something or go die.

So, so the libertarian case is not serious in terms of policy.

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So the actual Republican conservative policy is the neoliberal policy.

You know, we let employers pay poverty wages, and then we tax the public to top up the difference. And they may, you know, they tend to prefer cash transfers to in kind programs but that's a distinction without a difference.

Theoretically, the center right and the libertarian right use the same bogus theory of economics, which is bogus in two words.

First, they assume that most industries in a modern economy are competitive by nature.

The fact is, in a machine age economy, the most progressive and dynamic industries tend to be highly concentrated they're dominated by manufacturing by natural oligopolies and monopolies, which is not a bad thing.

Because these are highly capitalized big firms.

If they want to they can spend all their money on vacations and for their CEOs are stopped by that.

But if they want to they can recycle their, their profits which they get because they have market bargaining that they would not have under perfect

competition, they can recycle these products in innovation, giving us a new, new scientific and engineering breakthroughs.

But so the econ 101 model, in which all firms, ideally would be perfectly competitive and compete with each other to drive down prices does not exist in the real world has never existed and never can, because in a perfectly competitive economy there would be no profits.

Right.

The price would reflect the costs with no room for profit on top of that. And so all firms would go bankrupt simultaneously, not only would there be no room for wages out of profits.

There'd be no return on capital or wages for employed, you know, CEOs and executives.

So that's the first mistake to ignore the fact that most industries are characterized by imperfect competition in which firms have the ability it's called pricing power.

They can charge more than their cost, which is sometimes it's called a rent.

But as far as I can tell from talking to many economists, there's no difference between a rent and a problem, which just means you have problems.

So the second question is, well, how are the profits distributed.

And here there are two basic theories have gone back hundreds of years. One is the theory of Adam Smith and John Stuart Mill and other people are classical liberals they're always cited by the right.

And Smith and most as I point out in the book, well, it depends on the bargaining power of the stakeholders, how the profits are distributed.

So there are three stakeholders in your typical public and trade corporation groups of stakeholders there are the investors, right the shareholders, they get dividends.

There are the executives the managers they get wages will ignore stock options for the moment.

There are the workers employees.

So, there's nothing according to the Adam Smith jazz will theory.

How the profits are distributed among these three groups depends on the bargaining power of the three groups.

And the workers usually have the least bargaining power and the capitalist shareholders have the most and but the managers have more bargaining power than the workers.

So, against this, you see a particularly conservative magazines, which should know better.

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This is truly academic and truly unreal theory of how wages are set, which is that it's called the marginal revenue productivity theory goes back 100 years.

And it says that your pay is set by your marginal contribution to the productivity of the firm, which is an interesting theory and you can mathematically model it.

It makes no sense in reality.

How, how, how do you monitor this is, you know, is this generally salary negotiations are annual, right.

And if you really believe this, this right wing free market economic theory of how wages are set, then your productivity goes up and down during the day.

Right, I mean when you need some coffee and you're getting slow and slacking off, you know, then your wage should go down, then you drink some coffee and you become really energetic and productive and like your weight should go up.

This is a purely specious mathematical theory that was popularized 100 years ago by by neoclassical economists who hated trading and wanted to come up with some kind of theory of wage setting, other than the bargaining theory which everyone, including classical liberal economists like Adam Smith and and mill and Marshall had accepted to that point.

So, what one final point on this the bargaining thing is very important, because it's why the, the free market right, it gets utilities wrong as well.

According to usually both the left and the right way we're miseducated.

There are only two ways to set prices one is a perfectly competitive market.

The other is government fiat government mandate, right.

Ignore the fact that there's a third method of setting prices. That's negotiations.

That's bargaining. So when you're bargaining with a vendor, you know, in a bizarre or a flea market or something.

There is no absolute fixed price.

Right, the price of the item depends on how desperate vendor is to unload it, and how much you want it as a buyer.

So any theory that says the market determines wages without any intervention of bargaining power is is false as a matter of fact and false as a matter of theory, but that is what I'm sure the reviews of my book from the free market

concern is libertarians, you know, they'll say this, they'll say wages are set automatically by this mysterious option process, and any attempt to interfere with it will lead to total disaster.

So before we go on I do want to speak to you your point about how the further left and then further right parts of this debate response we gave like the center left center right like how do you see.

I don't even want to say what the DSA left because that's kind of not really a valid concept but how do I more progressive people to the right and how do you sort of to the left and then like more new right adjacent folks on the right to respond to this worker power question.

Well there is kind of a convergence between some of the techno libertarians and the socialists on a UBI universal basic.

And the theory is that, thanks to automation, thanks to productivity growth, fewer and fewer people will be needed to contribute to the productivity economy, right the machines will make everything I can.

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You know, Star Trek you have your own synthesizers. And at that point, you, you no longer need people as workers but you need them as consumers to have a mass market for the Star Trek synthesizer goods.

So, so you just tax.

There's usually an elitist eugenics and Nietzschean elements.

Because the people who hold this theory generally hold that they are themselves, the productive members of society, it's everyone else is a useless driver of parasite, right but I the Silicon Valley, or I the lefty professor, I will always have a job, right.

But there will be all of all the pros will be unemployed so you tax me, or sometimes you tax the machines now that's done on the picture.

And you will then redistribute that just give people. And this goes back to Milton Friedman actually 1962 is both capitalism and freedom. He was for a universal basic income set at just a poverty level. Charles Murray revived this. And so there are two problems with it. The first is, we're not suffering from like a great, massive productivity breakthrough productivity has been lower for the last 3040 years that it was for the preceding half century.

And could you could you explain what productivity actually is in that context and like what productivity means the ability to make goods and services with fewer inputs in this case of human life.

I mean, but it's also can be energy materials but let's just say human labor.

So it's labor saving technology is the source of almost all productivity.

And, you know, here it is 2023. If you watch 2001 a space Odyssey, there's a huge gap, even how 9000 right between the, the computers and chat GPI okay, but we're still very far away from how 9000 in the movie.

Having rapid productivity growth, leading to mass transitional unemployment would be a good problem to have I would love it.

If we had robot cars and robot truckers and I would gladly deal with the transition for robot trucks, you know, for human truckers laid off by robots.

That would be a good problem to have means we're getting more and more productive as an economy. Instead, you know, we have almost all of the jobs being created in the United States. According to the Bureau of Labor Statistics I list these in my book held up.

They paid \$25,000. These are the top 10.

None of them requires a college degree except registered nurse and store manager.

It's things like manual labor.

You know janitor fast food cook.

These are the jobs that are being created. So I just I don't see this robot automation apocalypse but let's assume that it occurred, maybe 100 years from now. Okay.

The first contradiction is, if the robots are so cheap, then attacks on the road that everybody that the prices are cheap right everything all the goods from the Star Trek synthesizer are basically zero. Then the stars tricks synthesizer itself is cheap.

It's not worth it.

Right. It's like a microwave every home will have it.

So, so saying that we will tax the robots to give everybody \$12,000 a year let's say poverty wage or 15,000 whatever you pick.

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That's like saying we'll have a tax on microwaves.

Right or attacks on iPhones to support 90% of the population.

It makes no sense.

Well, two responses. One, I have a model of the Starship Enterprise behind me so I do have to say you mean a Star Trek replicator you said it enough I have to fact check you on the replicator is the device.

Usually important high stakes fact check, but two, I guess just to understand something about the taxing the robots thing wouldn't that really just operationally mean taxing the owners of the factory that build the robot.

Oh, sorry, just taxing the owners of that factory so yes correct like taxing everyone's microwave wouldn't produce any value but maybe taxing 1950s general electric would have value in of itself within that within that metaphor so just explain the difference there.

That's easier how they would solve that issue.

Well, in the basic science fiction vision.

Factories become, not like what we think of as factories which employ a lot of people, but they become like minds.

You know, there are few people well paid but just don't improve.

You know, recently very automated.

In that case, it becomes not in a productive industry so much as one that's just pure rent the income is just pure profit.

Okay.

So in the people who so they're two solutions to that.

One is the owners simply own title to it they they have no work with shareholders, they just own the title to the replicators.

Every time you replicate a burrito or a little, you know, Supreme Court action figure or something like that, then, then you pay a royalty, you know, to the equivalent of Elon Musk of the replicators. It's kind of hard to see the billionaire who owns all of the replicators, not hiring armies of lawyers human lawyers, maybe robot lawyers to to a vey taxation, which they do now.

Right.

So how are you going to tax.

It's more the super rich replicator owners.

Not only will they own the replicators they will own Congress they will own the president they will write on the judiciary as well. Okay.

So, you're assuming that there's this government, which is going to stand up to the replicator owners have this confiscatory taxation, and then give money to 400 million Americans or 600 million or a billion or whatever.

And the replicator owners are not going to move to believes, right, or incorporate in Jamaica or a Panama, the Bermudas. So politically this just seems extremely naive I mean at least the Marxist Revolution, you can actually physically sees the

factor seems more plausible to me than, than, you know, imposing 90% taxes on the replicator.

So, the alternative is state socialism.

The government owns the replicators, right.

But then, in that case, do we really trust the government and here I'm with the conservatives do we

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trust the government to allocate the proceeds from the universal basic income.

I mean, we have a political class in the United States, it's not quite as bad as the nomenclatura in communist countries, where they had their own personal, you know, separate economy from proletarians, the communist supposedly represented.

But all of our leaders liberal and Democrats and Republicans, almost all of them they send their kids to private schools, their millionaires.

They travel on private jets, they've got a totally separate economy.

So, without having some kind of worker bargaining independence of elections, you know, then then how do we prevent the elected politicians of all parties from saying okay, the replicators generate 100% of national income every year.

How much will go to us and then how much will go to the pros, maybe 80 to us 20 to the pros and then the liberals will say no no 21% and then the conservatives say no no no that's too high 19% right.

I guess what I'm all of the answers.

I've noticed to my questions, involve power.

I use the term worker power.

It's not worker income, it's worker power.

And that's where we started that's the key your your key point was that the central flaw of that 90s approach is treating this solely as a analytical question of like how much income is showing up in the bank account every month then.

Yeah, and it's technocrat, and whether it's promoted by the center right or the center left. It is forgotten the wisdom of the American constitutional tradition, and of all real constitutional traditions, which is that power cannot be trusted.

There must be checks and balances, and the checks and balances cannot be purely formal alone.

You have to involve social checks and balances. You have to have powerful social groups that represent working class people outside of the political system outside of the like unions, and like churches, those are the two major mass membership

organizations in modern societies it's religious organizations, and it's labor unions.

And they are able to represent their members directly in public life in a way that, you know, working class people casting a vote every four years, if they voted all simply does not completely represent them.

It's a combination of political democracy that's competitive and informal checks and balances between executive judiciary and legislative.

But you also want to have powerful extra governmental institutions that are accountable to working class people the leaders don't have to be.

They have to be removable by their followers.

And, and those basically are organized labor in some form not necessarily the form that exists today in the US religious institutions conceivably you could have grassroots civic institutions, but whatever they are.

They have to be collective and they have to be disciplined and they have to be hierarchical. And this goes against the entire trend since the six on left right and center of its you know the me generation and its individualism, and all of that.

The only thing that working people have to bargain with with the professional and capitalist elites is

their numbers.

Their numbers are only powerful if they are organized. Okay, and you know this is why we will need a cultural revolution to increase working power.

People have to be able to join chapters of national organizations, and they need to take part and participate.

It can't just be a matter of liking something on Twitter. That's not, that's not real politics.

I think the couple couple things in our last 20 minutes or so so one you've really taken us to what you defined as the the American crisis right now, which you believe this issue of too many bad jobs at a benefits and salary level.

We feel by lack of working or bargaining power stem from so we've got the falling for falling fertility, a plague of loneliness and a lack of friendship conflicts over racial and gender gender identity and then finally a politics of culture wars on the right and and moral

on the left to your central argument is that all of those big trends are just downstream from this lack of power, which takes us to where you just left us at which is, how does, if we're going to if we're going to pot you actually explain how those trends actually come from the lack of worker bargaining power. It's obvious for some not obvious to others.

Oh yeah, it's not a monocausal explanation, but my argument is that a lack of worker bargaining power causes bad jobs. There's just too many bad jobs that pay poverty wages and that force you to rely on welfare.

And it's the bad jobs directly that cause these problems it's not worker powered so it's the bad jobs. And in order to escape bad jobs, you have this frenzied competition for good jobs.

And it takes on different forms. One form is to protect yourself from being a low wage worker, you know who has to fill out one form for Medicaid and one form for food stamps, and another form for housing vouchers.

This is the nightmare, the back of, you know, not of the elite in this country, their cushion, but if you're dubiously middle class you can see yourself sinking in to this means tested welfare dependent proletariat and it's both horrible in itself and it's also a matter of shame and humiliation so to escape this.

In the old days you had unions that could raise the wages in that way the same job which is paying and could support a lower than a class lifestyle, but those have been destroyed.

So they're basically one of the responses is credentialism.

Okay, credentialism takes two forms.

One is college diplomas.

Lots of people go to college. In fact, almost everyone goes to college to get a good job. That's why their parents say you have to get a good job today. You have to have a BA.

And it's not that you learn any specific skills. It's used as I argue in the book, relying on Federal Reserve data, a huge proportion of jobs held by young Americans with BA's do not require a college education.

There are a lot of Starbucks baristas with BA's who could do the same work with a high school diploma.

But employers increasingly have been using BA's as a screening device, right, and then it's just lazy on the part of employers, and also because for legal reasons they can't get aptitude tests, which were racially disparate in their impact.

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So, so they're basically just saying, okay, we'll only look at people BA's, even if high school workers can do that job.

But how many people are crowding into universities?

And a quick pause there, because I think it's important to hit this point, what the higher education system would say, and what the employers would say, and you're arguing explicitly against, is no, like college is about skills colleges about increasing ones productivity.

So if there's this problem of too many bad jobs in America right now, well, that's because we don't have an educated worker force, we don't have there's a skills gap so we send people to college to help address that that's the story that you're tell that that they are telling and your point is, if you actually delve into the data. It's not as if people are coming out of those four years of college like hyper skilled. It's actually just that it's being used as that credentialing process. There's a difference between a credentialing process and a skills generating process.

Well, it helps both the employers, because they can say, well, you know, we'd really like to pay more. You know, we're sorry that we give all of the profits to our shareholders and to ourselves the managers we'd love to pay our workers more but they're just not educated, maybe if they had an MA and pay them a little bit more.

The universities are, are, you know, voracious for revenue. Right. So, so they're impartial, the more students, the better.

But look, all you have to do to know that this whole story is false even though it's the establishment story is to look at those bureau labor statistics analysis of jobs.

Neolless every 10 years or so updates, it's a list of jobs projections for the next 10 years.

And so as I said earlier, only two of the top 10 in their most recent version require being nurses and store managers.

All of the rest require high school or less.

These are the top 10 jobs being created in absolute numbers. They pay terribly, like in the 20s, 20 thousands.

And, but you can go to the Bureau of Labor Statistics, it's like jobs of tomorrow or jobs of the future, I forget the title of it.

And it just, it shows you, you know, there's no lack of skills.

And once more, it makes no sense logic. See, that's why I wrote this book, Marshall, because these things that people say that well Americans need more education.

Janitors are not paid 25,000 a year, because they didn't go to college. Okay.

If a janitor goes and gets a PhD, you can be paid the same thing, right, has nothing to do with credentials as do with bargaining power of the workers and professionals have done well.

And you and I are members of this college education professional class.

But in my day, certainly, long ago, very few people went to college is like top 1015%.

It's approaching 40% in the US it's approaching 50% in Europe, and that devalues it I mean if everybody gets a VA.

Then it's like a high school diploma it's just like four more years of high school doesn't give you great jobs.

You know, you then the MA becomes the new BA.

I have an MBA and this and I'm getting to your question. This leads to the collapse of family formation.

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Because if you have 30-40% of the population, spending their 20s deferring marriage, getting married and having kids and most people, there's growing illegitimacy rate but most people.

There's a high correlation between having kids being married.

You're deferring this to your 30s, and you do get married in your 30s, then you're not going to have that many kids biology, you know, in what it is.

In meanwhile the working class, we see marriage rates collapsing and more children out of wedlock. And that is result of this credentialism to because they've just given up.

They've given up on the upper middle class frame of being in college, getting your master's bachelors, your master's your professional degree, you know, making partner, getting married at 40 and then you know having, I guess fertility treatments in the case of women to have your first kid at 50.

Right.

Working class, I can't afford that kind of good college.

But at the same time, their vision of marriage, and there's some very good scholars of limestone and others are very good on this.

They want to have a big wedding.

They want to have a house in the suburbs.

And since they can't have that they're not going to get married.

They have kids out of wedlock.

And maybe they hope in the future maybe all the lucky.

So, so there's a chain reaction that the desperate desire to escape of being a low wage worker on Medicaid and food stamps leads to too many people going to college.

It leads to another form of credentialism which is occupational licensing, which is creating cartels to keep people out to raise up wages.

And then it has this domino effect on marriage rates on family formation.

And finally there's there's identity politics and partisan polarization.

I attribute in part to this fear of escaping low wage jobs because there aren't that many good jobs as you know, in the professoriate among journalists.

One of the reasons you have woken us and then it's not original.

Is that it gives you a competitive advantage.

Right.

You know, over over your rivals.

Right. If you can say I represent this group that is not otherwise represented.

Then that gives you an advantage in this very small, highly competitive group of jobs.

The partisan polarization is I attribute in this may sound strange, but I attribute partly on to the collapse of unions on the left of churches on the right.

Unions on the left churches on right.

Yeah, that's right.

Yeah, unions on the left churches on the left.

Because if you go back to the fifties and sixties, the unions were the base of the democratic party.

And churches were very important for the right long before the religious right, you know, and so on. Although they tend to be democratic.

But the Democrats had many conservatives.

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So, left and right were somewhere different ideology wasn't correlated with party in the same way. Yeah.

But if you look at studies of polarization, what the kind of working class people of African American, Latino, Asian, not Hispanic white.

I mean, I look at the polls I've looked at them for 30 years is always the same is good jobs, safe neighborhoods, you know, low crime, you know, health insurance, basic, you know, bread and butter is what working class voters of both parties are really interested in.

If you look at the activists, the affluent college educated middle upper middle class, people small business owners, so on, both Democrats and Republicans.

It's climate change abortion rights, you know, pro and you know, won't miss to some degree, that's more of a cause.

Both pro and car among the elite and it is among working class people I'm not saying it's not important.

I'm critic of it.

But, you know, it is kind of ironic to see these supposed working class conservatives going on and on and on about, you know, pronouns and, you know, college classes.

When the biggest threat to their working class Republican voters is they don't think you couldn't come up with \$400 or so in an emergency.

Right they're likely to be banked by medical bill that's what's if you're working class conservative.

You can do both you can be anti woke and see something about medical bankruptcy but with our primary system, since the 70s working class people of all races are less likely to vote in private.

And affluent and college educated people.

And the media in particular the centrist media likes to think educated people are moderates, and the ignorant rabble or extreme.

It's actually the other way around.

So, this is some Maslow's hierarchy of needs that you're going on.

You can afford to become a zealot.

If you're economically secure.

It takes a certain amount of money to be a, you know, to have climate change.

In the year 2100 being the chief thing you cast your vote.

Right, or, you know, the war in Ukraine if you're a never Trump Republican or something.

So, so we've seen.

So I'm not saying we would have all of these problems in one form or another.

If we had higher wages.

But I think the effects will be ameliorated we wouldn't be cured.

But imagine if you out of high school.

High school diploma only.

Doesn't require new jobs is existing jobs.

The jobs there the BLS says are being created.

The janitors instead of making 25,000 make 35 or 40,000.

Okay.

Then they don't have to spend their 20s in college hoping to make more money.

You know, they can get married and have kids in their early 20s.

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You know, by one starter house.

You know, which it tends.

The Republicans should be in favor of that because home ownership and children tends to have a conservatism.

Right.

So.

But, so the question then becomes the one that we discussed earlier.

Okay, so we raised the janitor salary from 25,000 to 30 or 40 a year.

Who does that.

Is it an enlightened elite.

In Washington where there's bipartisan or one party just takes over.

Rams it through.

Or do you give workers the collective power through some system.

Of collective bargaining, not necessarily the one we have.

I think the one we inherited.

From the 1930s is broken.

It's not coming back.

But some system of collective bargaining.

So we allow workers in different occupations.

I'm using the janitor example.

Because my grandfather was.

So you give the janitors the ability through organized labor.

Or through representation in some form can be on a wage board.

Where labor is represented.

But they negotiate direct.

With the employers.

And you don't have to have a bill going through.

To do this.

Now the reason I think if.

If you're serious about the working class.

Wait, pause.

Why don't you.

This is this was about to ask you.

So I'll just move it up.

It does feel like you need a bill moving through Congress because.

When I put it, my theory of politics is always if,

if, if something was desirable.

And straightforward.

It would have happened already.

And I think it's a good thing.

It's a good thing.

It's a good thing.

It's a good thing.

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It's a good thing.
It's a good thing.
It's a good thing.
It's a good thing.
It's a good thing.
So it's very, very profitable.
And straightforward.
It would have happened already.
I think we could pull.
All of the janitors of America and say, Hey, if they were,
we have a way for you to take that up from 25 to 30 to 35.
It would just happen.
The fact that it's not happening.
Suggest to me there is some room for government interference,
mandate, et cetera.
Did you kind of get what I'm saying?
I don't understand.
It feels like there's were missing a piece there.
Yeah, no.
has 330 million people. We're the third most populous nation in the world. We're a continental
country. There are enormous variations in living standards and the cost of living,
not only between states, but within states, between big cities, small towns, rural areas.
And as I pointed out in hell to pay, what would be the most generous living wage, family wage for
that matter, you know, in the Great Plains would be bury a poverty wage in Manhattan.
So this is the, and we've actually had two systems of raising wages in American history,
and we're aired at both of them. There was the 1935 National Labor Relations Act,
which created the modern system of collective bargaining that has almost completely fallen
apart now. But I'm just saying that was, the idea was you give the workers the tools,
and then they use their power to extort higher wages. And I use the word extort, yes, to blackmail,
to give you higher wages and better benefits and decent hours. Or the alternate method is the
Fair Labor Standards Act of 1938, another legacy of the New Deal, which is where the minimum
wage
comes from. And it's where the 40 hour week comes from. You know, and it's just, it's the same 40
hour week for all industries, with some exceptions, the same minimum wage. So my prejudice is in
favor
of giving the workers the bargaining power they need, and let them do the job. Instead of having a
single one-size-fits-all policy, we could not cut them out of legislation.
But who gives the workers those power? That has to be done. That has to be done by Congress.
Yeah, that's the, yeah. So I can't, okay, Greg, because I wanted to understand,
so, because I was just asking, like, where's the federal role in this? Because also at a state
level, there are plenty of red states that would not go around this in a couple of different levels.
So your opinion of the federal role here is to empower the workers to utilize their work.
Not to dictate the results. Okay. That's the, okay, thank you. That's helpful.

I think this is why some members of the business elite, now, given the, basically, if they can have complete autocracy will, but if they have a choice between a one-size-fits-all system of hour and wage mandates imposed by Congress, or they have a choice of a system where they are compelled to negotiate with, not necessarily in their own workplaces, it can be at the sectoral level of an entire industry, then, you know, it depends on the business, but they might prefer to take their chances, you know, negotiating, particularly in the private sector, because the difference between the private sector and the public sector is in the nonprofit sector. The private sector workers, if they are rational, want their companies to succeed, they want their firms to succeed, they want their industries to succeed, right? And so if their leaders are good, they're not going to make demands that will destroy, you know, the firms that employ them. And so I think you can make a case to business leaders, at least in some industries, that wouldn't you rather negotiate with representatives of employees in this whole industry than, you know, to think your lobbyists can simply kill any reform in Congress, because when the reform comes, it may take the form of a congressional mandate or an executive order that you really won't like.

So for the last question here, at the end of the forward, you offer a kind of just your articulation of how all this should fit together. I think the most useful bit I took from new class wars is this idea of bargaining, you have different classes, you have different manifestations of, let's say, energy, whether you know, government, you have industry, you have the workers, you think that moving forward as we're moving away from this peak of 1990s neoliberal, social libertarian globalization, we are going to need a new tripartite combination of government, industry, and then labor partnership to address both these challenges we're discussing here on this show, but also broader ones that includes everything from a broken style of politics to great power competition, technological innovation, industrial policy, et cetera.

Can you just close with the vision for how those three groupings could partner together and what that looks like, because it's less about the specific outcome and more about how could these interlocking parts produce a sum greater in the whole of its parts?

Well, I'm glad you raised great power competition because that has returned.

In my view, we are in Cold War II with China and with a Sino-Russian bloc, at least for the moment, and this isn't all out cold war. I mean, you know, this is like cold war. I now think of this cold war I. It won't necessarily escalate to direct hostilities, but it means this vision of the borderless global market and the U.S. policing the world. This is dead. This is, it's over, right?

We're now in a militarily bipolar world, in a conflict with authoritarian China that will last for decades or maybe generations. And in that kind of great power conflict, you have to have unity at home. This is one reason, by the way, that the business community did not wage all-out war against you during World War II and the Cold War, because if you have a class war ripping your society to pieces, this only benefits your adversaries, right? So the idea of tripartism, the idea that the economy is a shared project of innovation and dynamism and growth, and it is shared among business, government and labor, organized labor in some form. You know, this is an old idea. It goes back the phrase, the harmony of interests was associated with the 19th century American economists, Henry Cary, who was one of the big influences on Abraham Lincoln. And if you look at Republican presidents, Calvin Coolidge signed the Railway Labor Act and addressed union leaders

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and said, we recognize the necessity of organized labor. In a modern society, Herbert Huber said similar things, Richard Nixon, Eisenhower. The pure anti-labor stance of the Republican party is post-Bremen. It's if you look at the platforms, Republican party platforms from the 20s to the 90s, said we recognize the importance of organized labor, et cetera, et cetera. That gets cut out under the bushes, under this libertarian hijacking of the Republican party from the 1990s up until Donald Trump in 2016. So this is not just some kind of liberal thing. If anything, it should be more attractive to conservatives. I mean, what are called national conservatives now or post liberals? Because unlike the left, it does not assume that this is a way station to a borderless world or the global proletariat or a classless society. It assumes there are going to be ways I hereditary classes. You can't get rid of that about getting rid of families. It's going to be a working class. There's going to be capitalists. There's going to be executive people who come from executive families. What you need is a class compromise so that class conflict doesn't rip the country apart, particularly when you're engaged in long-term persistent low-level rivalries with a very powerful adversaries. I think that is an excellent place to end. Michael, this has been such an amazing episode. I thought about things a few different ways, given this conversation. I'm sure I will have you on again at some point soon. Thank you so much for joining me on the realignment. And the book is out, I believe today. We're releasing this in May, obviously, so hope people check it out. Thank you for having me. Hope you enjoyed this episode. If you learned something like this sort of mission or want to access our subscriber exclusive Q&A, bonus episodes and more, go to realignment.supercast.com and subscribe to our \$5 a month, \$50 a year, or \$500 for a lifetime membership. Great. See you all next time.