

Brookings Institution study finds a staggering 44 percent of US workers earn low wages

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The November 2019 report from the Metropolitan Policy Program at the Brookings Institution titled *Meet the Low-Wage Workforce*, co-authored by Nicole Bateman and Martha Ross, paints a devastating picture of the reality of working class life in the world's wealthiest country. The study concentrates on the years following the so-called "economic recovery" championed by former US Democratic President Barack Obama after the Great recession of 2009-2011.

The report opens by stating, "As globalization and automation reshape the labor market, workers today must navigate a changing economic landscape...Low-wage workers risk becoming collateral damage, struggling to find their footing in the labor market and an educational system riddled with inequities."

The study defines low-wage workers as those earning less than \$16.03 per hour on average across the US. The study found that low-wage workers comprise a shocking 44 percent of US workforce aged 18-64.

The largest number of workers impacted by job loss during the Great Recession had earned a high school diploma or less. Three-quarters of the mainly part-time and contract jobs "created" under the Obama administration were filled by those with a bachelor's degree or higher, signaling a lowering of living standards for the entire working class regardless of education level.

According to the study, the largest metropolitan areas have the highest numbers of low-wage workers: 3.5 million in the New York City area, 2.7 million in the Los Angeles region, 1.6 million in Chicago, and about 1.2 million each in Dallas, Miami, and Houston. In less populous areas, low-wage workers make up a larger percentage of the workforce, particularly in the southern and western US. Areas with some of the highest concentrations of low-wage workers are located near the US southern borders and coastlines.

Data was gathered from the US Census Bureau's 2012-2016 American Community Survey 5-Year Public Use Microdata Sample for workers aged 18-64 who worked at any point during the year and did not exclude part-time or seasonal workers. It excluded graduate and professional students, high school students living at home, college students living in dormitories, and those who received self-employment income.

Workers with "very low" wages were also excluded, as were those who worked more than 98 hours per week. Had these groups been included there is a possibility that the number of workers considered low wage in the US is actually higher.

Over half of low-wage workers are female, or 54 percent, compared to a total of 48 percent in the US workforce as a whole. Both African American and Hispanic workers were overrepresented in the low-wage group, at 15 percent and 25 percent respectively, compared to their total percentage in the workforce. A 52 percent majority of low-wage workers are white.

Fifty-seven percent of low-wage workers work full time, year-round. Fourteen percent have a bachelor's degree, while 49 percent have a high school diploma or less. The remaining 37 percent have attained up to an associate degree or some college education with no degree or are not in school with no degree. About half are estimated to be the primary income earner and 40 percent are raising children.

Other findings include the fact that 30 percent of the low-wage workers live below 150 percent of the federal poverty line, or \$36,000 per year for a family of four. Twenty-six percent receive safety net assistance such as food stamps, welfare benefits, federal housing assistance, and other programs, which have been cut back throughout the years by successive Democratic and Republican administrations.

A large number, 47 percent of the total, fall into 10 occupation groups: retail sales workers, cooks and food preparation workers, building cleaning workers, food and beverage serving workers, and personal care and service workers (such as child care workers and healthcare assistants).

The study found that the most economically vulnerable low-wage workers are sole earners; parents, especially single parents; workers with disabilities; workers who are older, female, black or Hispanic; those with education below a bachelor's degree, those who are involuntarily working part time, and dislocated workers who take a lower-paying job after a layoff, such as auto and other manufacturing workers who are forced to uproot their lives after plant closures. About one-third to one-half of all low-wage workers are in danger of staying in low-wage work for the duration of their lives.

Mike, a young UPS worker who works part-time as a package

handler at a Chicago-area warehouse, described his conditions to the *World Socialist Web Site*. Mike has earned an associate degree, and he would like to go back to school to finish his bachelor's degree if he had the time and money.

"I wake up, eat, go to work, come home and sleep. I have very little time to do much else. I get as much overtime as possible to make ends meet so I'll spend 12 hours at work each day. I spend most of my time off catching up on chores.

"The conditions [I work in] are crazy. Tires and heavy barrels will roll down at us, it's filthy, and there were two weeks when a bathroom door was missing."

Mike described the exploitation he and coworkers face to produce UPS \$12.49 billion in 2018 profits. "I scan packages so the company can make profits. They make \$3 per package I scan. I scan about 3,000-4,000 packages a day and they pay me \$300 a week.

"We get insurance, but it doesn't cover everything. I was told by someone that it wouldn't cover their medication and they were paying out of pocket for it. Some don't use it at all as we rarely have time to go to the doctor."

Mike continued, "A few of us are facing economic disasters. I know two workers who can barely pay their bills. I may be homeless in the next few months due to not being able to afford anything. Some people sleep in the parking lot in their cars. Many work second jobs but that can be brutal. They have to get [some] hours at another job and try to get rest [in between] transporting themselves from one job to another."

The study noted that for workers with lower levels of education the dearth of economic opportunity is related to the loss of manufacturing jobs in the US and the lowering of wages in this sector over the past several decades.

This has been made possible through the collusion of the United Auto Workers, the United Steelworkers, the Teamsters and other unions with the corporations. Over the last four decades, the unions have suppressed the opposition of workers while helping corporate management to close plants, slash millions of jobs and cut workers' wages and benefits.

Mike spoke about the way that the Teamsters kept wages low and guaranteed that workers would suffer a wage cut after the 2018 contract struggle. "The Teamsters got us \$15 per hour, however, after that our pay is frozen for three years."

The report's recommendations to alleviate the growing low-wage crisis are not sufficient to solve the problem. First, the recommendations focus entirely on suggesting that more government funding be allocated toward programs to educate and train workers for higher wage jobs. The report does not suggest where this funding should come from, for example, the bipartisan \$738 billion military budget passed in the Senate in October.

Second, it places a great deal of emphasis on the recommendation that employers address discrimination based on age, gender and race in the workplace. That workers of a particular gender or race were found to be more economically

vulnerable than others does not provide proof to the claim that the fundamental divisions in society are based on race, ethnicity or gender.

Rather, the findings of the study taken as a whole demonstrate that in capitalist society, the fundamental divisions between the classes are widening and the standard of living for the working class as a whole is rapidly declining. This only underscores the need to unify workers across racial lines in opposition to the promotion of race-based proposals by the Democratic Party, which serve to divide the working class and prevent any challenge to monopolization of society's resources by the corporate and financial elite.

In opposition to the promotion of so-called meritocracy by the political establishment, the report's authors admit "education does not equal job creation. Completing a degree or training program will not help someone get a better job if there are few such jobs to be had," they state.

The United States has the highest level of income inequality of any advanced country in the world. With inflation taken into account, real wages for the working class in the US remain below pre-recession levels. Furthermore, while worker productivity sharply increased, total income for working class families has been falling since 1979 as corporate profits have inversely shot up.

This includes wages for college graduates, whose hourly wages have dropped significantly since 2000, according to the Economic Policy Institute.

The study itself does not challenge the capitalist system of exploitation in any way. But the transformation of the American Dream into a nightmare for the working class, is driving more and more workers and young people to turn towards a socialist alternative to the profit system. Seventy percent of young people in the US now say that they are likely to vote for socialists.

A real reorganization of society is needed, one based on organizing production and using the wealth of society to meet human need, not private profit. This will never be achieved through the unions or the reformist proposals advanced by Bernie Sanders or capitalist think tanks like the Brookings Institution. It requires the building of an independent socialist movement capable of linking all sections of workers in the US and throughout the world in a common struggle to take political power and control of the means of production on an international scale.



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