

On Those Questionable US Wage Statistics... Again

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Region: [USA](#)

Theme: [Media Disinformation](#)

In recent months, various independent business and research sources have been raising questions about the accuracy of US official job and wage statistics. Several more sources have joined the discussion, questioning the oft-cited official—and widespread mainstream press reported—3.1% annual rise in US wages the past year. As many have indicated, the 3.1% grossly over-estimates recent wage increases in the US for several important reasons.

To being with, the figure is not adjusted for inflation, so it doesn't reflect real wage change. Even official inflation data (which underestimates inflation for most working class households) reduces real wages to no more than 1.5%, per the US PCE price index. And even less, if the official CPI index is used to adjust for inflation. In addition to failing to reduce for inflation, the 3.1% is also an 'average', with actual wage increases highly skewed to the top 10% of the work force so workers at the median or below are likely seeing no wage increases or even wage reductions and the top getting more than 1.5%. Moreover, as it has also been pointed out, the 3.1% figure is for full time employed workers only. It therefore ignores the 50-60 million or so part time, temp, gig, contract and other workers in its estimate. Factor all that in and the real wage change for the vast majority of the 160 million plus US work force is flat at best and even falling for millions—not rising as the official government 3.1% would have you think.

Various independent business, bank and other wage surveys area increasingly supporting the alternative view that US wages have hardly risen at all in recent years—either under Trump or before under Obama. Or for decades now for that matter.

Here's two more recent, independent surveys supporting that alternative view.

The latest Bankrate survey, released just this past week, showed that 51% of all workers (about 82 million) in the US DID NOT GET A WAGE INCREASE at all this past year. (And 22% of the remaining 49%, who did get a raise, got it by moving to another job and not from their employer actually hiking their pay. Moreover, the employer they changed to may have not actually raised their wage on their new job, even if the worker who changed jobs realized a high wage. But the Labor Dept. considers that a wage increase, even if in the real economy no wages were actually raised. So for the economy as a whole even that 22% is likely overestimated as well, even if the individual worker realized a wage hike).

The same Bankrate survey showed that last year nearly two-thirds (62% or 99 million) of US workers said got no wage increase whatsoever.

According to mainstream economists, standard economic theory says that a labor market as tight as today's (3.7% unemployment) should result in a big demand for labor and therefore a big rise in wages. But it has not, which must mean either the 3.1% wage increase numbers are false; or the unemployment numbers (3.7%) are wrong and the labor market is

not as 'tight' as they are saying; or that economists' theory about the relationship of wages to employment is just bullshit. Or maybe all the above!

As this blog has argued in the past, it is likely the wage hikes are going to the top 10% of professionals, tech workers, managers & supervisors, etc. And the majority of jobs being created are actually added-on 2nd and 3rd part time, temp, contingent, contract jobs that the Labor Dept. stats aren't reflecting accurately; that is, the official Labor Dept. stats are picking up those contingent jobs that are primary (first) jobs and not counting second or third jobs.

An interesting alternative source also throwing light on the questionable official labor stats is the report released last month by the Brookings Institute. Among the report's other interesting results, it found that 44% of all US workers, age 18-64 (53 million) now hold low wage jobs with median annual earning of just \$17,950. With the cutoff of age 64, that 53 million should be even higher, since the fastest growing segment of new entrants to the labor force are senior workers older than 64, going back to work because they can't make ends meet in retirement any longer (given the collapse of savings, minimal pensions, and the rise of social security retirement to age 67—soon to go higher). So add at least another 5 million of senior returnees to the labor force to the Brookings' estimate of 53 million making less than \$18,000 a year in wage income.

The 58 million working part time/temp/gig jobs and earning barely \$8/hr. likely constitute the majority of the 51% of all US who received no wage hike from their employers this past year (and 62% the year before) per the aforementioned Bankrate Survey.

This has been going on for decades, and not just in recent years: more and more part time/temp/contract/gig jobs are being created while wages are stagnating or even declining. What capitalists, employers, and politicians are saying to 90% of the work force is: "if you want a raise, get a second or third job. Work longer hours for more pay. Don't expect to get a wage increase for the primary job you're working. Only if you're really critical for boosting our productivity and therefore profits, or are highly skilled and necessary for our new tech industry, or if you're one of us managers—will we give you a wage increase. If not, work more and work harder!"

Talking about working harder, according to the Economic Policy Institute, Americans' productivity went up 70% from 1979-2019, but wages rose by a mere 12%. That's an 'average' annual wage gain of 12% over the last 40 years! Or about 0.3% of one percent per year. And again even that's an average. Reduce it for inflation and it's been a wage reduction for most that's been going on for a generation and more!

In yet another survey, reported last week by Jonathan Rothwell of the New York Times, the IRS data on jobs increasingly contradicts the official US Labor Dept. data: The latter indicates self-employed (contract, gig, etc.) at only 10% of the labor force, and actually declining in per cent terms last year. Whereas the IRS data indicates 17% and rising in per cent terms. The difference suggested by Rothwell is that the Labor Dept. data shows part time and contract work only for those whose part time job is primary—i.e. is the majority of their work time. Second, third such jobs, cobbled together to try to make ends meet are not being reflected in the Labor Dept. data on contingent jobs (part time, temp, contractor, gig, etc.).

The Labor Dept. officially estimates only 5% of workers (8 million) now hold multiple jobs. That's of course a joke that few really believe. Even a Gallup survey estimates 28% (45 million) now hold multiple jobs. In other words, like the Labor Dept.'s 3.1% wage increase official estimate, it's jobs data is also inaccurate and suspect.

Yet another study just released questioning the official data, called 'Our Great Jobs Demonstration Survey', the results of which are available in the December 20, 2019 New York Times, showed that 36% of the work force are no longer employed in the traditional one-job with one-employer relationship that the Labor Dept. seems to be myopically focused on. That's equal to about 57.6 million—and thus about equivalent to our 53-58 million estimate of workers earning \$8 an hour or less who likely received no wage increase at all (unless the blue state in which they lived raised its minimum wage above the still federal minimum of only \$7.2 an hour).

To summarize, accumulating evidence from various respected independent research and survey sources—including business research companies like Bankrate, ADP, and others—are providing mounting evidence that the official US government estimate of a 3.1% wage increase is a gross misrepresentation of reality which the mainstream press is more than happy to propagate to maintain the myth that the US economy is doing great for everyone. Ditto for the official jobs data that inaccurately reflects what's going on with part time/temp/contract/gig work where the absence of wage increases are predominantly located.

And once the next recession around the corner hits with full impact, the wage and job numbers will no doubt be even worse. Not even the official obfuscation will be able to cover it up.

The majority of the American public knows from their everyday experience that the official government economic data trumpeted daily in the press and from the mouths of politicians does not reflect their actual experience. They know this isn't the 'greatest economy in US history' (Trump's tweet). Even the chairman of the executive committee of the US Chamber of Commerce, Mr. Wilson, admitted to the Wall St. Journal last week (December 13, 2019, p. R2): "We're in a place where people's lives have not been made better off". To which he added "A good portion of the public has lost faith in the capitalist system".

Got that one right, Wilson!

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Dr. Jack Rasmus is author of the just published book, '*The Scourge of Neoliberalism: US Economic Policy from Reagan to Trump*', Clarity Press, January 2020, which is available at discount from his blog and website at <http://jackrasmus.com>

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