

# Low-wage America

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Not only is the US economy adding too few jobs to make a significant dent in mass unemployment, the vast majority of the new jobs that are being created are part-time or temporary, and pay far less than those that were eliminated during the 2008-2009 downturn.

Of the lackluster total of 162,000 jobs added last month, a staggering two-thirds were part-time, and most were in low-wage sectors, according to the latest US jobs report, published last Friday by the Labor Department.

Over the past four months, the US economy has added 791,000 new part-time jobs, but only 187,000 full-time jobs. This is despite the fact that part-time work makes up less than 20 percent of all existing employment in the US.

Sixty-one percent of the jobs created so far this year have been in low-paying industries, even though employment in these sectors constitutes less than 40 percent of total jobs in the US, according to an analysis by Moody's Analytics. The fastest job growth has been in retail sales, food preparation, freight and warehouse work, wait staff, and home health care—positions that pay less than \$12 an hour.

The Moody's report noted that middle-income jobs have constituted less than 22 percent of new jobs added so far this year, while high-paying jobs have amounted to less than 17 percent.

Partly as a result of the growth of low-wage employment, average hourly earnings fell by two cents last month, to \$23.98. This is on top of an enormous erosion of wages over the past five years. Between 2007 and 2011, the US median household income plunged by 11.6 percent, from \$57,143 (in 2011 dollars) to \$50,502, according to Census Bureau figures.

A 2012 report by the National Employment Law Project found that low-wage jobs, paying between \$7.69 and \$13.83, constituted the majority of jobs

created in the US since the 2008 Wall Street crash. By contrast, medium-wage jobs—which made up 60 percent of the job losses during the economic downturn—represented only 22 percent of job growth during the “economic recovery.”

The overwhelming growth of low-wage and part-time employment has contributed to a significant increase of poverty and social distress.

Last month, the Associated Press reported that four in five Americans are “economically insecure”—meaning they have had an income below 150 percent of the poverty line, have been unemployed, or have relied on anti-poverty programs such as food stamps for a year or more of their lives.

Automotive manufacturers, including General Motors, Volkswagen and BMW, have responded to the 2008 downturn by vastly expanding their use of temporary labor. Particularly in plants in the US South, such as Volkswagen's Chattanooga, Tennessee facility, auto makers carry out all new hiring for production jobs through temporary agencies. These employees can be fired at will and without cause.

A full 12 percent of the American work force, 17 million people, are employed in temporary jobs, the Associated Press reported last year. The number of temporary jobs has increased by more than 50 percent since 2009, according to Labor Department figures.

The extraordinary growth of temporary employment is by no means a solely American phenomenon. A report by England's Chartered Institute of Personnel and Development showed that more than one million workers in the UK have so-called “zero-hour” employment contracts, i.e., there is no guarantee the employees will work even one hour per week.

Far from being an aberration or anomaly, the vast expansion of low-wage work in the United States is the deliberate policy of the Obama administration and both political parties, which are working to boost the profits

of the corporations by driving down labor costs.

This was made clear by Obama's decision last week to make a major economic policy speech at a Chattanooga, Tennessee warehouse run by Amazon.com, which is notorious for subjecting its fulfillment center employees to brutally low wages and sweatshop conditions.

The base pay for workers at Amazon's fulfillment centers is \$11 per hour, and up to half of the work force is contracted from temporary employment agencies during busy periods. Employees are made to work in extreme temperatures, are prevented from speaking with one another, subjected to personal searches, and routinely threatened with termination.

Praising the company's "job creation" in his speech, Obama declared that "Amazon is a great example of what's possible." Obama called for "new tax credits so communities hit hardest by plant closures can attract new investment." The Amazon fulfillment center where he was speaking is exactly the type of "new investment" to which Obama was referring. It received a waiver on state taxes from Tennessee, which has among the highest unemployment rates in the country, in exchange for opening up two warehouses in the state.

Despite Obama's rhetoric about creating "decent-paying" and "middle class" jobs, the reality is that his administration has made the slashing of workers' wages a deliberate goal, beginning with the 2009 restructuring of Chrysler and General Motors, in which Obama's Auto Task Force made the imposition of a 50 percent wage cut for new-hires the condition for providing bailout funds to the US auto makers.

This policy is shared by both political parties in the US and the ruling classes of all countries. Earlier this year, Maria Damanaki, Greece's representative to the European Commission, told Greece's Vima FM radio that "the strategy of the European Commission over the past year-and-a-half or two has been to reduce the labour costs in all European countries in order to improve the competitiveness of European companies over the rivals from Eastern Europe and Asia."

Low wages, abusive working conditions, and permanent job insecurity are all that the capitalist system has to offer working people. The only way to guarantee decent wages and living standards is to replace this obsolete social order, based on the domination of a handful of millionaires and billionaires

over all aspects of social life, with a system—socialism—based on the satisfaction of social needs, not the enrichment of a privileged few.



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