

CITY LIMITS

New U.S. Reality: A Permanent Class of Underemployed?

Optimistic statistics on job growth haven't erased growing worries that a large segment of the American population is going to be cut off from steady employment.

By David R. Jones

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The Bronx is perhaps best known as the home of the New York Yankees. At their new \$1.5 billion stadium, the Bronx Bombers, seven of whom are paid more than \$10 million apiece per year, vanquish their opponents before a paying crowd of thousands. Just south of Yankee Stadium sits the Highbridge section of the Bronx, a community in stark contrast to the power, wealth and advantage that epitomizes the Yankees.

Formerly an enclave of immigrants from Ireland and Eastern Europe who made their way up and out in better times, Highbridge's five- and six- story tenements now house mostly blacks and Latinos. Many of them are stuck in low-wage jobs—or without jobs at all—as the economy spirals down around them.

Among Highbridge's 35,000 residents are Christopher and Michelle and their three children. Their total household income in 2010: less than \$15,000, despite Christopher's working three jobs. They are forced to rely on food stamps, and make trips to the local food pantry almost every other week. Michelle, who had to quit her job to care for her disabled son, is determined to return to school to finish her bachelor's degree so that she can compete for a living-wage job. But the prospect of a continued jobless recovery makes the goal of financial stability seem far away.

Christopher and Michelle's household is not unlike many poor families living in the nation's urban centers. They are struggling to escape poverty and build a better life. Sadly, the economic reality playing out in American today suggests that the odds are stacked against them as the ranks of the working poor continue to rise.

The most recent Census figures estimated that 46 million Americans now live in poverty—the highest level since 1993. Equally alarming is the poverty rate for children in America, which increased to 22 percent in 2010. While the root causes of this downward march can be traced to failing schools, inadequate health services and deteriorating housing—matters requiring our urgent attention—we cannot neglect to focus at the same time on jobs creation as a pathway out of poverty. This issue is not being addressed with the intensity that is needed to have a measurable impact.

Part of the problem falls squarely on our political system. The paralysis in Washington has led most Americans to believe that neither party is serious about getting the nation back on track. The U.S. once led the world in economic competitiveness driven by innovation and a robust manufacturing base. Today, we fail to provide a top-notch education to most American children—a crucial part of restoring our economic viability as a nation. At the same time, we are off-shoring jobs and shutting down factories.

By far the biggest challenge we face is creating good jobs, decent wages and benefits, and opportunities that help the most disadvantaged among us work their way out of poverty and get ahead. According to the latest labor market report, the U.S. added 200,000 private sector jobs in December 2011. This might be

cause for muted optimism were it not for the fact that most of the jobs being created in this current economy are low-wage. In an opinion article published last September in *The New York Times*, Paul Osterman, an economist at MIT and co-author of “Good Jobs America: Making Work Better for Everyone,” wrote that one in five American adults worked in jobs that paid poverty-level wages in 2010. Osterman argued that the federal government must take the lead in creating jobs with decent wages as well as enforcing wage standards for contractors.

Christopher and Michelle’s family needs us to meet the challenge now. Christopher, a college graduate, has only been able to find 18 hours a week of permanent employment, earning \$15 an hour. He is lucky that his employer provides health insurance, but premiums for his family run \$324 a month, a huge bite out of his income. Last year, Christopher began working weekends as a youth outreach specialist and also brings in a few dollars once a week as a nightclub bouncer. Yet even with a low-rent apartment, food stamps and the SSI the family receives to care for their disabled son, the family is barely making ends meet.

On a regular basis they have to make decisions about whether to buy food, pay off some of their mounting debt or purchase essential material items for their children. Yet they remain optimistic that things will improve.

As bad as things look for Christopher, Michelle and America’s working poor, the picture is even bleaker for Americans struggling with long-term unemployment. This point was underscored in a January 9 *Wall Street Journal* article on the American Economic Association’s annual convention in Chicago. Citing common themes economists agree on, the *Journal* reported that the U.S. is at risk of developing “an underclass of semi-permanently unemployed workers, with severe consequences for productivity, public finances and even social stability. Europe, which faced a similar problem in the 1980s, is still dealing with the consequences.”

Nearly two years ago I wrote about the very real prospect that our nation needed to begin preparing for a future where a substantial number of Americans—not just those in urban areas or of color—are going to be part of the long-term unemployed and underemployed. Of course, when poor and low-income families are hurting politicians tend to shrug it off. After all, this is a constituency that has never been high up on the agenda of most politicians and their financial supporters who can easily afford the \$510 for a front row seat at Yankee Stadium.

But perhaps now that more Americans—of all income levels—are at risk of falling further behind economically, and our nation losing ground, jobs, money, power and prestige in the international arena, our leaders will finally come up with some new solutions. Or we may all be looking back on this period as when we allowed America to become a world “has been.”

Editor's Note: Christopher and Michelle's last names are being withheld to protect their family's privacy.