

# Jobs, Wages, Inequality and Poverty

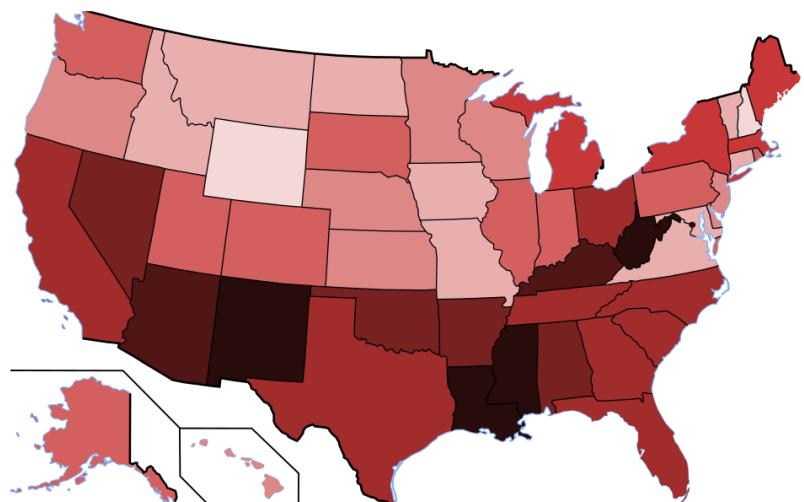
Nearly 20 percent of County residents live below the poverty line; thousands are homeless. Over half of our public school children are eligible for free or reduced-price meals. Democrats believe such poverty is best tackled by government partnering with community and faith-based services.

Jobs, wages and poverty are consistently among the top issues on voters' minds. Workers watched their jobs leave as mills and plants moved to the right-to-work states in the US South. Then, the jobs moved offshore, first to Mexico, China and elsewhere. The moves allowed corporations to take advantage of lower wages and fewer safety and environmental regulations. That left workers with fewer jobs and lower wages.

In South Carolina, more than 220,000 families have annual earnings of less than \$25,000. South Carolina has the 14th highest poverty rate in the country with nearly one in seven citizens living in poverty.

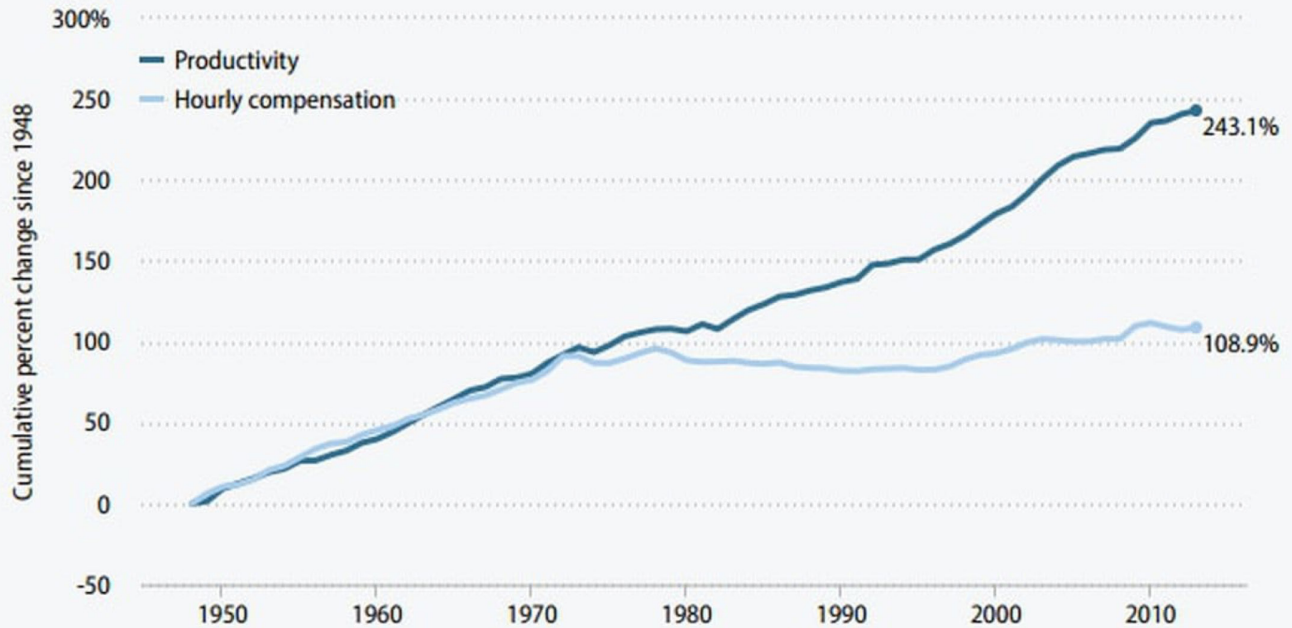
Horry County is no different. Nearly one in five families have annual earnings of less than \$25,000. In many local communities, it's the children who suffer the most. Almost one in three children live in families or households below the poverty line.

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<6% 6%-7.5% 7.5%-9% 9%-10.5% 10.5%-12%  
12%-13.5% 13.5%-15% 15%-16.5% >16.5%

## Disconnect between productivity and typical worker's compensation,\* 1948–2013



**Note:** From 1948 to 1979, productivity rose 108.1 percent, and hourly compensation increased 93.4 percent. From 1979 to 2013, productivity rose 64.9 percent, and hourly compensation rose 8.0 percent.

### The Impact of Technology on Jobs, Wages and Poverty

Globalization is only part of the explanation. Technological advances that increase productivity affect the number of jobs, wages and poverty. Computers, automation and robots can now produce the same amount of goods with fewer workers. As a result, workers who remain on the job face stagnant wages as their job security diminishes. Those who find other jobs often face new jobs at lower wages.

Historically, wages kept pace with productivity, but that changed dramatically in the 1970s. After about 1973, productivity grew at its previous pace, but wages stopped growing.

If workers produced more while employee costs stayed the same, or maybe even declined, who benefited? It was the corporations and the wealthy who own them. Thus, the rich became richer at the expense of the poor..

### The Minimum Wage Effect on Jobs, Wages and Poverty

As workers lost jobs to globalization and productivity, skilled, unionized jobs shrunk and less skilled, non-unionized service jobs grew. Over time, the trend was towards lower wages at the minimum wage.

At the same time that workers fell behind productivity, the minimum wage fell behind inflation. Current minimum wage of \$7.25 is worth much less now than the prevailing minimum wage in 1968.

The minimum wage has not kept up with inflation. In 1968, the purchasing power of the minimum wage was \$10.90 and in 2015 it was \$7.25. Then, by 2015, someone working for minimum wage received only two-thirds of the value of what they would have received in 1968.

## Jobs, Wages and Poverty with Growing Inequality

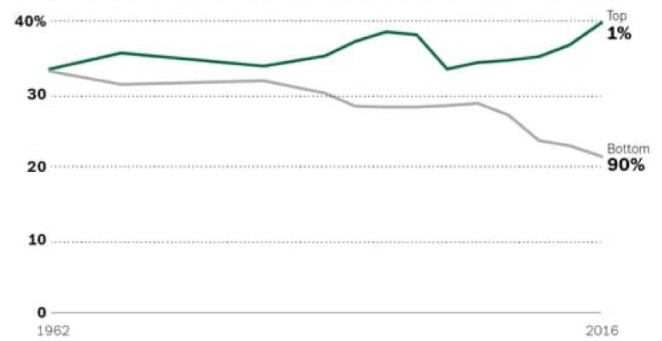
Falling and stagnant wages, reinforced by a minimum wage that's worth less than in 1968.

In the US the bottom 80 percent had 11 percent of the net worth and 5 percent of the financial wealth. The top 20 percent had 89 percent of the net worth and 95 percent of the financial wealth.

What does that mean for working families? Recall that the benefits of productivity went to corporations and their wealthy owners. Corporations are not people. Corporations are legal entities owned by people and to understand who benefits from productivity gains, it's important to understand who owns the corporations. More than half of US households own zero stock and

### Ultra-wealthy take more of the pie

Share of American wealth owned by top 1 percent versus bottom 90 percent

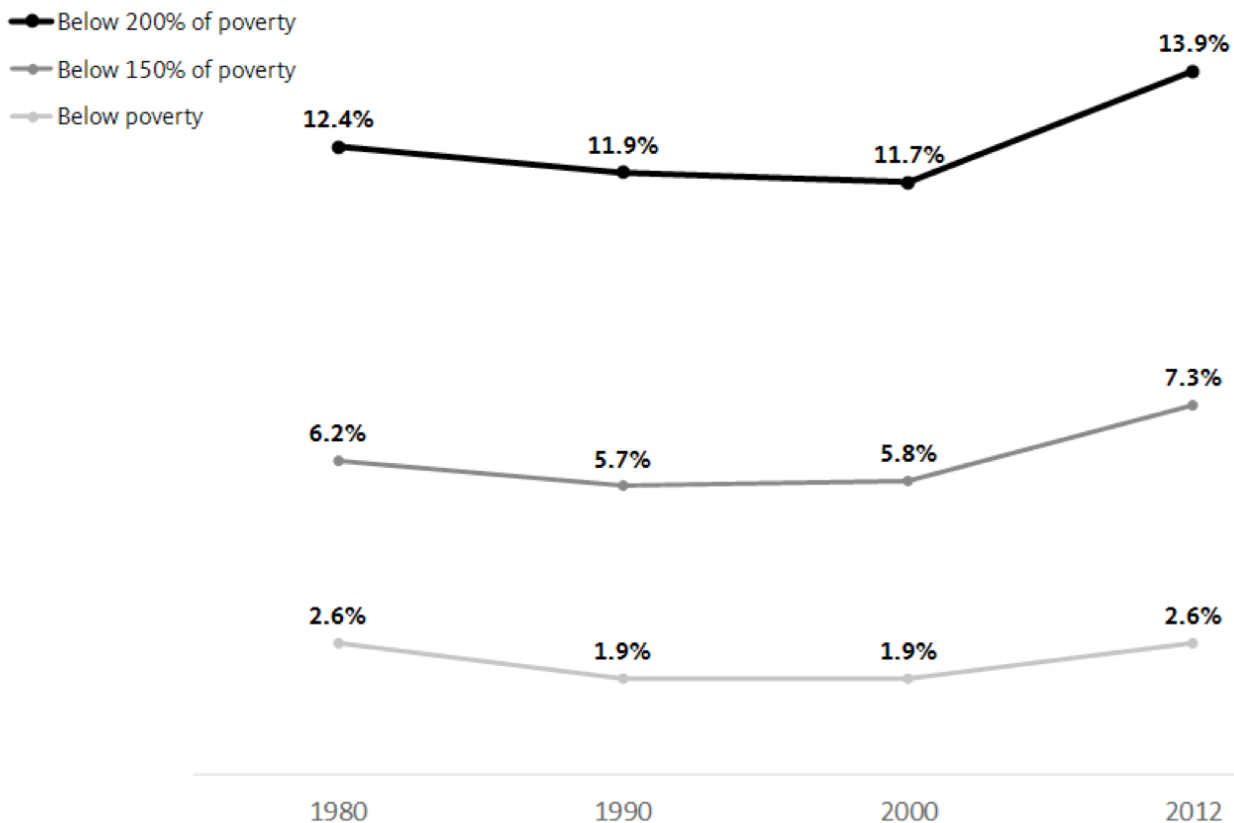


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Source: Edward N. Wolff

the wealthy top 10 percent own over 80 percent of all stock. Even more telling is that the three richest men in the US, Bill Gates, Jeff Bezos and Warren Buffet, own more wealth than the bottom

The share of full-time workers who are economically insecure has increased significantly since 2000: United States, 1980-2012



Source: PolicyLink/PERE analysis of the 2012 5-year American Community Survey (ACS) microdata from the Integrated Public Use Microdata Series (IPUMS)

50 percent. That means just three men own more wealth than about 163 million people combined. <http://nationalequityatlas.org/data-in-action/overview-america-working-poor>

Jobs, wages and poverty are not just government statistics. These are real working people who

live in poverty or near-poverty. The next graph shows three measures of insecurity, the highest being 200 percent of the poverty level. To put that in context, in 2012, that was \$46,000 a year for a family of four and included over 100 million, or one in three, people.

## It's Time for Change

Growing inequality is not the only possibility. Policies affecting jobs, wages and poverty must change. The 2017 Tax law is a good place to begin. Permanent tax breaks flow to corporations and the wealthy. The crumbs left for wage earners expire before 10 years. Therefore, before it's too late for the working class, a truly progressive tax law is required.

The minimum wage must be a livable wage. Since 2012, service industry workers have organized the Fight for 15 -- a minimum wage of \$15 per hour. Progressives like Sens. Bernie Sanders (I-VT) and Patty Murray (D-WA) are backing legislation to increase the federal minimum wage to \$15 an hour.

Democrats believe that entrenched poverty is best tackled by government in partnership with community and faith-based services to offer a chance for a better life.

Democrats also support economic development beyond tourism that emphasizes clean industries and high-tech businesses which can create higher-paying, year-round jobs for County residents.

**We need your support to bring economic fairness to all.**

Please contact us at [issues@horrydemocrats.org](mailto:issues@horrydemocrats.org) for more information.

Contributed by Rick Patelunas

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