So We Have More Jobs – Low-Paid, Part-Time Ones

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Abstract
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But the real problem with the unemployment rate is that we’ve devalued American employment in order to have more of it. While corporate stock prices soar to new highs, the working class is paying for this situation.

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SO WE HAVE MORE JOBS -- LOW-PAID, PART-TIME ONES

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Ever since the Depression, one statistic has grabbed headlines -- the national unemployment rate. It makes and breaks politicians. Television newscasters speak of it in tones of near-religious awe.

But we're being had.

President Reagan boasts that his administration's Great American Job Machine has put 13 million more people to work and will create 20 million more jobs by the end of this century. Today, the highest share of the working-age population in our history is on the job -- more than 60 percent. The unemployment rate has dropped from a post-1930s high of 11.4 percent in the 1981-82 recession to 6.7 percent in the figures for December through February.

This all sounds fine, until you look at the reality in back of this cherished statistic.

There may be more jobs, but more and more they're low-paying jobs with short hours, small benefits and bleak futures. We've seen the same thing happen to the American job that happened to the American dollar when it was gutted by inflation -- there are more of them around, but they bring home a lot less bacon.

Almost a third of the new jobs since 1980 are part-time. Three-fourths have been filled by people wanting full-time work. Six million American part-timers want full-time work and can't find it. Two-thirds of them make the minimum wage, and 85 percent have no health insurance from their employers.

A Joint Economic Committee report by Barry Bluestone of the University of Massachusetts and Bennett Harrison of M.I.T. compares net new jobs created between 1973 and 1979 to jobs formed between 1979 and 1985. In the first period, 20 percent of the new jobs paid at or near the minimum wage -- now just under $7,000 a year. In the second period, however, low-wage jobs appeared at more than twice that rate: 44 percent of new jobs in the Reagan years paid $7,400 a year or less for those working full time.

Well, goes the rebuttal by conservative economists, that just reflects the influx of women and teenagers into the workforce. They prefer service-type work that lets them move in and out of the labor market, and low wages are the reward for inconsistency and inexperience. But women have actually done better than men in the Bluestone-Harrison study; two-thirds of the net new jobs for men between 1979 and 1984 paid $7,400 or less, compared to 31 percent for women.

Granted, there have been complaints about the validity of the unemployment number in the past. Liberals have charged that it ignores people who quit looking for work, while
conservatives argued that it misses those who are working "off the books" in cash-only transactions ranging from house-cleaning to illegal drugs.

But the real problem with the unemployment rate is that we've devalued American employment in order to have more of it. While corporate stock prices soar to new highs, the working class is paying for this situation.

Practically every measure of income and relative status -- except for the unemployment rate -- reflects a sharp decline for the American working class. Studies compiled by the Economic Policy Institute indicate that all the net gain in jobs in the past six years has come in the service sector, where the average pay is below $14,000 a year. The average pay of jobs lost in the manufacturing and construction industries was over $20,000 a year.

Median household income and mean family income are 5 percent below 1980 levels despite the infusion of women and teenagers into the workforce. Only per-capita income levels have risen slightly because husbands and wives who must both work to pay their bills are having fewer children.

In 1985 more American families had incomes below $20,000 or above $50,000 a year than fell in between. It was the first time in decades that the broad "middle" -- if we take the $20,000-50,000 standard in constant dollars -- became a minority of the population. The minimum wage, stuck at $3.35 an hour for six years, has lost more than 25 percent of its purchasing power since 1980. Probably 20 million workers labor at the minimum wage or in businesses that peg wages to a few cents an hour above the minimum.

Administration spokesmen from the president on down can brag all they want about lowering unemployment. Deregulating business, declaring open season on trade unions by smashing the air traffic controllers union, holding down the minimum wage below poverty levels, the Reagan administration is simply letting employers exploit more workers for greater profits. Obviously, under these conditions, employers are going to make work available. But we don't have to agree that it's a great thing.

In the current anti-labor atmosphere, half the major labor contracts have contained some form of wage cut, freeze or other concession. In 1986, deferred wage increases in collective bargaining agreements -- the second and third year raises that really determine if workers will gain, stand still or fall behind -- were smaller than the year before for the fifth year in a row. New contracts provided pay hikes averaging 1.2 percent in the first year and 1.8 percent annually over the life of the contract, the lowest increases since such data were first compiled in 1968.

Many strikes have been broken with replacement workers or ended with a threat of strikebreaking, and many more concessions have been forced on workers under the same menace. Despite the Great Job Machine and the supposed availability of work, there are millions of workers earning $10,000 a year who for a 50 percent pay increase will cross a picket line of workers paid $20,000 on strike against a cut to $15,000. Here
is the real division in the working class: the fight over smaller pieces of the pie as more workers slide from the presumed "middle" toward the economic bottom.

For decades young American workers could aspire to a good job at a stable company. Where I grew up, it was at Eastman Kodak or Xerox or General Motors' Rochester Products division. Kodak and Xerox never laid off; at other manufacturers, hourly employees could expect a few cyclical layoffs, protected by unemployment insurance, until they could build up enough seniority to stay on the job until retirement. White-collar workers didn't worry about layoffs and could advance to mid-level and upper-management jobs.

Not any more. Kodak has laid off 10,000 workers in Rochester. One of them, a young woman laid off from a $9-an-hour assembly-line job in late 1985, looked for work for nearly a year before she found a part-time, minimum-wage job as a cafeteria cashier at Brockport State college, barely enough to support her five-year-old daughter.

"I think it stinks," she says. "It's like I'm sinking, sinking fast. I keep wondering: am I ever going to be able to make that money again?"

One computer programmer laid off from Xerox in 1982 still works there full time as a temporary employee, paid 20 percent less than he was making before, with no benefits.

About 15 million workers have lost their jobs in the past decade due to plant shutdowns, product-line transfers or other business closings. Most of those were making more than $20,000 a year in durable-goods manufacturing. When they got new jobs, often after a year or two on layoff, they took big pay cuts closer to the $14,000-a-year service pay average. The cuts are collar-blind, too. They do not just affect blue-collar assembly-line workers; they hit white-collar and pink-collar support staff, engineers and designers, sales people and mid-level managers.

Of course there are many opportunities for specialized programmers and systems analysts, but chip-makers and semiconductor manufacturers are moving production operations overseas. General Electric is moving electronics production to Asia and Mexico while it shuts down turbine operations in New York and Massachusetts. AT&T has shifted telephone manufacturing to Singapore and announced the layoff of 30,000 managers and technicians in other business lines. Westinghouse has announced plans to close a busy, profitable large circuit-breaker plant in Bridgeport, Conn., putting hundreds of employees out of work to shift operations to the Dominican Republic.

These are not money-losing, dying companies. They are Fortune 500 giants where steady work for production, white-collar and middle management employees paid $20,000-$40,000 a year. In its place, those workers might collect unemployment compensation, get counseling on how to write a resume and dress for an interview, perhaps get retraining allowances for new jobs that don't exist, then finally find work in the Great American Job Machine for half what they made before. The unemployment rate will never reflect this reality.
Nor will it reflect that workers no longer can have their parents' expectations for a brighter future. In 1950 and in 1960, a 30-year-old man who made what would today equal $18,000 a year would likely double his pay in 10 years. In contrast, a 40-year-old today is where he was 10 years ago, if he's lucky. His family's standard of living might hold up, but only because he's moonlighting, his wife is working and his teenage children are working too.

Of course, this scene reflects an intact family. The difficulties mount for single-parent households and mixed families. At this point, many liberal analysts move on to the plight of women and minorities. There is a danger here, though, of seeing workers divided into a white male aristocracy at odds with minorities and women. However plausible this view may have been (it's hard to conceive of aristocrats on $20,000 a year), the latest Labor Department figures show white males plummeting toward the pay and benefit levels of their women and minority counterparts.

Instead of a secure middle class we have an American working class whose wages are dropping, whose good jobs are disappearing and whose whole families have to work to make ends meet. Much of the vaunted middle class is looking at a future closer to the underclass nightmare than the American dream, but the unemployment figure on the nightly news remains the mark by which we measure the well-being of the people who actually do the work in this country, rather than those who simply devise new ways

It sounds odd, talking of a working class in the United States. The phrase evokes pictures of French communist factory hands, not the yeoman farmers of our Jeffersonian tradition or what was, until recently, our oversold image of a middle class autoworker with two cars, a boat and a summer house. But we do have a working class, the vast majority of Americans who make their living on a periodic wage paid by an employer. President Reagan telling them to rejoice because 13 million new jobs have been created on his watch adds insult to injury for the millions of Americans who have lost their jobs and had to take the lousy jobs he's boasting about.

Ridiculing the concern for job quality as "Economics Propaganda 101," economics columnist Robert J. Samuelson calls the notion that the U.S. economy is producing too many dead-end jobs "economic fiction." Acknowledging "pockets of distress" and "individual suffering," Samuelson maintains that "in an economy of 111 million workers, their overall social significance is diluted."

The argument pays scant attention to the fact that today's "good" 6.7 percent unemployment rate is actually higher than the rates we deplored so loudly during the 1958, 1961 and 1971 recessions. With each turn of the business cycle, the peaks and valleys of the unemployment rate move up. Here's how decade-long averages have climbed: in the '50s, unemployment averaged 4.5 percent; in the '60s 4.8 percent; in the '70s 6.2 percent and in the '80s, so far, nearly 8 percent.

Samuelson writes reassuringly that "the average jobless spell is now less than four
months." But that is the same length of unemployment that prevailed in the 1975-76 recession with unemployment near 9 percent and only a month shorter than the average time off the job after the 11 percent joblessness of 1982. However, only a third of laid-off workers collect unemployment-insurance compensation today, compared to over 70 percent a decade ago.

Where is it going to end? Perhaps with a U.S. economy more like that of Brazil, with a small group of wealthy capitalists, a sizeable -- but minority -- sector of professionals and skilled technicians running high-technology businesses and services, and a vast mass of sullen, low-paid production and service employees. In a report to the AFL-CIO's Industrial Union Department, economist Larry Michel shows that incomes from dividends and interest have been increasing at twice the rate of workers' wages in the past decade.

But perhaps we are headed instead for a settling of accounts. Not Marx's final conflict, but the periodic corrective that comes when American workers decide they have been pushed too far. Every few decades, common Americans get fed up with business dominance and push back, first with political reform, as in the eras of Populism or the New Deal, then by building trade-union organizations, as with the consolidation of the American Federation of Labor in the 1890s and the mass organizing drives of the CIO in the 1930s.

In 1988 and 1990 and 1992, political aspirants -- and union organizers too -- can win elections by stressing forthrightly the interests of American workers counterposed against the interest of investment bankers, corporate takeover artists and golden-parachuting boardroom big shots. Indeed, a Democratic presidential candidate who moves boldly to capture working people's disaffection and proposes thoroughgoing reforms could sweep into the White House next year.

Talk of "workers" and "Wall Street" and "economic royalists" may sound hoary to jaded political ears, but these might be the themes that play in Peoria -- which, as it happens, is a city where thousands of workers have lost their jobs at Caterpillar and other farm equipment plants since 1980.

To win, a reform Democrat has to debunk claims about the great job-creating machine and go beyond the old arguments about unemployment to press cures for ill-employment. Instead of jobs, jobs, jobs, candidates have to talk about better jobs, for better pay, with brighter futures.

*Lance Compa is a labor attorney with the United Electrical, Radio and Machine Workers of America.*