

Wage crisis for youth in US labor market

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A report released in July 2016 by Indeed Hiring Lab, “The State of Opportunity: Overcoming the wage crisis in today’s labor market,” reveals the terrible situation facing young workers looking for jobs in the US. It is a far cry from the proclamation of the Obama administration that everything is “pretty darn great” and that now is the “best time to be alive.” Only 16 percent of jobs available in the US labor market today are beating what is termed as the “wage crisis.”

The report states, “Today, many people feel that the labor market is polarizing, with high-paying opportunities going to a select few, middle-wage jobs disappearing, and low-wage jobs proliferating.”

It appears that these feelings correspond to a real stagnation and overall decline in wages and opportunity for the majority of people searching for employment.

First, the report defines (economic) “opportunity” for job-seekers as “the ability to comfortably support themselves and their families,” meaning a job that not only pays a living wage, but also keeps up with the ever-rising cost of living. It analyzed 2014 data from the US Bureau of Labor Statistics, which has jobs broken down into 800 categories. Each category is then characterized according to two factors: “high pay,” or a salary of \$57,700 or more; and “purchasing power,” meaning an “opportunity job” that has shown salary growth in the last decade, even after adjustment for inflation.

The report states, “After applying those two salary filters, we found that only 170 occupations out of a total of 800 met the criteria of a stagnation-defying opportunity job. That amounts to a mere 16 percent of 2014 total employment...”

Of these opportunity jobs, 92 percent are concentrated in the following five categories: health care practitioners and technical; management; computer and mathematical; business and financial operations; and architecture and engineering.

Over the course of an entire decade, the proportion of

opportunity jobs has increased only from 13 percent in 2004 to 16 percent in 2014. The report goes on to state: “[S]uch gains are modest. This is an average measure, and while there are certainly exceptions, the results suggest the global wage crisis will likely continue throughout 2016 and beyond.”

The report itself declares that the “economic crisis is over,” but the figures themselves suggest something different. Every statistic shows poverty-level and stagnating wages for the vast majority of job openings. At the same time, nearly half of the extremely scarce opportunity jobs are concentrated in only 10 states.

As for the remaining 84 percent of jobs in the US labor market, further examination proves that most do not come close to meeting the overall modest standards of the opportunity jobs. They do not offer a sustainable wage to begin with, nor do they beat inflation and the rising cost of living. Another striking difference between the two categories is that the opportunity jobs are at a much lower risk of automation than the non-opportunity jobs—8.8 percent for the former, compared to 45.7 percent for the latter.

The greatest common factor underlying each category of opportunity jobs is the education needed in order to attain such a position. According to the report, “Our analysis of opportunity jobs quickly revealed the crucial importance of education. A look at job advertisements showed 75 percent of opportunity job postings are in categories typically requiring a college education, compared with 14 percent of ‘other’ job postings.”

Obtaining a college degree or certificate has become more important than ever, in fact nearly indispensable, to compete in today’s job market—or what should be called the race to the bottom. However, the report also indicates what most young people know all too well to be true: “Even so, a degree alone does not guarantee membership in the fortunate minority at the top of the

polarized labor market. Far from it ... [I]t is feasible to emerge from college with a degree and find a job that will lock you into a career with underperforming wages. Gone are the days when a college degree could guarantee financial security.”

The number-one job listing for people entering the workforce with a college degree is particularly revealing: miscellaneous sales representatives and services. These kinds of jobs do not provide health care, pensions, livable wages or even job security. A few listed among the top 10 job openings include clinical and school counseling; social and human service assistants; and insurance sales agents. Each job falls short, anywhere from \$5,000 to \$30,000 per year, of the \$57,700 annual salary needed to keep up in today’s economy.

These numbers fly directly in the face of the assertion that there has been some sort of recovery from the crash and recession. Paired with crippling student loan debt, now at an average of \$26,600 per student, the likelihood that a young member of the working class will be able to purchase a home, save for retirement, or even simply dig themselves out of debt, is very slim.



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