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The Impact of US Policies on the Working Class Throughout Different Periods

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Abstract. Since the early 20th century, American society has undergone profound political and economic transformations that have continuously reshaped class relations. While existing research has often examined the effects of specific policies on workers within isolated historical periods, few studies have traced the long-term, systemic evolution of U.S. national policies and their cumulative impact on the working class. This study focuses on U.S. history from 1917 to the present, dividing the period into four key stages: 1917–1945, 1945–1980, 1980–2008, and 2008–present. It aims to explore how national policies in different periods have influenced the living conditions of the working class, labour protections, and class structure. The paper uses historical comparative analysis and literature review, with combined specific policy documents and labour data from different organisations to examine and evaluate the situation of the working class during the four different stages. The study reveals that U.S. policies have exhibited an overall trend of 'support—stabilisation—compression—readjustment' across different stages,which reflects functional adjustments and ideological shifts in the state's role within labour-capital relations. The conclusion argues that the contemporary challenges faced by the working class are largely the cumulative outcome of long-term policy evolution.

Keywords: History, Government Policy, Labour, Social Reform, Strike

1. Introduction

Since the early 20th century, the status and role of the American working class within the national policy system have experienced significant changes. Against the backdrop of industrialisation, urbanisation, and global wars, the US government increasingly institutionalised its regulation of labour relations. War mobilisation policies during the two world wars, the New Deal reforms during the Great Depression, the post-war welfare state, and the neoliberal wave since the 1980s have all deeply shaped the living conditions, organisational forms and political expression spaces of the working class. Scholars such as Lichtenstein have noted that these transformations reflected the growing institutionalisation of state regulation over labour relations and the evolving power balance between capital and labour [1].

Most existing studies focus on the impact of policies on the working class during a unique historical period, such as the New Deal reforms or anti-union policies of Reagan administration. There is a lack of systematic research spanning a century, and insufficient discussion of how long-

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term changes in national policies have affected the working class's structural position. This study will attempt to analyse how US national policy is reshaping the working class in the long term. In the content blow, the American history from 1917 to the present will be divide it into four stages: 1917–1945 (Wartime Mobilisation and New Deal Intervention), 1945–1980 (he Welfare State and the Golden Age of Trade Unions), 1980–2008 (Neoliberalism and Labour Weakening), and 2008 to the present (Reindustrialisation and Policy Adjustment). In terms of research methods, this study will adopt historical comparative analysis and literature review, combined with policy documents and labour data for structural analysis.

2. The national policy of the US government

In the late 19th century, the United States entered a period of rapid industrialisation and urbanisation. Large-scale railway construction, the steel industry, coal mining, and manufacturing expansion became the main driving forces behind the development of capitalism. Waves of immigration provided a large supply of cheap labour, and competition in the labour market became extremely fierce [2]. During this period, the federal government maintained a laissez-faire policy and rarely intervened in labour disputes. Workers' rights were entirely dependent on local and enterprise decisions [3]. The influx of large numbers of immigrants led to a glut of cheap labour, resulting in fierce competition among workers. Their treatment and safety were also not guaranteed [4]. The prolonged oppression and exploitation led to frequent outbreaks of labour movements, such as the Haymarket Affair in 1866 and the Pullman Strike in 1894. However, most of labour movements were violently suppressed by the federal government and businesses [5]. Against this background, dissatisfaction among the American working class continued to grow and social contradictions became increasingly intense, laying the groundwork for subsequent government reforms.

2.1. Stage 1 (1917-1945): war mobilisation and the new deal

On April 6, 1917, the United States formally declared war on the Central Powers and entered World War I. Persistent labour strikes and the demand for war production in the United States prompted the federal government to intervene in labour-management relations. As a result, the National War Labour Board (NWLB) was established by an executive order of the federal government. The policies of this board had a significant impact on workers in strategic manufacturing industries such as steel, railways, and military industries, which were concentrated in the northern industrial states. The NWLB was composed of representatives from businesses, labour, and the general public. Its main functions were to mediate labour disputes, set overtime pay rates and working hour limits, and prohibit strikes in war-critical industries. The NWLB established national rules for the first time, including an eight-hour workday and a minimum wage. During its 13 months operation, NWLB it handled approximately 1,245 disputes, directly affecting about 700,000 workers [6]. Valerie Jean Conner pointed out that it represents both an institutional innovation in labour-management cooperation and the first formal attempt by the US government to intervene in labour relations at the national level [7]. one study has pointed out that the Wilson administration's wartime labour policy was not intended to promote labour rights on a large scale, but rather to serve the war effort. The US government selectively cooperated with conservative craft unions such as the American Federation of Labour (AFL) while excluding and even joining forces with enterprises to suppress the Industrial Workers of the World (IWW), a radical left-wing industrial union [8].

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After the end of World War I, the influence of trade unions weakened again, and the industrial recession and mass unemployment caused by the Great Depression presented new challenges for the US government. President Franklin D. Roosevelt's New Deal addressed the era's social and economic problems through a series of structural reforms. The National Industry Recovery Act (NIRA) was the first important act of the New Deal. It authorised the establishment of industry regulations, set minimum wages and maximum working hours, and encouraged union organisation and collective bargaining [9]. The second was the National Labour Relations Act of 1935, also known as the Wagner Act, which formally granted workers the right to collective bargaining and prohibited companies from interfering with or retaliating against union activities [10]. A month later, the government passed the Social Security Act, which guaranteed basic welfare benefits such as unemployment insurance and old-age pensions, and extended social security coverage to certain groups of workers [11]. Analyses have pointed out that the New Deal aimed to provide the working class with economic security and fair working conditions. Although there were disadvantages in many aspects, it was still an important institutional innovation in American history. In terms of results, workers' collective bargaining rights and security have been significantly improved [12]. Just as the NWLR selectively suppressed the IWW during World War I, President Roosevelt, in order to appease the racist Southern Democrats of the time, excluded large numbers of African Americans from the various acts of the New Deal and differently discriminated against minority groups [13]. But in any case, from the overall standpoint of the American working class, they enjoyed much better social welfare and wages during this period than they had previously.

2.2. Stage 2 (1945-1980). the welfare state and the golden age of unions

After World War II, the American economy experienced significant growth, and federal government policies exerted a more profound impact on domestic workers. Among these, the most notable are the two amendments to the Social Security Act made by the federal government in 1950 and 1965. The 1950 amendment significantly expanded the coverage of social security to include farm workers, domestic workers, self-employed persons and other groups, and raised the standards for pensions and unemployment insurance [14]. The 1965 amendment established Medicare and Medicaid, integrating medical services into the federal social security system [15]. In order to settle the large number of World War II veterans returning home, Congress also passed the Servicemen's Readjustment Act of 1944 (G.I. Bill), which provided veterans with educational assistance, housing loans, and unemployment relief. Collins' report analysed the effectiveness of the G.I. Bill: while not all veteran groups benefited equally from the act, it generally supported post-war economic recovery and facilitated veterans' transition to civilian careers [16]. The NWLB had a more significant influence on workers during World War II than during World War I. After the war, the CIO's membership climbed from 9 million before the war to 14 million and was still increasing [17]. The NWLB's wartime labour negotiation system had a profound impact in the post-war period, establishing collective bargaining as the norm for large industrial unions. This ultimately led to the formation of a stable tripartite negotiation framework involving the government, employers, and workers [18]. The Union experienced rapid growth in this period, but the government did not allow them to develop under no restriction. In addition, improvements in federal government policies on healthcare, child welfare, and housing were also notable. The Medicare and Medicaid programs, introduced in 1965, formally incorporated health insurance into the federal social security system, providing medical coverage for elderly workers and low-income families. At the same time, child welfare was significantly improved through the Aid to Families with Dependent Children (AFDC) programme, which provided financial assistance to low-income working families. In terms of

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housing, the government introduced public housing and rental subsidy programmes to provide stable living environments for working families.

These policies and institutions produced positive results. According to data from the Russell Sage Foundation, the real median income of American households rose steadily between 1947 and 1980, reflecting a steady improvement in the economic status of post-war blue-collar families(Figure 1) [19].

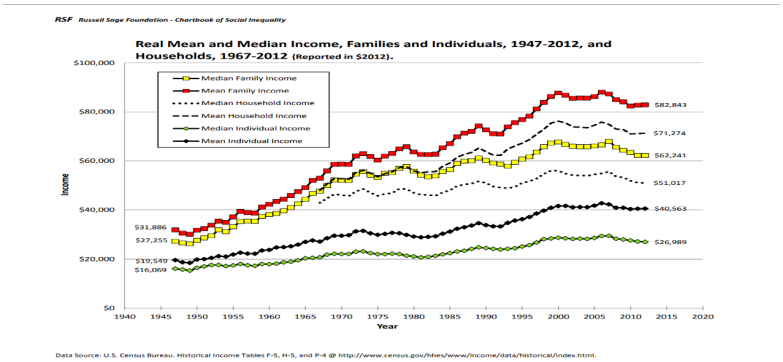


Figure 1. Real mean and median income, families and individuals, 1947-2012, and households, 1967-2012 [19]

2.3. Stage 3 (1980-2008). neoliberalism and the decline of labour power

After the American people became dissatisfied with the high inflation and rising unemployment rates of the 1970s, Ronald Reagan implemented a series of neoliberal reforms in the United States from the other 'extreme.' The first key measure of Reaganomics was the Economic Recovery Act of 1981. This radical tax reform plan reduced the United States' highest marginal tax rate from 70% to 50% and the lowest marginal tax rate from 14% to 11%. Reagan and his supporters believed that lowering taxes on the wealthy would encourage more capital investment and innovation, which would benefit ordinary people through job growth and increased consumer spending. In return, tax revenues would increase as the economy prospered [20]. In order to stimulate the economy and investment, the Reagan administration eased market regulations and promoted privatization, while pushing enterprises and capital to shift from traditional manufacturing to globalization and financial markets. In addition to opening up the economy, austerity is another important policy of neoliberalism. President Clinton signed the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA), which changed the federal AFDC programme to the Temporary Assistance for Needy Families (TANF) programme, administered by state governments, and set work requirements and time limits for receiving assistance. For unions, the most significant failure came from the PACTO strike. The strike, which involved more than 10,000 air traffic controllers demanding higher wages and benefits, was defeated by the Reagan administration after two days with the strong-arm tactics. After the PATCO strike failed, the union was dissolved and banned from reorganizing. McCartin pointed out that after this strike, employers no longer feared the power of unions, and permanent replacement became a common weapon for employers. The deterrent effect of strikes also weakened significantly, and other public-sector unions were severely impacted as well [21].

The impact of neoliberal policies was quite evident, with traditional industries in the United States, such as steel, automobiles, and manufacturing, bearing the brunt. Deregulation and globalisation pushed capital and enterprises to develop with deindustrialisation and the outflow of manufacturing [22]. As a result, manufacturing jobs declined sharply, and the sector's share of the

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overall economy fell. Since the beginning of the 21st century, the impact of globalisation and import competition on the US domestic manufacturing industry has intensified further. Research indicates that between 2001 and 2007, the United States lost a quarter of its manufacturing jobs due to import competition from China [23]. The subsequent 2008 economic crisis further exacerbated the recession. According to the US Bureau of Labour Statistics, during the 2007-2009 recession, US manufacturing jobs declined by over two million, representing a decrease of approximately 15% [24]. This financial crisis has exposed the long-standing structural imbalances within the American economy since the Reagan era, prompting a critical review of liberal economic policies within American society.

2.4. Stage 4 (2008-present). reindustrialisation and policy adjustment

To address the recession, the Obama administration released the American Recovery and Reinvestment Act (ARRA) in 2009. The primary aim of ARRA was to preserve existing jobs while creating new employment opportunities through investment in infrastructure, education, healthcare, and renewable energy sectors. According to a government report, the act pushed payroll employment back into positive growth in the first quarter of 2010, though it still had not recovered to 2007 levels [25]. In an analysis of ARRA's specific policies, Biven argued that its infrastructure investments would not yield significant short-term job growth. However, he contended that over the long term, it would alter the structure of labour demand in the United States and provide opportunities for achieving a broader range of social and commercial objectives [26]. Subsequently, Donald Trump adopted more radical policies during his first term in office. The most representative of these were the 2017 Tax Cuts and Jobs Act (TCJA) and a series of tariffs imposed on imported goods. TCJA has significantly stimulated the repatriation of US capital held overseas. Analysis by the Federal Reserve indicated that in 2018, US non-financial corporations holding substantial cash reserves abroad repatriated over $200 billion to the domestic market, with manufacturing enterprises accounting for a significant portion of this flow [27]. Whilst the increase in tariffs was intended to protect domestic manufacturing jobs, it actually led to numerous contentious consequences. A report by EconoFact warned that the Trump administration's tariffs on imported steel and aluminium would only create approximately 1,000 jobs in the steel manufacturing industry, but could cost 75,000 manufacturing jobs at companies that use steel or aluminium in their production [28]. Flaan and Pierce have also noted that tariff policies actually exert a negative impact on US employment rates [29]. The Trump administration’s second term implemented policies similar to those of its first term, but there are currently insufficient case studies and analysis to demonstrate their impact on the labor force, so this essay will not discuss them at present. When the era of Bidenomics arrived, its approach to economic adjustment and stimulation policies similar to those of Obama, is primarily reflected in three key pieces of legislation: the Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act, and the Inflation Reduction Act (IRA). IIJA authorised approximately $1.2 trillion in infrastructure spending, yielding positive outcomes. Research indicates it supports around 770,000 jobs annually [30]. IRA is an act that promotes green manufacturing growth through multifaceted reforms. By 2025, it had generated 400,000 new clean energy jobs across 48 US states and Puerto Rico [31]. The CHIPS & Science Act, intended to strengthen America's semiconductor industry, has become a controversial topic. The Washington Post contends that it primarily benefits corporations and the wealthy rather than the working class [32].

In general, every US administration since 2008 has endeavoured to restore employment. However, these efforts have been difficult to restore the working class to the prosperity enjoyed decades ago. As reported by Time, since 2008, employment growth during the economic recovery

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has been concentrated primarily in low-wage service industries, accounting for 44% of new jobs, while there has been scant recovery of the higher- and middle-wage positions lost during the recession have barely recovered [33]. Moreover, the sudden outbreak of the COVID-19 pandemic has severely impacted employment. The service industry was hit hardest, putting the jobs of nearly a quarter of the American workforce at serious risk [34]. The persistent decline in union membership further reflects the persistent weakening of traditional manufacturing. A Pew Research Center report indicates that in 2024, only 9.9% of American workers belonged to a trade union – a figure far below that of the union's golden age and continuing to fall [35]. Nevertheless, despite formidable challenges, American workers in the new era have not abandoned their efforts to secure better working conditions and wages. In recent years, major corporations such as Amazon, Starbucks and Boeing, alongside leading American automakers, have all faced large-scale industrial action. These cases demonstrate that even against the backdrop of persistently low overall unionisation rates, the working class can still mount powerful struggles through collective action in large enterprises and key industries. The success of the Boeing workers' strike was an important example of the substantial improvements that industrial action can achieve, even amid a trend of declining union membership [36].

3. Conclusion

This study examines the impact of U.S. national policies on the working class during four key historical periods from 1917 to the present. The findings reveal that the relationship between the state and the working class has undergone a cyclical evolution characterized by 'support—stabilisation—contraction—adjustment'. During the New Deal era and the post-war period of welfare state construction, the working class gained significant institutional and legal support. However, since the 1980s, the rise of neoliberal policies has led to the steady weakening of union power and the gradual decline of the social security system. Although some policy adjustments have emerged in recent years, structural inequality still exists. However, this study also has certain limitations. Due to text constraints, this paper cannot comprehensively cover all relevant policies nor delve deeply into the labour inequality resulting from the intersecting factors of class, race, gender, and immigrant status. Additionally, the profound impact of transnational economic structural factors such as globalisation and financialisation on the challenges faced by the working class requires further analysis. Future research could adopt a comparative perspective or transdisciplinary methodologies to expand understanding of the historical experiences of the working class. Incorporating primary sources would also help to more deeply reveal how state policies selectively respond to changes in the socio-economic structure.

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