

US wages and salaries rise at record-low levels

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Employment costs in the US rose at the lowest annual amount in at least 27 years, according to data released Friday by the Labor Department. Stagnant wages and salaries are the outcome of government policies designed to lower the living standards of workers.

Over the past 12 months, the Labor Department's Employment Cost Index rose by 1.5 percent, marking the lowest wage and salary growth since these figures started to be collected in 1982.

Meanwhile, compensation costs for the three-month period ending in September increased by 0.4 percent, among the lowest level since quarterly records began in 2001. This figure was unchanged from the previous quarter, and up slightly from the 0.3 percent growth in the first quarter of the year.

In the 12-month period before September 2008, employment costs rose by 2.6 percent.

These figures were led by falling government wages, which shrank by 0.1 percent in the third quarter, while benefits rose by a smaller-than average 0.3 percent. Compensation costs in private industry rose by 0.5 percent, with benefits rising 0.3 percent.

The decline in government wages is a direct result of policies initiated by states and cities in response to their budget crises. Local governments have laid off thousands of teachers, city workers, and bus drivers in response to their budget shortfalls. Those workers who remain have been forced to take furloughs and pay cuts.

In Detroit, Michigan, for instance, both city workers and teachers have been told to take a 10 percent pay cut.

These cuts are the direct outcome of the Obama administration's policies, which have left states to fend for themselves amid falling tax revenues. The administration has made it clear that states must balance their budgets through spending cuts. Many states are required to have a balanced budget, and

nearly all have resorted to wage and salary cuts, together with layoffs, to meet their obligations.

Consumer spending, meanwhile, fell significantly in September, according to figures released Friday by the Commerce Department. Spending fell by 0.5 percent last month, negating a good chunk of the 1 percent gain in the previous month. Disposable income for households also fell by 0.1 percent in September, in the fourth consecutive monthly decline.

The fall in consumer spending, the largest since December, is in part the result of the end of the government's cash-for-clunkers program on August 24. Economists have said that this program, among others, accounts for much of the increase in third-quarter consumer spending and GDP.

Lori Helwig, an economist at Merrill Lynch, told MarketWatch that she expects consumer spending to grow 0.5 percent in the last quarter of the year, down significantly from the 3.4 percent growth in the third quarter.

The Commerce Department said Thursday that the US economy grew at a rate of 3.5 percent in the third quarter of the year, after falling consecutively for three quarters. However, as numerous commentators have pointed out, this so-called recovery is unsustainable.

The *Financial Times* wrote on Thursday, "Household disposable incomes actually fell during the quarter, by 3.4 percent, but consumer spending rose, also by 3.4 percent. This is not a pattern that can be sustained for long." The uptick in spending was largely financed by the government's cash-for-clunkers program, along with homebuyer tax credits, which will expire later this year.

A picture of the real state of things emerges from these figures. Real wages in the US are declining, while consumer spending can only be maintained, at least in the short term, by government stimulus programs.

Meanwhile, the real living conditions for regular

people are becoming more and more intolerable. Wages for non-managerial workers have fallen by 1.4 percent so far this year, according to an article in *USA Today*, and are on track for even further declines. The official unemployment rate has reached 9.8 percent, and when one takes into account discouraged workers and people who are underemployed, it is at 17 percent.

While the Obama administration has spent trillions to bail out the banks and financial speculators, it has done next to nothing to address the massive employment crisis.

The White House released a report on Friday cynically claiming that its stimulus program had “saved or created” 640,239 jobs, based on data from a non-governmental monitoring board. This is based largely on inflated estimates of how many additional jobs might have been destroyed—in addition to the far higher figure that have in fact been destroyed.

The number of workers the federal government has actually employed in new projects is miniscule—estimated at 30,000 by the administration itself in a report released earlier this month.

In some states, the impact of federal programs has been negligible—including about 400 in Michigan, which has the highest unemployment rate in the country at 15.2 percent.

In reviewing these figures, the Associated Press found significant reporting errors, with certain new positions being counted as many as five times. The analysis showed that, based on the government’s records, the figure should have been 25,000, not 30,000.

Similar overestimations were quickly discovered in the figures released on Friday. For example, the *Salt Lake Tribune* reported that the White House claimed that 6,598 jobs were saved or created in Utah. “But discrepancies were easy to find,” the newspaper noted. “Some entities seemed to create their own criteria, while others double counted employees over multiple contracts. The most common error appeared to be counting temporary or part-time work as a full-time job.”

Since the recession began in December 2007, 7.6 million jobs have been eliminated from the economy, and 3 million since Obama’s stimulus program was approved. Even if one were to accept the government’s estimates, a stimulus program that would address the

unemployment crisis would need to be at least ten times the size of the one that has been passed. Instead, the Obama administration has rejected any further stimulus measures.

In fact, mass unemployment has been part of a deliberate policy, allowing for corporations to exploit workers’ fears over the poor labor market. The financial and corporate elite has used the economic crisis it created to carry out a massive redistribution of wealth. The bank bailouts will be paid for through attacks on the working class—including austerity measures, cuts in social programs and a continual attack on wages and benefits.



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