US economic “recovery” dominated by low-wage jobs

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A disproportionate number of jobs created during the so-called economic “recovery” pay less than about $13 per hour, according to a report issued Monday by the National Employment Law Project.

While US businesses have on the whole added 1.85 million low-wage jobs over the past six years, they have eliminated 1.83 million medium-wage (paying between $13 and $20 per hour) and high-wage (between $20 and $32) jobs, according to the report.

These figures are an expression of the restructuring of class relations that has taken place in the aftermath of the 2008 crisis, which the ruling class used to undertake an unmitigated assault on workers’ wages and living standards.

Far from being a temporary aftershock of the crash, the report, which updates a study conducted by the NELP in 2011, shows that the growth of low-wage labor has characterized the entire period following the 2008 crisis.

“This report shows that, six years into the economic crisis, the economy continues to produce a disproportionate number of low-wage jobs,” said Michael Evangelist, the study’s author and a policy analyst for the National Employment Law project, in a telephone interview Monday.

“Deep into the recovery, job growth is still heavily concentrated in lower-wage industries,” noted the report. It added, “low-wage job creation was not simply a characteristic of the early recovery, but rather a pattern that has persisted for more than four years now.”

The report found that low-wage industries accounted for just 22 percent of job losses during the 2008 recession, but 44 percent of jobs gained since 2008.

By contrast, mid-wage jobs accounted for 37 percent of job losses, and just 26 percent of jobs gained, while high-wage jobs accounted for 41 percent of job losses but only 30 percent of new jobs.

The report noted that service sector industries such as food services and drinking places, administrative and support services, and retail trade have added the most jobs. “These industries, which pay relatively low wages, accounted for 39 percent of the private sector employment increase over the past four years,” noted the report.

The sectors that created the most jobs were ambulatory health care services, paying a median wage of $18.52, food services and drinking places, paying a median wage of $9.48, and private social assistance, paying $12.28.

The report noted that employment in the construction, durable goods manufacturing, and wholesale trade sectors, “often associated with good-paying, blue-collar jobs,” remain far below the levels they peaked at before the crash. “The 2008 crisis affected all aspects of the economy, but manufacturing and construction were hit particularly hard,” said Evangelist.

Employment in the construction sector remains 20 percent below what it was before the crash, while employment in the non-durable manufacturing sector, including food and textile production, remains 11 percent lower than in 2008.

The report noted that, in the four years following the 2001 recession, high-wage jobs amounted to 40 percent of the total number of new jobs created, compared to 30 percent in the four years following the 2008 recession.

The report noted that government jobs fell by 627,000 since 2009, of which local education job cuts, including teachers, administrators and support staff, amounted to 44 percent.

As a result of the destruction of decent-paying jobs and their replacement with low-wage employment, the median household income in the US plummeted by 8.3 percent between 2007 and 2012. Meanwhile, the net worth of America’s billionaires reached $1.2 trillion last year, more than double what it was in 2009.

Sections of the Democratic Party have seized upon the NELP report to restate their calls for a token increase in the minimum wage, which is scheduled for a vote in the Senate this week. Even if the measure gets through the Democratic-controlled Senate, it is not expected to be passed in the Republican-dominated House of Representatives.

The Democratic proposal would leave the minimum wage at a lower level, in real terms, than it was in 1968, nearly 50 years ago. A worker earning this wage in the typical workweek would earn significantly less than the federal poverty threshold for a family of three. In fact, if the minimum wage had kept up with increases in worker productivity, it would have reached $21.72 an hour in 2012, according to a study by the Center for Economic and Policy Research.

The reality is that, far from its rhetorical claims to be fighting for higher wages and “middle-class jobs,” the Democratic Party and the Obama administration have done everything in their power to boost corporate profits by slashing workers’ wages. Most notably, in the 2009 restructuring of General Motors and Chrysler, 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. As a result, since 2009, wages in the auto industry have declined an average of 10 percent, generating record profits for the Big Three auto makers.