

New report shows American wages stagnating for 10 years

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Wages for the vast majority of Americans have stagnated over the last 10 years while dramatic increases in productivity have been recorded, according to a new report from the Washington think tank, the Economic Policy Institute (EPI).

The report, titled, “A Decade of Flat Wages: The Key Barrier to Shared Prosperity and a Rising Middle Class,” finds that the benefits of overall economic growth “have accrued disproportionately to the richest households.” While the focus of the report is on the period since the so-called “Great Recession” resulting from the collapse of the housing bubble in 2007, statistics presented show that the stagnation of wages is a longer-standing process going back more than 10 years.

“The wage-setting mechanism is broken,” EPI president and coauthor Lawrence Mishel states in the report. He relates the endemic inequality revealed by the figures: “A decade of flat wages is evidence that the current economic system is not fair to working Americans. The economy has been designed to produce these results. Right now, employers hold all the cards.”

A summary of the findings of the report shows that the general trend of wage stagnation, particularly compared to productivity, has been across-the-board for the vast majority of American workers, regardless of industry, gender, ethnicity or education level. The entire bottom 70 percent of the workforce experienced a fall in wages since the 2007 crash, while productivity for the same period grew by 7.7 percent.

In the seven years before the crash—2000 to 2007—the median wage for all working Americans grew by just 2.6 percent while productivity grew by 16.0 percent. In the same period, workers in the 20th percentile saw only a 1.0 percent increase while in the 80th percentile was only 4.6 percent.

Between 2000 and 2012, wage increases of the bottom 60 percent of the workforce were flat or declined, while productivity grew by 25 percent.

Between 1979 and 2012, while productivity grew by 74.5 percent, median wages grew by just 5.0 percent. The report documents that the vast majority of Americans experienced decades upon decades of “inadequate wage growth.”

The opening paragraphs of the report cite President Obama’s July 24 speech on the economy in Galesburg, Illinois, where he launched his so-called “Better Bargain for the Middle Class” campaign. Taking a mildly critical attitude, the report calls Obama “too optimistic” and charged him with overlooking “what it will take to solve the wage problem.”

The *World Socialist Web Site* wrote on the speech on July 25, calling it “a collection of empty phrases, banalities and lies,” noting, “Obama did not advance a single serious proposal to address the mass unemployment, rising poverty and increasing social desperation facing tens of millions of Americans.” (See “Obama combines demagoguery and right-wing policies in speech on economy”)

In themselves, the statistics presented in the EPI report provide a devastating critique of the economic policy of not only previous governments, but the administration of Barack Obama in particular. The empty platitudes about growing the economy from the “middle out” and “innovations in energy, technology, manufacturing, and health care” are no more than a verbal screen behind which a systematic campaign is being conducted to enrich the ruling elite at the expense of the conditions of life for the working class.

A *New York Times* article published Wednesday, “Median Income Rises, but Is Still 6% Below Level at Start of Recession in '07,” cites a study which the

Times suggests may be a preview to the official US Census statistics on Income and poverty for 2012. The study, issued by two ex-Census officials, now at Sentier Research, showed that household income has declined for all but a few population groups since June 2009, supposedly the end of the “Great Recession.”

The report is based on a monthly government survey of about 50,000 households, using the same definition of income as the Census Bureau.

The only group in the study that experienced a statistically significant increase in income since June 2009 was that of households headed by people aged 65 to 74. This is explained by many older workers deciding to either remain working or re-enter the workforce. Every other group has experienced significant income losses in that period. Heads of households with only a high school education have lost 9.3 percent of income; with associate degrees (two years of college), 8.6 percent; those with bachelor’s degree (four years of college) saw a 6.5 percent loss in income.

Undoubtedly, the Census study due to be released for 2012 incomes will show the same continuing erosion of household income, despite the recession being declared over four years ago.

The political establishment has no solutions for the continually worsening economic conditions facing the vast majority of the population. In fact, new conspiracies are in progress to impose even more austerity on workers, in both the private and public sector.



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