

Wednesday Feb. 24th | Home » U.S. » Wages Likely To Stay Sluggish For Years to Come

Wages Likely To Stay Sluggish For Years to Come

4:00 a.m. | Alan Greenblatt | National Public Radio

The unemployment rate is nearly 10 percent, but even after it starts to come down, it will likely be years before most workers see real increases in salaries, experts predict.

As the Senate debates a \$15 billion jobs bill, the employment picture is like a good news, bad news joke — except there's only bad news. Even after the unemployment rate starts to come down — which won't be anytime soon — wages are likely to remain flat for the foreseeable future.

Comment | Read (0)

- Mail this page
- Print this page

"It's going to be a long slog," says Heidi Shierholz, an economist with the Economic Policy Institute, which receives funding from labor unions. "Family incomes are going to be taking a real hit for a really long time."

Unemployment Persists

With the unemployment rate nearly at double digits — it dipped slightly, to 9.7 percent, in January — employers have no need to be generous.

"Right now, you've got a situation where employers don't have to raise wages to attract and keep workers," says James Sherk, a labor policy fellow at the conservative Heritage Foundation.

That dynamic will not be changing anytime soon. Some forecasters predict unemployment will not peak until the fall. The Economic Report of the President, released earlier this month, suggests that unemployment will remain above 8 percent through 2012.

"The new floor for unemployment, even once we recover from this recession, is likely to be between 6.5 and 7.5 percent, not the 5 percent we've been used to," Don Peck, who just published a cover story about unemployment in *The Atlantic*, said on NPR's *Talk of the Nation* Monday.

Wages Haven't Kept Pace For A Long While

For much of the post-World War II era, workers were rewarded when their productivity improved. (Productivity is basically output per worker per hour.) The numbers tracked quite closely until the recession of 1973. Since then, wage gains have failed to keep pace with productivity.

"At least within this past decade, employers didn't feel any pressure to have to hire more workers and entice them with higher wages," says Harry Holzer, a former chief economist with the Labor Department now affiliated with the Urban Institute and Georgetown University.

"Even before the recession started, you had almost a complete [business] cycle where you had very high productivity growth and virtually none of it showed up in the wages of the median worker, adjusted for inflation."

Dampening Factors

There are several forces at work. Global competition, the decline of private-sector unions, slow growth in the minimum wage and the move of more workers from manufacturing into service jobs all have played their part in depressing wages. (The effects of immigration in this regard are open to much debate among economists.)

One other important factor: the ever-escalating cost of health care. Employers, after all, have to concern themselves with total compensation packages — not just wages.

As Sherk points out, employer-sponsored health insurance adds real value to workers' standards of living, "but it doesn't show up in your pay stub."

Innovation Required

The economy would have to create 125,000 jobs per months just to keep up with growth in the population and the workforce, according to the New America Foundation. Add the need to make up for the 8 million jobs that have been lost since the end of 2007, and it's easy to see why economists expect that it will take years for the unemployment rate to drop appreciably.

STAND UP and BE COUNTED
as a contributing member
[donate now](#)

SPONSOR

Backwards in high heels
BASED ON THE LIFE OF GINGER ROGERS
FCLO MUSIC THEATRE | FEBRUARY 12 - 28TH
ADVERTISE WITH US

LISTEN

- Live Stream
- HD Radio
- FM Radio
- iPhone App

SIGN UP

- Podcasts
- Newsletters
- RSS Feeds

FIND US ON

- NPR Mobile
- Facebook
- Flickr
- Gather
- Twitter
- YouTube

INFORM

- Get Involved

SPONSOR

SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL Company
www.sce.com

ADVERTISE WITH US

Lucha VaVoom: Mexican wrestling, burlesque, and mayhem

By Mike Roe | Downtown Los Angeles | Performance



The Southland phenomenon known as Lucha VaVoom wrapped up its Valentine's Day show, "From Lucha with Love" at the Mayan Theatre last week. The

traveling variety act brings together the flamboyance of Mexican pro wrestling-- or "lucha"-- with the raunchy excitement of a good burlesque show -- lending the event ... [More](#)

[More from About Town](#) | [Sign up for the A&C New sletter](#)

Wages Likely To Stay Sluggish For Year...

Nothing on the horizon is likely to prompt the kind of job creation seen in earlier years, Don Peck suggested.

"Unfortunately, there are some reasons to believe that we're not well-placed right now for a technological boom," Peck said. "Technological innovation has really been fairly low throughout the last decade, and to some extent, that was simply covered up by the housing boom."

How to Create Jobs

Everyone agrees on the importance of job creation, which has become the top item on the nation's political agenda. But there's plenty of argument about what policies the government should pursue.

Those on the left would like to see further stimulus through increased government spending, including passage of the jobs bill, which the Senate is expected to pass Wednesday (NOTE: THIS COULD PASS TUESDAY NIGHT. PLEASE WATCH THIS REFERENCE BEFORE POSTING). They'd also like to see enactment of more labor-friendly legislation, such as the Employee Free Choice Act, which would make unionizing easier.

Conservatives say those sorts of ideas will hamper economic growth – bad news for workers. "If you make it more expensive to hire workers, you're going to have fewer workers being hired. It's as simple as that," says Daniel Mitchell, a senior fellow at the Cato Institute, which leans libertarian.

Slow Growth

But if there's disagreement about the smartest ways to promote growth, there's near-universal agreement that workers are not going to see bountiful wage increases anytime soon.

"The jobs that are going to be created," says Maria DiNatale, of the research firm Moody's Economy.com, "are likely to be skewed toward lower-paying levels." Copyright 2010 National Public Radio. To see more, visit <http://www.npr.org/>.

SPONSOR

Masters of the American West
Fine Art Exhibition and Sale
February 6–March 7, 2010
Atria

ADVERTISE WITH US

DAY IN A PAGE Radio/Story Archive

February 24 2010

ADD A NEW COMMENT

Name

Email address

URL (optional)

Comment

89.3 KPCC | Southern California Public Radio

News | Programs | Blogs | Events | About | Support Us
Pledge Now | Contact Us | Search
Terms & Conditions | Privacy | Website Feedback

© 2010 Southern California Public Radio
474 South Raymond Avenue, Pasadena, CA 91105
626-583-5100

Foundations:



Partners:

