

Newly released wage data documents 40-year wealth redistribution to top 0.1 percent

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Earlier this month the Economic Policy Institute (EPI) published newly available wage data documenting the continued rise in wage inequality. Social Security Administration data collected by the EPI presents the cumulative change in wages and the upward shift of wage income in favor of the wealthiest social layers since 1979.

The results, adjusted for inflation, demonstrate the relentless shift in income over the last four decades from the bottom 90 percent of wage earners to the advantage of the top 10 percent and in particular the top 1 percent and top 0.1 percent, whose total wage income has risen 2.6 times and 4.5 times respectively.

These figures, striking as they are, do not capture nearly the full extent of the rise in social inequality. While they include such things as realized stock options and vested stock awards, they do not include the value of the vast stock portfolios held, for the most part exclusively by wealthy upper income social layers. Due to the pumping of trillions of dollars into the stock market by the federal government, including the infusion of vast amounts under the CARES Act, the net worth of billionaires such as Amazon's Jeff Bezos and Tesla's Elon Musk has soared to astronomical levels.

Excluding the rise in value of stock holdings, the income of the top 0.1 percent of wage earners has increased a staggering 345.2 percent since 1979 and the next 1 percent saw an increase of 160.3 percent. Meanwhile the bottom 90 percent saw a 26 percent increase in real wages. Even though the next 10 percent, the more privileged layers of the middle class saw pay increases of 51–75 percent.

Even the 26 percent rise in wage income for the bottom 90 percent is probably overstated, since this figure is based on total hours worked, including overtime, and not average base pay. Much of the rise without a doubt reflects the fact that workers are laboring for longer hours, often at multiple jobs, to keep their heads above water.

The numbers also do not reflect the impact of the destruction of benefits, hitting lower-wage workers the hardest. Over this time period, many have lost their employer-paid health benefits or have faced rising co-payments. Employer paid pensions are also a thing of the past, as well as paid sick leave. The younger generation is being crushed by massive student loan debt.

Taking all this into account in real dollar terms, those in the bottom 90 percent, the majority of whom are working class and less privileged layers of the middle class, have seen an average increase in wage income of less than \$9,000 since 1979.

Meanwhile, annual wages between 1979 and 2019 more than doubled for the upper 1 percent, on average from \$251,600 to \$522,000 and for the top 0.1 percent \$648,700 to \$2.89 million. By contrast, if income growth had been distributed equally across the population, the average wage earner would have enjoyed a \$57,535 annual pay increase since 1979. Based on a standard 40-hour workweek, this would mean an average wage increase of well over \$25 an hour.

These figures shed light on the pathetic promotion by the unions and sections of the Democratic Party of a \$15 per hour “living wage.” Based on a 40-hour workweek, \$15 an hour would leave the typical worker at the level of 1979, without so much as an extra dollar in his pocket. What happens then to the other \$57,535? It stays in the bank accounts of the rich.

Illuminating further the unions' phony “Fight For \$15” campaign, a recent report in *Bloomberg News* notes that, according to government statistics, in communities where logistic giant Amazon opens a warehouse paying its much hyped \$15 an hour wage, overall pay for warehouse workers suffers a decline. According to Bloomberg, due to the company's economic power, “In 68 counties where Amazon has opened one of its largest facilities, average industry compensation slips by more than 6% during the

facility's first two years, according to data from the Bureau of Labor Statistics."

The EPI report shows that during the 2008 recession and the recovery that followed, the upward redistribution of income continued. While the bottom 90 percent saw a miniscule wage growth of 8.7 percent, reflecting both longer hours worked as well as wage increases, this was dwarfed by the rise in the top income categories. The wages of the top 1.0 percent and top 0.1 percent grew 20.4 percent and 30.3 percent respectively over the same 10 years.

The report also looks at the percentage share in national wage income by segment of the population from 1979 to 2019. The top 1 percent increased its share by 6.7 percent during that period, while the bottom 90 percent saw a decrease of 8 percent in its share of total wage income.

In another related study the EPI reported that in 2019 alone executive pay rose a hefty 14 percent at the top 315 US companies, reaching \$21.3 million on average. The same report documented that from 1978 to 2019, CEO compensation grew by a staggering 1,167 percent.

The rise in income inequality has been a relentless trend over the past four decades and has continued under Democratic and Republican administrations alike. Indeed, the administration of Barack Obama (2009–17) saw the greatest upward redistribution of wealth from the working class to the wealthy in history until now.

The choice of 1979 by the EPI to begin its wage study is not arbitrary. It coincides with the launching of an assault by the American ruling class on the gains won by workers during the post-WWII economic boom under conditions where US capitalism's global hegemony was coming under increasing threat from its rivals in Europe and Asia.

This assault began under the Democratic administration of Jimmy Carter, who appointed Paul Volcker as Federal Reserve Chairman in August 1979 to drive up interest rates in order to increase unemployment, forcing companies like Chrysler into near bankruptcy.

The assault accelerated under the Reagan administration, which fired and blacklisted 12,000 striking air traffic controllers in 1981. The AFL-CIO supported the attacks on the workers, blocking any solidarity action and isolating the air traffic controllers and other sections of workers. In the following years unionbusting, wage cutting and plant closures spread to auto, steel, mining, transportation and telecommunication.

In looking at the EPI figures on wages, it is important to understand that the undermining of the social position of the working class was not simply the result of abstract

economic processes or government policies alone. At every step, the procapitalist and nationalist trade unions assisted the attack on workers' living standards in the name of promoting global competitiveness of US big business, accepting multitier wages, the growth of casual and part-time work, elimination of pensions and other benefits. At the same time the unions forged ever-closer ties with management and the state.

The rise in social inequality coincided with the growth of financialization in the 1980s, the reaping of fortunes based speculation and parasitism, not the expansion of production. This is reflected in the EPI tables, which shows an actual decline in real wages in the early 1980s while wages for the top income group began to rise precipitously. Overall, between 1980 and 1990, the real wages of the top 0.1 percent rose a staggering \$789,685, while the wages of the bottom 90 percent remained virtually unchanged.

The EPI report does not include data from 2020, which saw a further massive transfer of wealth to the rich through the passage of the CARES Act in response to the COVID-19 pandemic. America's 650 billionaires, including the pandemic profiteers, Bezos, Musk and Tyson, have increased their wealth by \$1 trillion. At the same time the broad masses of workers have seen a devastating drop in income and face levels of hunger, mass evictions and economic distress not seen since the Great Depression of the 1930s.

The pandemic has intensified the already existing class tensions to unprecedented levels. The growth of inequality and the maniacal focus of the ruling class on protecting its wealth at all costs has made any rational solution to the spread of the pandemic impossible. Instead, the ruling class has adopted the homicidal policy of "herd immunity," seeking to continue the process of profit accumulation no matter the cost in human lives.

This will provoke revolutionary struggles in the United States and across the world. The socialist reorganization of society, including the expropriation of the vast private fortunes of the corporate and financial oligarchy and a radical redistribution of wealth, has become a life-and-death necessity for billions of people across the planet.



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