Half of US workers make less than $30,000 per year

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29 October 2015

Figures released Wednesday by the Social Security Administration (SSA) show that the majority of workers in the United States earn an income that puts them at or near the poverty level for a small family.

Over half of US workers make less than $30,000 per year, and a staggering 40 percent of workers make less than $20,000 per year. The federal poverty line for a family of four is $24,250 and the line for a family of three is $20,090.

The Social Security Administration's Average Wage figures are compiled by the agency from federal income taxes and employer W-2 forms. The report this year showed that the median wage for American workers in 2014 was $28,851, and that nearly a quarter of wage earners make less than $10,000, while the poverty rate for an individual is $11,770.

In short, America is a country where the vast majority of the population is impoverished or nearly so.

For many, low wages make it impossible to start a family or purchase a home. Home ownership rates have plunged to the lowest levels since 1967. Only two-thirds of adults aged 18-34 currently live outside of their parents' household.

The rise of mass unemployment and poverty wages has left 14 percent of all households food insecure during 2014, according to the US Department of Agriculture. This has led the American Academy of Pediatrics to issue new guidelines for pediatricians screening all American children for hunger.

Meanwhile, an increasing share of households are dependent on a single income as the labor force participation rate has declined from its peak in early 2000 to its current rate of 62.4 percent, the lowest since 1977. About 46 million US households have only one wage earner, and another 30 million have no wage earners. The current average number of incomes per household is just 1.28.

Since the 2008 economic crisis, corporate profits have soared while teachers, autoworkers and oil workers have been told in contract negotiations that there is no money for raises, that health care costs need to be cut and that retirees are "living too long."

Retirees have been particularly hard hit by these economic shifts. According to a report by the Government Accountability Office (GAO) released earlier this year, 29 percent of US households aged 55 or older have no retirement savings or pension plan. These households have a median yearly income of just $19,000, median financial assets of $1,000 and a net worth of $35,000. In short, they are completely unable to afford retirement and increasing medical expenses.

A growing share of older workers plan on delaying or entirely putting off retirement, but the GAO noted that over half of retirees were forced to stop working earlier than they planned "due to health factors, changes at their workplace, or other factors."

Adjusted for inflation, there has been no increase in US wages since 1998, even as labor productivity has continued to increase. In the second quarter of 2015, labor productivity rose at an annualized rate of 3.3 percent compared to the first quarter, while real compensation dropped by 1.1 percent in nonfarm businesses, according to the Bureau of Labor Statistics.

Even as wages have stagnated, the stock market has soared, with the Dow Jones Industrial average growing by 131 percent since 1998. Following the 2008 crash, the markets have more than tripled, with the Dow reaching new heights of over 18,000 earlier this year, more than 4,000 higher than the former peak at the end of 2007. The CEOs riding this stock market boom have been compensating themselves handsomely for the cuts they have made to employee compensation.

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The top-earning US 100 CEOs are sitting on personal retirement funds of $5 billion, according to a report published Wednesday by the Institute for Policy Studies. The report noted, “The company-sponsored retirement assets of just 100 CEOs add up to as much as the entire retirement account savings of 41% of American families (50 million families in total).” Overall CEO compensation has skyrocketed to record highs with the top 200 US CEOs averaging $22.6 million in compensation for in 2014.

The man at the top of the list is David Novak, the executive chairman of Yum Brands, who has a retirement fund of $243 million. This is enough to provide him payments of $1.3 million per month for the rest of his life. That means that every month he will receive more than the yearly income of 45 workers making the median wage.

Yum Brands owns Pizza Hut, Taco Bell and KFC, fast food restaurants notorious for paying their workers minimum wage while refusing to schedule them full-time in order to avoid providing health insurance or retirement benefits. Novak’s current yearly compensation is $10.5 million plus benefits.

The continued impoverishment of US workers takes place as countless billions are expended on the military. The US Air Force announced Wednesday that it had awarded an $80 billion contract to Northrop Grumman Corp. to design the next generation of strategic bombers and build a fleet of 100. This is part of a broader push by the Obama administration to modernize the entire nuclear arsenal at an estimated cost of $348 billion over the next 10 years.

The initial bipartisan budget agreement reached by the Obama administration and congressional leaders Monday would provide the military with over $600 billion in funding. When combined with continuing costs from America’s wars, nuclear armament spending and veteran care, the total spent for 2016 will be around $1 trillion: Enough to give every wage earner making less than the median a bonus of more than $12,000.

The stagnation of wages is the outcome of the program carried out by major corporations and both big business parties, working together with the trade unions, to make the working class pay for the decline of American capitalism and the economic crisis that erupted in 2008. American banks and corporations have sought to restore profitability by slashing labor costs, gutting pensions and eliminating health care benefits.

The goal of the government and trade unions has been to restore American “competitiveness” on the basis of permanently reduced labor costs. As part of the auto industry bailout of 2008, the Obama administration supported the expansion of second-tier workers who would make only $14 per hour, half of the wages paid to older workers. In the latest contract negotiations, the auto bosses and their trade union allies are seeking to further expand the share of workers paid such poverty “new-hire” wages.

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