

THE WAGE PROBLEM

The Bush Administration touts a decrease in the overall unemployment rate as proof the economy is healthy. But the major reason for the decrease is that thousands of the jobless have simply stopped looking for work because the economy is so bleak. But just as troubling is the downward pressure on wages for those who are working. And the data shows that the Administration's tax cuts for the wealthy have done little to deal with this very serious problem.

PROBLEM

- **WAGE INEQUALITY ON THE RISE:** "New data from the Labor Department show that after adjustment for inflation, salaries of the country's lowest-paid workers - those who fall just inside the bottom 10% of the pay range - fell 3% last year, from 2002. Meanwhile, the salaries of the highest paid workers - those who are just inside the top 10% - were unchanged. The divergence appeared to grow in the fourth quarter as higher-paid workers gained ground and lower-paid workers slipped further. The numbers continue a movement to greater wage inequality that began around the time President Bush succeeded President Clinton." [Wall Street Journal, [1/23/04](#)]
- **JOBS SHIFTING TO LOWER-PAID INDUSTRIES:** "In 48 out of 50 states, jobs are shifting from higher-paying industries such as manufacturing and information to lower-paying industries such as retail and hospitality, according to a report released today by the Economic Policy Institute. In California, for example, the average pay in industries that are growing is \$34,742, 40% less than the average wage in industries that are shrinking, \$57,800." [San Jose Mercury News, [1/22/04](#); EPI study, [1/21/04](#)]
- **MORE LOW-WAGE JOBS FORCASTED:** "The average wage of new jobs created during the 2004-05 period is forecast to be \$35,855, significantly lower than the \$43,629 average wage of those jobs lost between 2001-03. The annual wages lost in declining job sectors equaled \$182 billion; advancing sector wages are expected to equal only \$156 billion, a \$26 billion annual shortfall in wages." [U.S. Conference of Mayors, [11/03](#)]

OBSTACLES

- **ADMINISTRATION PUSHES TO LIMIT OVERTIME PAY:** "The Labor Department is expected to finalize a new overtime rule, which would deny overtime pay to an estimated 8 million workers." Specifically, "2.5 million salaried employees and 5.5 million hourly workers will lose their right to overtime pay if the proposed rules are adopted. The total effect of the proposed rule on all occupations is undoubtedly much greater." [Gannett News Service, [1/23/04](#); EPI study, [6/26/03](#)]
- **OBSTACLE – ADMINISTRATION OPPOSES MINIMUM WAGE INCREASE:** "Only 1 in 10 favors keeping the minimum wage at its current level." Yet "Bush opposes" efforts to increase the minimum wage. This opposition was reiterated last March when "Labor Secretary Elaine Chao angered many labor leaders by expressing her opposition to a higher minimum wage." The declaration reverberated, as the "Senate GOP blocked a minimum wage hike" in July. [NY Times poll, 6/21/01; Cox News Service, 6/5/01; Pittsburgh Post-Gazette, 3/17/03; Washington Post, 7/12/03]