

## The Achille's Heel of the Economy



Dr. Ray Marshall, former secretary of labor, refers to the increasing disparity in wages as the Achille's heel of the economy. In an overall rosy economy, many workers are struggling to make ends meet.

Work and wages should support families. Families should not be undermined by the structure of the economy. Unfortunately, even though the economy is considered strong, the benefits are not being distributed fairly. Some workers are earning astronomical salaries, with Cadillac benefits and stock options. Many other workers and their families are not making ends meet. If the economy is to serve the person, it must serve all persons, not just the wealthy.

Test your knowledge of the Achille's heel of the economy.

- 1) In the economy at large, what has been the most important factor in maintaining or increasing family income?
  - a. Higher wages.
  - b. Good stock returns.
  - c. Two adults working.
- 2) What is the fastest category of jobs in the U.S.?
  - a. Computer technology
  - b. Nursing home aides
  - c. Cashiers
- 3) Who is the largest employer in the U.S.?
  - a. General Motors
  - b. McDonalds
  - c. Manpower, Inc.
- 4) What percentage of new jobs pay wages below a livable wage?  
34 %    54 %    74 %
- 5) What percentage of children live in poverty?  
16 %    21 %    26 %
- 6) How many Americans are without health insurance coverage?  
32 million    42 million    52 million
- 7) What percent of stock, mutual funds, and pension funds does the bottom 80 percent of American families own?  
3 percent    10 percent    More than 20 percent
- 8) Between 1980 and 1997, after adjusting for inflation, the minimum wage fell 15 percent, the average hourly wage declined by 3 percent, and corporate profits rose by 118 percent. How much did CEO pay increase?  
336%    436%    536%
- 9) How much higher are union wages than non-union wages?  
22%    34%    42 %

## Answers to The Achille's Heel



- 1) The most significant factor over the last twenty years in maintaining and increasing family income has been putting two adults into the workforce. Without increasing the number of workers, family incomes would have fallen dramatically. This is clearly a factor in parents spending 40 percent less time with their children.
- 2) Cashiers is the occupation category that will add the most jobs in the coming years. These jobs pay significantly below a living wage. National Priorities Project, *Working Hard, Earning Less: The Story of Job Growth in America*, December, 1998.
- 3) Manpower, Inc. is the largest U.S. employer, with more than half a million workers. Manpower, Inc. is a temporary agency, reflecting the switch from full-time jobs to part-time and temporary jobs. Currently, 27 percent of workers are nonstandard. AFL-CIO. *America @ Work*, January, 1999.
- 4) This figure depends on what one defines as a living wage. In a recent study by the National Priorities Project, 74 percent of all new jobs were found to pay below a livable wage, if one looked at the actual costs for a family of four to meet their basic needs of food, housing, transportation, clothing, and to pay federal and state taxes. A livable wage for a family of four, as defined by this research, was around \$32,000, although it varied some by state. *Working Hard, Earning Less: The Story of Job Growth in America*
- 5) 21 percent of all children live in poverty, but 46 percent of African American children and 40 percent of Latino children live in poverty. Center for the Future of Children, *The Future of Children*. Vo. 7, No 2, 1997.
- 6) Over 42 million Americans are without health insurance coverage. Most of those without health insurance are low-wage workers and their families.
- 7) The bottom 80 percent of American families only own 3 percent of stock, mutual funds, and pension funds. *UFCW Action*, July-August, 1998.
- 8) CEO pay increased by 536 percent during this period. AFL-CIO.
- 9) On average, union wages are 34 percent higher than non-union wages, but the difference is even greater for African American and Latino workers. African American union workers earn 44 percent more than their non-union counterparts, and Latino workers earn 51 percent more than non-union Latinos. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*. January, 1998.