Pennsylvania workers' wages decline while rich become richer

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26 September 2016

An annual report released at the beginning of this month by the Keystone Research Center, *The State of Working Pennsylvania 2016*, underscores the economic decline the working class has experienced over the past almost half century, while the ruling class carried out a "radical redistribution" of wealth. Not only have blue-collar workers experienced declining or stagnating wages, but also those with college education.

Overall hourly earnings for workers at the median percentile on down reveal stagnation or decline, while the higher percentiles grabbed significantly more wealth. Those workers at the 50th percentile have had a 4.8 percent gain in wages over a 36-year period, or "barely over a tenth of one percent raise each year." Workers at the bottom, the 10th and 20th percentile, have had negative wage growth since 1979. The 90th percentile, on the other hand, has seen a dramatic 31.1 percent increase, to about $40 an hour.

The largest portion of workers in the state, those without a four-year college degree, or roughly 7 out of 10 working age adults, have seen their wages go backwards since the 1970s. For white males, the current real median wage is $2.18 per hour below 1979-1981, or $4,500 less per year for a full-time yearly worker. Black males correspondingly earn $3.90 less per hour. In 2013-2015, the median wage for white males was $17.34 and for black males, $13.05.

While white women's median hourly wages increased 13 percent from 1979 to 2015, from 2000 to 2015 the percentage change was nil. For the same time periods, black women saw a 1 percent decline and 7 percent decline, respectively.

Workers with a college education have experienced wage depreciation as well since 1979. College-educated white and black men's wages have dropped 5 percent and 8 percent, respectively, while white women have undergone a 1 percent decrease and black women a precipitous 22 percent fall.

The report also references the steady drop in the labor participation rate for males without a college degree. Since the 1980s, this figure has declined by 8 percent. Twenty-one percent of working-age white males, 18-64, are not working or actively trying to find work, while 34 percent of black males have stopped looking and are unemployed.

One dynamic contributing to such a low participation rate for workers is the fact that manufacturing jobs have been decimated throughout the state or are paying low wages and have abysmal benefits or none at all. At the end of August, Harley-Davidson, with the collusion of the International Association of Machinists union, announced mass layoffs at its York plant, threatening hundreds of jobs.

Pervasive inequality in the state is also documented by an earlier report published by the Economic Policy Institute for the Economic Analysis Research Network (EARN) in June of this year. It notes that the top 1 percent in Pennsylvania have usurped 89.2 percent of income growth since 2009. In 2013, the average income of the top 1 percent was about $930,000; the bottom 99 percent, only $45,781. The cutoff for entering the pantheon of the top 1 percent in the Keystone state is $360,343 in annual income.

Mark Price, the labor economist at the Keystone Research Center and co-author of the EARN report, said: "Rising inequality is one of the most pressing challenges we face in the Commonwealth. It's a persistent problem here and throughout the country—in big cities and small towns, in all 50 states."

The State of Working Pennsylvania, moreover, analyzes the increase in worker productivity compared to compensation. Since 1979, hourly productivity of

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workers rose 71 percent, while compensation such as wages, pensions and health benefits rose only 9.7 percent during the same time frame. The top 1 percent of families, 69,000, have captured 51 percent of income growth since 1979.

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