

# THE BUFFALO NEWS

## Business Today

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BUFFALO'S BUSINESS

### Stagnant wages mar Labor Day

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By DAVID ROBINSON

One of these years, we'll have something to celebrate on Labor Day.

It just won't be this year.

To be sure, there are signs that the economy in the Buffalo Niagara region is picking up, most notably because we're finally getting some very modest job growth for the first time since the recession ended almost four years ago.

But that doesn't mean workers here are better off now than they were a few years ago, says Frank Mauro, the executive director of the Fiscal Policy Institute in Albany and the co-author of a new report on "The State of Working New York."

"Western New York is probably characterized more by stagnancy than anything else," Mauro says.

"Workers aren't really sharing in the benefits of a growing economy," Mauro says. "Profits and productivity are growing faster than wages."

Put it all together, and Mauro and his colleague, economist James Parrott, say workers in New York are essentially treading water, with the middle class steadily being squeezed as wages for the bottom half of all workers have barely kept up with inflation over the last four years.

"People in the middle are sort of treading water. People at the lower end are still falling behind," Mauro says.

Indeed, the wealthiest 20 percent of workers are only segment of the work force that have actually seen significant increases in their wages, even after adjusting for inflation, enjoying a real wage increase of 2.3 percent from 2001 to 2004, the study found. For the typical worker, the median wage inched up by just 0.4 percent.

Of course, there's hope that the benefits from the slowly improving economy eventually will filter down to workers. So far, though, the productivity of New York workers improved by 6 percent from 2001 to 2004, while corporate profits at the national level have grown five times faster than total wages since early 2001.

In other words, Mauro says, almost all of the gains from improved productivity are going toward higher profits and the workers who earn the highest wages, while the vast majority of workers barely maintaining their standard of living.

That's because the fledgling recovery in much of upstate New York hasn't advanced to the point where workers feel confident enough to push hard for a greater share of the economic gains.

"Workers are nervous with the increasing trends toward globalization. Workers are still nervous about their jobs and that creates a buyers market for employers," says Mauro, who

also believes that declining union representation isn't helping.

It also doesn't help that the ongoing shifts in the upstate economy are resulting in the loss of good-paying jobs and their replacement by positions that pay much less. In Western New York, for instance, the average annual wage paid by industries that gained jobs since 2000 was \$36,907, which was 14 percent less than the \$43,140 paid by the typical job in the industries that are losing jobs, the report found. That gap, surprisingly, was the second-narrowest among 10 major regions in the state, which Mauro said may be because the decline in manufacturing has been going on for such a long time here.

Workers with better educations, not surprisingly, also are faring better than most, the report found. Workers statewide with a bachelor's degree or better have seen their real wages rise by almost 9 percent since 1990, while wages for workers with less than a high school education have dropped by 13 percent.

But the New York economy is not all the same, says Mauro, who likes to break it into three separate regions. "When you look at it that way, what you see is that New York City has big ups and downs," he says. "Then you have eastern New York. That continues to grow. What characterizes Western and Northern New York is that it's stagnant."

*e-mail: [drobinson@buffnews.com](mailto:drobinson@buffnews.com)*