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Our Dwindling American Dreams

by David Salisbury



The Internet has ushered in a new economic era. Many new business models have emerged, but has recent growth come at the expense of workers and creatives?

✔ **INSIGHT** | NOTE 04 Dec 2018

For the last 18 years, Atlanta band Mastodon has been packing venues and melting eardrums worldwide with a blazing chrome-plated assault of progressive heavy metal. With critical respect, multiple Billboard Top 10 albums, awards (including a Grammy), and legions of dedicated fans hotly anticipating each new release and tour, they've clearly achieved the rock star success every headphones-blasting rock n' roller playing air guitar in their bedrooms dream about. Right? Not according to their guitarists Bill Kelliher and Brent Hinds.

In recent interviews, the two musicians confess their pockets and mental health have been nickel-and-dimed to exhaustion by an industry that doesn't safeguard even its most prominent and profitable artists anymore. Citing streaming services barely paying acts, huge cuts in revenue from merchandise sales, and artists needing to repay production costs for record production, Kelliher predicts this could mean the end of the "working artist" as we know it if even a wildly popular band like Mastodon struggles to keep their heads above water. Constantly touring to make ends meet, Hinds even goes so far to say he wishes he'd have kept his previous job in construction rather than become a rock star who never gets to stop working.

However, the regular working world may not necessarily be a safe bet for a reliable, balanced future either. Between the 1980 Census and 2005 American Community Survey, the amount of white-collar people working more than 48 hours per week rose from 16.6 to 24.3 percent, with those numbers only growing since. In contrast, lower-wage workers in blue-collar positions desiring more hours and overtime to improve their standard of living are less likely today than 40 years ago to work more than 50 hours a week. Taking into account inflation since the 1970s, lower income workers also had the greatest decrease in wages. With longer workweeks straining the work-life balance of the more well-to-do and lower wage workers losing financial sustainability, this disparity between economic classes has compromised our social fabric. It's well-known that the large majority of artists will face economic uncertainty, but for workers in traditionally-reliable occupations to also have dwindling qualities of life, it begs the question—who among us can reliably find their American dream when white collars, blue collars, and even rock stars struggle similar hardships?

The Digital Age's Impact

Kelliher places the bulk of musicians' economic woes on popular music streaming services, such as Apple Music who pays roughly \$12 per 1,000 streams, Spotify who gives up \$7.50, and YouTube who offers just \$1.50. "I could live a thousand years and if Spotify played all day long, I'd maybe make a couple of thousand dollars," he said. However, he and Mastodon drummer Brann Dailor made a trip to Congress in early 2018 to support the Music Modernization Act, which would update how music rates are set in streaming and

radio. It also aims to allow better tracking of content creation and use, set higher compensation for artists and producers, and reduce the incidences of copyright infringement. The act unanimously passed both the House and Senate and President Trump signed it into law last October.

While this legislation is sure to garner more revenue for working musicians, they and other content creators such as broadcasters, filmmakers, and software engineers continue to be gutted by online piracy. In the upcoming CMR article “Business Model Responses to Digital Piracy,” global value of digital piracy was estimated to be \$213 billion in 2015, and will increase to as much as \$856 billion by 2020. Unfortunately, legislation against piracy has proven ineffectual, so while the new act is a step in the right direction, there’s no guarantee it will provide significant alleviation to a rampant problem.

Technological advancements and conveniences unfortunately also create new complications for the world at large. And the working class will arguably be affected far worse. An influential 2013 forecast by Oxford University said that about 47% of jobs in the US and 35% in the UK were at “high risk” of being automated with artificial intelligence over the following 20 years as companies aim to maximize their profit margin by not having to pay human workers’ wages & benefits. Major manufacturers like Foxconn, who’ve already replaced 60,000 workers with robots, and Amazon, who uses 45,000 robots in various warehouse, are setting an AI trend that is sure to continue as tech advancements are a primary goal for all major companies.

Passing (and Taking) the Buck

Whenever a company’s bottom line is negatively affected by industry shifts, it appears workers and artists who push all the buttons and make the products are the first to pay. According to Kelliher, record companies and outside parties now dip into merchandise sales that used to be a reliable source of income for artists. For each \$50 t-shirt Mastodon sells on the road, \$20 goes to the venue. But before the band sees profit, they first must pay lawyers, accountants, crew and their label out of the remaining \$30. Whatever is left is what the four-piece splits between them.

Like how Mastodon gets their pockets picked by the industry to recoup losses, the American worker has a history of being first on the chopping block when a company needs to cut costs to raise a profit. In fact according to the National Bureau of Economic Research, the “traditional” approach of cost reduction involves allowing firms to switch, and threaten to switch, to cheaper workers and materials. Outside of firms themselves, governmental economic decisions and gambles directly affect the capacity for employment.

Directly due to President Trump’s protectionist trade war with China, American farmers and manufacturing workers are suffering job loss and the inability to maintain stable operations. At least 84 farms in the upper Midwest filed for Chapter 12 bankruptcy in the fiscal year ending June 2018, according to a new Minneapolis Federal Reserve analysis. Hitting the Midwest again, General Motors has been forced to lay off over 14,000 people without warning right before the Christmas holiday as part of a massive restructuring to save \$6 billion. This is after GM stated in its quarterly earnings the month before that costs jumped by \$400 million due to Trump’s tariffs on steel and aluminum.

Life Soaked in Elbow Grease

“The only way to make any money is to get out...on the road and tour, tour, tour constantly,” says Kelliher of his band’s last reliable source of income. Constant touring year round is no longer a right-of-passage for underground bands paying dues and cutting their teeth as they build careers and followings from the ground up. It’s just necessary economic maintenance for even iconic bands whose songs are sung and t-shirts are worn by millions around the world. It’s also the way of life for non-glamorous citizens who work full-time then spend evenings driving Lyft to pay rent and health insurance.

The Millennial generation in particular who came of age in the Great Recession have had to face historically weak labor demand and unusually tight credit conditions, resulting in being financially less well off than previous generations. As a result, once stable industries like restaurants, real estate, automotives, and even beer (the trendy nectar of the Millennial hipster) are collapsing slowly. It’s critical for your working classes to stay financially afloat—because they are the lifeblood of the economy. And when they’re not

putting that blood into the economy, they and that economy will die. More importantly, America has a moral duty to give all classes of people due compensation and standard of living for their hard work – be they tradespeople or rock gods. It's called the American dream. And without it, all this hard work with little to show for it is nothing short of a nightmare.



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