Wages for low-income workers collapsed under Obama

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With the approach of the 2016 elections, the Democratic Party and its trade union allies are once again ramping up their efforts to fraudulently posture as advocates of working people. Democratic candidates Hillary Clinton and Bernie Sanders have called for raising the federal minimum wage, while the Obama administration has made much ado about a set of trivial changes to miscellaneous work rules that it claims will significantly benefit low-income workers.

But these attempts to palm off the Democrats as defenders of the working class, and in particular of low-income workers, stand in stark contrast to the actual record of the Obama administration, which has waged a systematic and determined campaign to slash the wages of workers in order to further enrich the banks, hedge funds and major corporations.

This reality was made clear in a report published Wednesday by the National Employment Law Project (NELP), which showed that, despite the reduction in the nominal unemployment rate and continued increases in productivity, workers' wages fell sharply under the Obama presidency.

Overall, workers' wages declined by four percent, after adjusting for inflation, between 2009 and 2014. But the lowest-paid workers saw the sharpest decline: those in the lowest-earning quintile had their wages fall by 5.7 percent, compared with a 2.6 percent decline for the top-earning quintile.

"Stagnant wages have become a fact of life for nearly all of America's workers, but workers in lower-paying occupations are finding it especially tough to keep up with the rising cost of living," said Christine Owens, executive director of the NELP, in a statement. "Not only are their paychecks not growing, but their purchasing power has shrunk considerably, and to a far greater extent than that of higher-wage earners."

For workers in low-paying industries, including food preparation workers, janitors and cleaners, personal care aides, home health aides, maids and housekeeping cleaners, the drop was even sharper. The report notes, "Food preparation workers and cooks saw wage declines of 7.7 percent and 8.9 percent, respectively (amounting to roughly $1,622 and $2,185 less in income in 2014 than in 2009)."

Retail sales workers had their real median wages fall by 5 percent, personal care aides had their wages fall by 6.6 percent and janitors had their wages fall by the same amount.

To the extent that there has been a growth in the number of jobs in the US labor market, it has been overwhelmingly in low-wage sectors. A 2014 report by the NELP found that while US businesses had added 1.85 million low-wage jobs over the previous six years, they had eliminated 1.83 million medium-wage and high-wage jobs during the same time.

This trend is only set to continue in the coming period. The new report notes, "Five of the ten occupations that the Bureau of Labor Statistics projects will add the greatest number of jobs between 2012 and 2022 were at the bottom of the occupational distribution in 2014, with real median wages between $8.84 and $10.97."

It added, "In addition, six of the 10 highest-growth occupations experienced real wage declines of 5.0 percent or more between 2009 and 2014, as compared to a 4.0 percent average decline across all occupations."

The report notes, "The declines in real wages since the Great Recession continue a decades-long trend of wage stagnation for workers in the United States." But Irene Tung, a senior policy researcher at the NELP told the *New York Times* that "the imbalance in the economy has become more pronounced since the recession."

The same day as the NELP published its findings, the Economic Policy Institute (EPI) published a report showing that while labor productivity has continued to grow since 2008, wages have fallen dramatically, with the entire benefit of the growth in productivity going to corporate shareholders and executives.

The EPI reported, “Net productivity grew 72.2 percent between 1973 and 2014. Yet inflation-adjusted hourly compensation of the median worker rose just 8.7 percent, or 0.20 percent annually, over this same period, with essentially all of the growth occurring between 1995 and 2002.”

The report added, “If the hourly pay of typical American workers had kept pace with productivity growth since the 1970s, then there would have been no rise in income inequality during that period.”

These figures express the consequences of the decades-long assault on workers’ wages and benefits that has been dramatically accelerated under the Obama administration.

Beginning in the 1970s, the US ruling class responded to the decline in the world position of American capitalism with a ruthless policy of deindustrialization and class warfare. With the full complicity of the trade unions, US corporations slashed millions of manufacturing jobs and used the resulting rise of mass unemployment to slash workers’ wages and benefits.

The US government responded to the 2008 financial meltdown by seeking to impose the entire burden of the crisis onto the working class. Even after the Obama administration funneled trillions of dollars into Wall Street banks, it made the expansion of low-wage manufacturing a precondition for providing funds to the automakers in the 2009 restructuring of GM and Chrysler. This set a precedent for slashing wages throughout the economy.

Now, seven years after the 2008 crisis, the US and world economy appear headed toward another financial crisis and slump. Under these conditions, the ruling class will only accelerate and deepen its offensive against workers, seeking once again to impose the burden of the capitalist crisis onto the working class.