



America's Low-Wage Problem Is Getting Worse

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Major newspapers last week reported a trend that won't come as a surprise to working Americans: incomes are falling. In fact, median household income, adjusted for inflation, has fallen faster since the recession ended than during the recession itself. Analysts point to high unemployment and weak economic growth as the culprits, but that is only part of the story.

Just as the country struggles to confront a seemingly insurmountable jobs deficit, America's chronic low-wage problem is reasserting itself with a vengeance. Here are three ways to understand just how severe the problem is.

First, the current recovery is actually [deepening](#) our deficit of good jobs. During the Great Recession, the jobs we lost were concentrated in mid-wage occupations like paralegals, health technicians, administrative assistants and bus drivers, making \$15 to \$20 an hour. But so far in this weak recovery, employment growth has largely come from low-wage occupations like retail workers, office and stock clerks, restaurant staff and child care aids – most making \$8 to \$10 an hour. There has been only minimal growth in mid-wage occupations, and net losses in those that pay higher.

In part, this unbalanced growth is a byproduct of the Great Recession. The financial crash and bursting of the housing bubble caused big job losses in construction, finance, insurance and real estate, and these better-paying industries are having a harder time coming back than low-wage industries such as retail trade, restaurants, temp agencies, and nursing homes.

But there are also other factors at work, such as the long-standing decline in manufacturing and outmoded telecommunications industries (again, better-paying sectors). The slashing of state and local public jobs has also continued unabated during the recovery, dragging down middle-class employment.

Second, the paychecks of workers in low-wage occupations are shrinking. While real wages for the average American worker have been essentially flat (adjusted for inflation) since the start of the recession, wages for Americans in low-wage occupations have actually declined by 2.3 percent. That's a troubling pattern for jobs that are also growing the fastest.

Finally, job quality was already a problem in the U.S. labor market even before the Great Recession began. From 2001 through 2008, low-wage and high-wage occupations grew significantly more

than mid-wage occupations. In fact, mid-wage occupations constituted only 6 percent of net job gains during this period, continuing the increase in economic inequality in America that dates all the way back to the late 1970s.

The U.S. has struggled to respond to these trends. The failure to pass a strong enough stimulus package in 2008, the endless fights to continue unemployment benefits, the debt ceiling debacle that imposed fiscal austerity when government should be investing in the economy – this dysfunction in our politics has done significant harm. Even House Majority Leader Eric Cantor [acknowledges](#) that there is too much income disparity in the United States. Yet the recent unveiling of President Obama's American Jobs Act gave us only a brief glimpse of sensible policy debate before it, too, disappeared into the same vortex of take-no-prisoners politics.

In this context, the problem of low-wage work and declining wages doesn't even register on the radar screen.

Putting aside the abysmal political context for a moment, it is clear that the U.S. needs to work on dual fronts and tackle both job creation and job quality. There are [plenty of ideas](#) out there: rebuilding and modernizing America's infrastructure, incubating green jobs sectors, creating universal pre-K, sending more fiscal relief to the states to avoid lay-offs, and more. We can also strengthen the wage floor by raising the minimum wage and putting more resources towards fighting wage theft, an endemic problem in low-wage service industries.

All are win-win solutions, but the politics at the federal level aren't even close to being there.

There are rays of hope, however, in our states and cities. The bipartisan U.S. Conference of Mayors is [calling](#) for quick investment in infrastructure, small business, manufacturing, trade and tourism to create jobs. Renewed activism, like the Wisconsin and Occupy Wall Street protests, is advancing calls for job creation, living wages and a strong safety net for the unemployed. The immigrant community has become a powerful voice for workers' rights, increasingly winning anti-wage theft campaigns. And diverse coalitions have successfully fought back attempts to weaken state minimum wage laws, as they launch campaigns to raise the minimum wage in more than half a dozen states.

The question, of course, is will it be enough – enough to pierce the bubble of insanity that is holding American politics hostage and put jobs and wages squarely on the front burner of domestic policy. The answer to this question has enormously high stakes, not just for avoiding a second recession, but for the long-term project of building a competitive, sustainable, and just America.

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