Second-lowest US wage gain in three decades

Barry Grey
29 January 2011

The US Labor Department reported Friday that American workers' wages and benefits increased last year by 2 percent, the second lowest increase since Labor Department records began 28 years ago. The figure was slightly higher than the 1.4 percent increase in 2009, the lowest yearly gain.

US employment costs in the fourth quarter of 2010 rose by a mere 0.4 percent, the report said.

These figures reflect the impact of a nationwide corporate offensive against the working class, in which near-double digit unemployment is being used to blackmail workers into accepting cuts in wages and benefits. On the other side of the ledger, corporate profits are soaring, mainly as a result of lower labor costs and higher productivity.

The Obama administration is spearheading the attack on wages and benefits. It gave the initial impetus by imposing a 50 percent cut in the wages of newly hired auto workers as part of its rescue of General Motors and Chrysler in 2009. It continues to foster high unemployment by rejecting any government hiring programs and refusing to provide aid to state and local governments that are responding to huge budget deficits by slashing jobs and cutting public employee wages, benefits and pensions.

An initial estimate of US economic growth in the fourth quarter of 2010 indicates that the jobs crisis will continue unabated in the coming months. The Commerce Department reported Friday that US gross domestic product (GDP) in the final three months of the year grew by 3.2 percent, less than the 3.5 percent gain expected by economists.

GDP for the previous quarter had risen by 2.6 percent. For all of 2010, GDP rose by 2.9 percent.

The *New York Times* quoted John Ryding, chief economist at RDO Economics, as saying, “Things are better, but they're not anywhere near where they need to be to make major inroads into unemployment.”

Prajakta Bhide, a research analyst for the US economy at Roubini Global Economics, told the *Times*, “We're still very much below the output growth rate needed to absorb the slack in the labor market. We're expecting to end the year with an unemployment rate of 9 percent.”

Friday's figures follow reports issued Thursday showing a rise in home foreclosures in most US cities, the result of long-term unemployment, and a 51,000 jump in new jobless claims.

Nor is there any end to mass layoffs. This week Abbott Laboratories announced it will slash 1,900 jobs, home improvement retailer Lowe's said it plans to eliminate 1,700 jobs, the school board in Austin, Texas approved the axing of 485 jobs, and New York Major Michael Bloomberg warned that the city could lay off 21,000 teachers, or 28 percent of the current teaching staff.