



Thirty-five years of upward wage, income, and wealth redistribution

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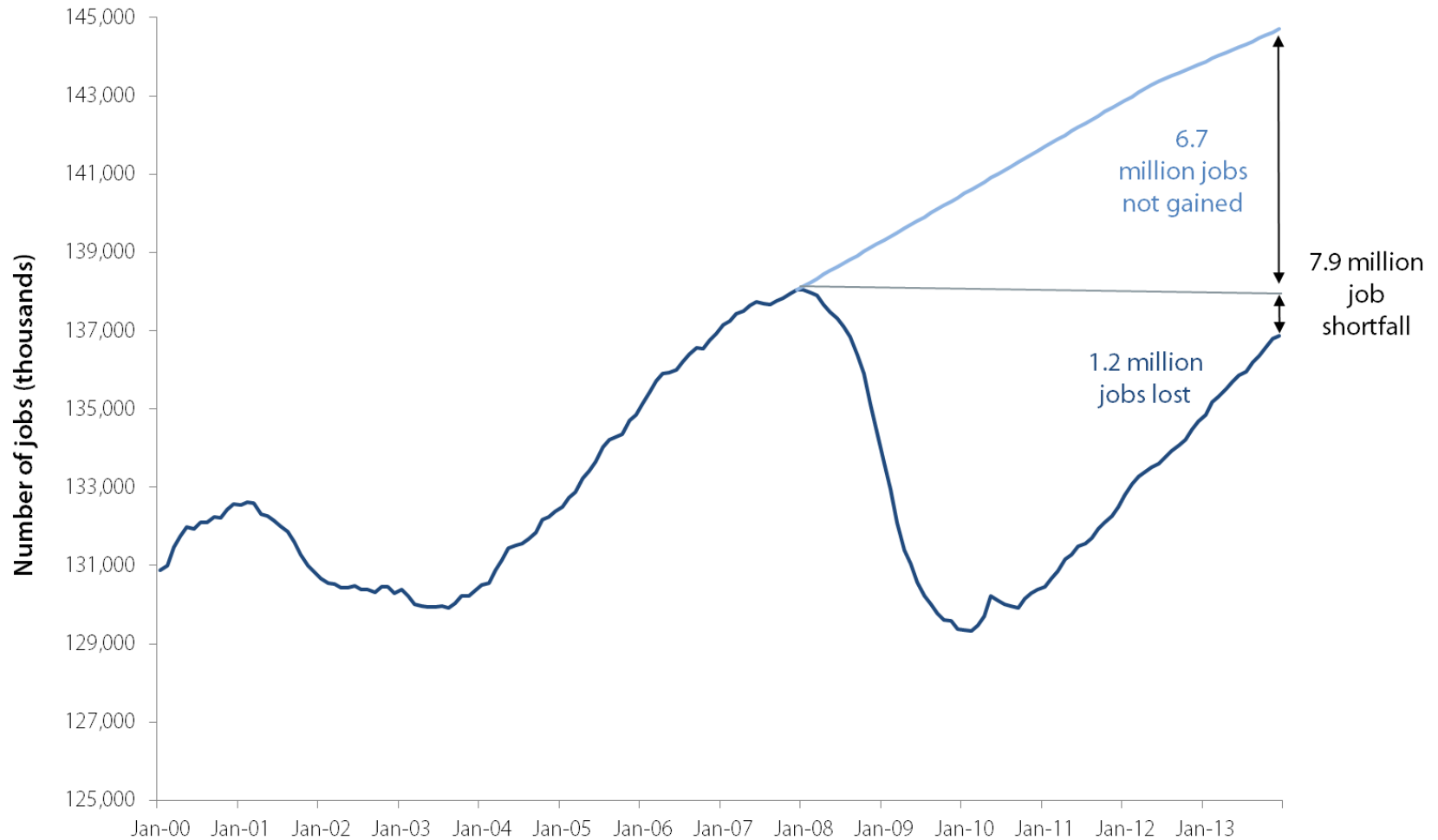


The shadow of the Great Recession looms



Recession has left a job shortfall of nearly 8 million

Payroll employment and the number of jobs needed to keep up with the growth in the potential labor force, 2000–2013



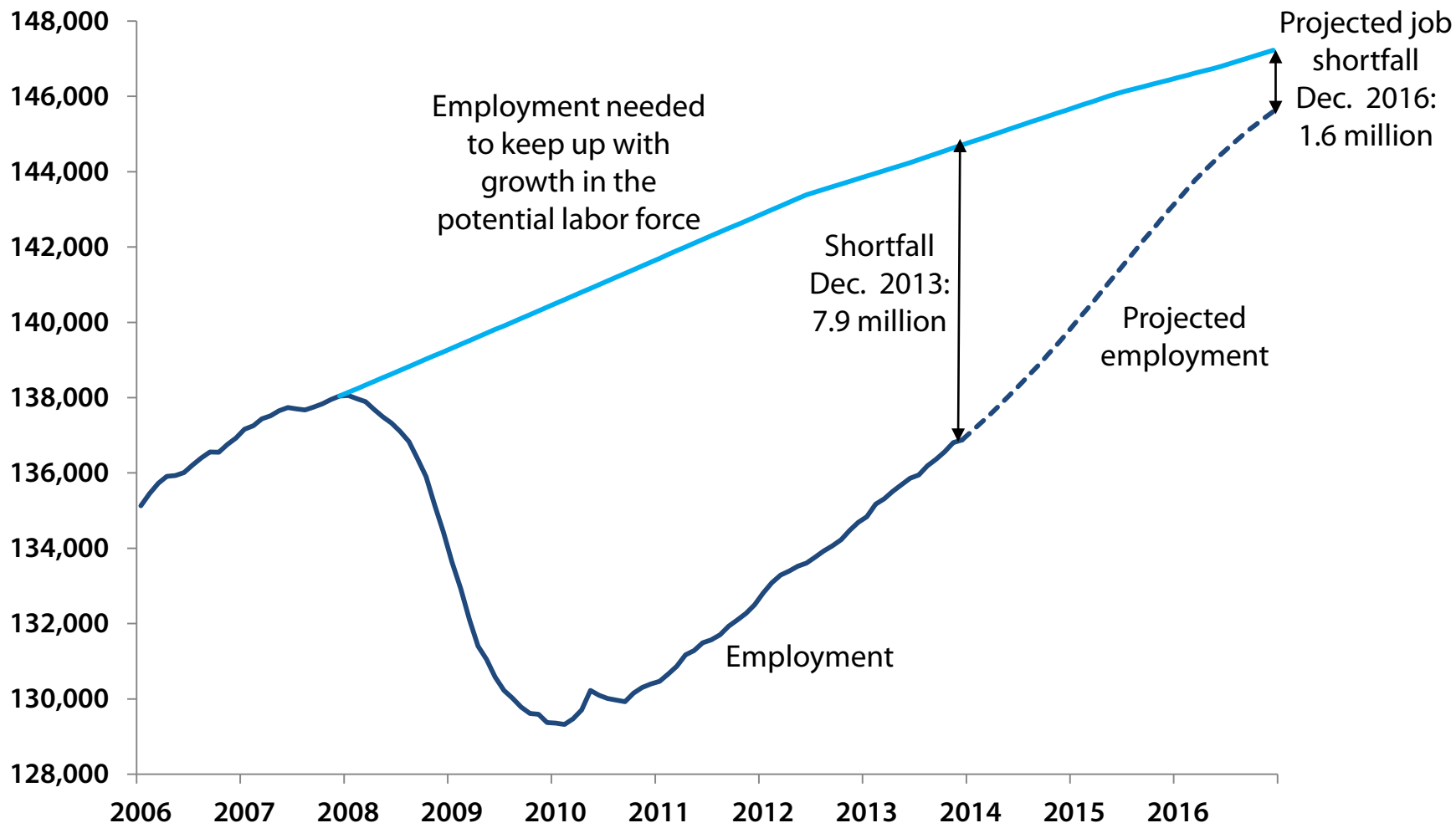
Note: Congressional Budget Office estimates of the potential labor force (found here:

http://cbo.gov/sites/default/files/cbofiles/attachments/43910_KeyAssumptionsProjectingPotentialGDP.xls) are used to calculate the number of jobs needed to keep up with the growth in the potential labor force.

Source: Authors' analysis of Bureau of Labor Statistics' Current Employment Statistics public data series and Congressional Budget Office data



Payroll employment and the number of jobs needed to keep up with the growth in the potential labor force, 2000–2016

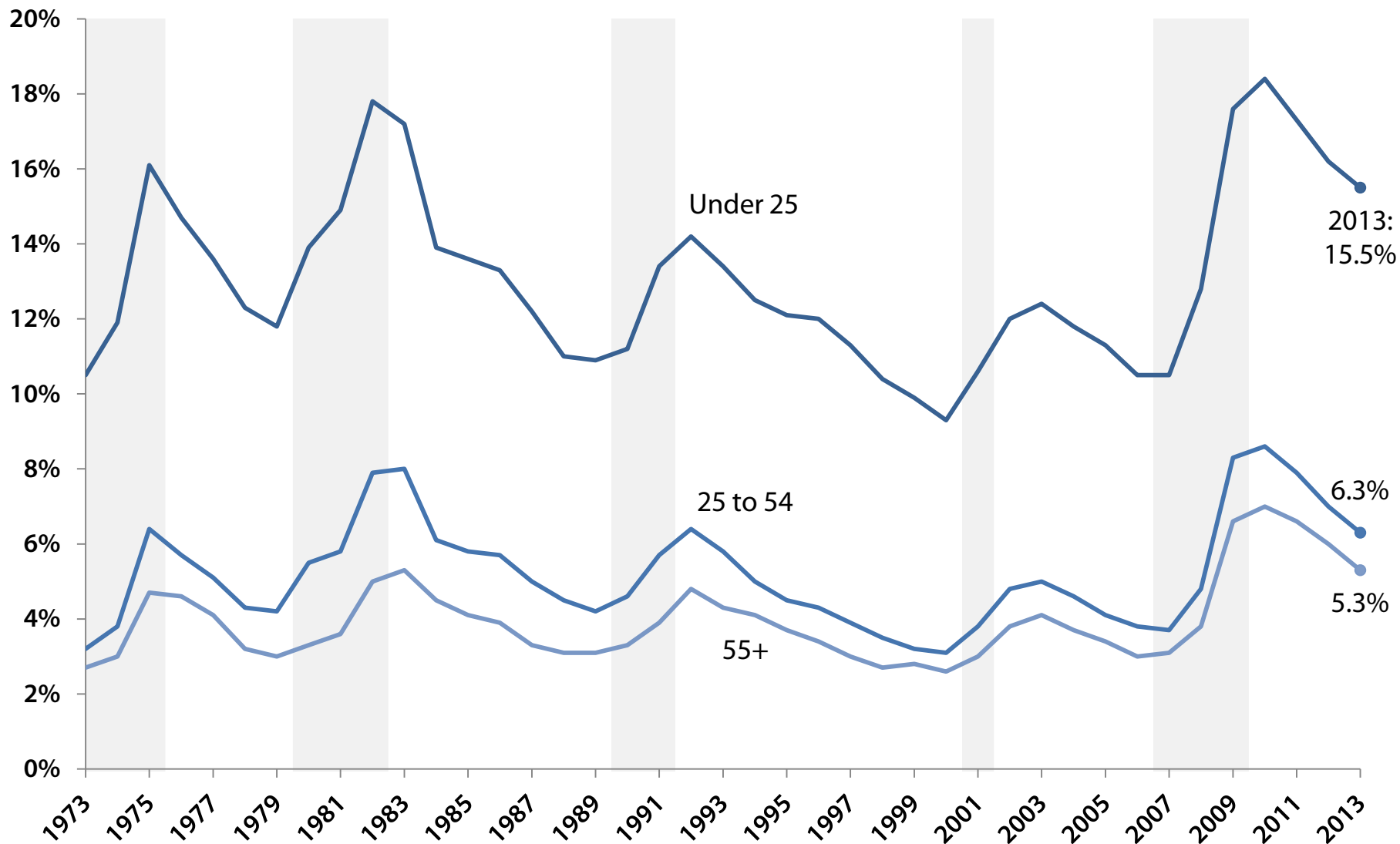


Note: Congressional Budget Office estimates of the potential labor force are used to calculate the number of jobs needed to keep up with the growth in the potential labor force.

Source: Author's analysis of Bureau of Labor Statistics' Current Employment Statistics public data series and Congressional Budget Office data



Unemployment rate by age group, 1973–2013

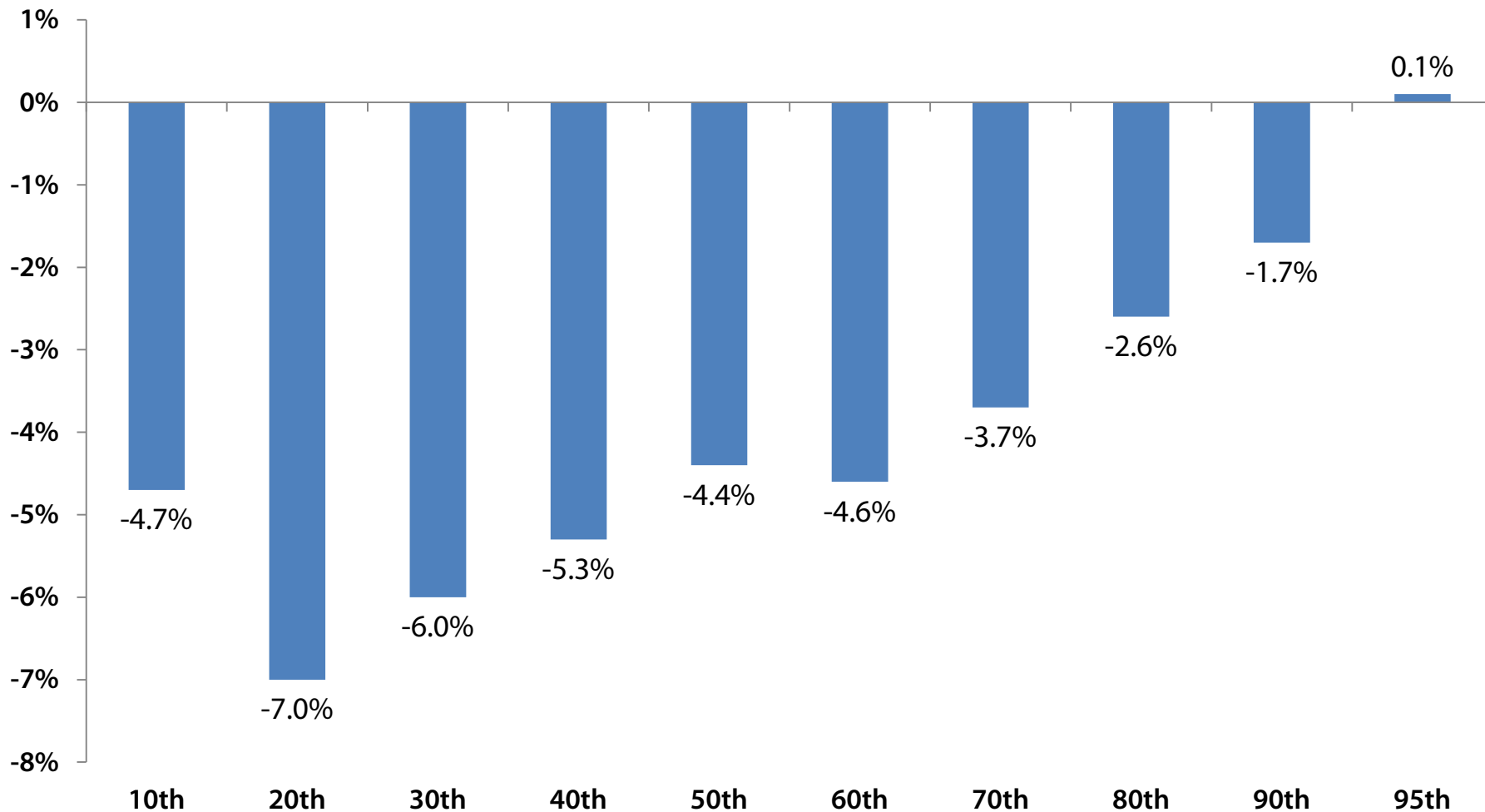


Note: Shaded areas denote recessions.

Source: Bureau of Labor Statistics Current Population Survey public data series



Change in real hourly wages between 2009 and 2013 at various parts of the wage distribution



Note: Data are by wage percentile. Due to data availability, 2013 is actually the 12-month average of data from December 2012 to November 2013.

Source: Author's analysis of Current Population Survey Outgoing Rotation Group microdata



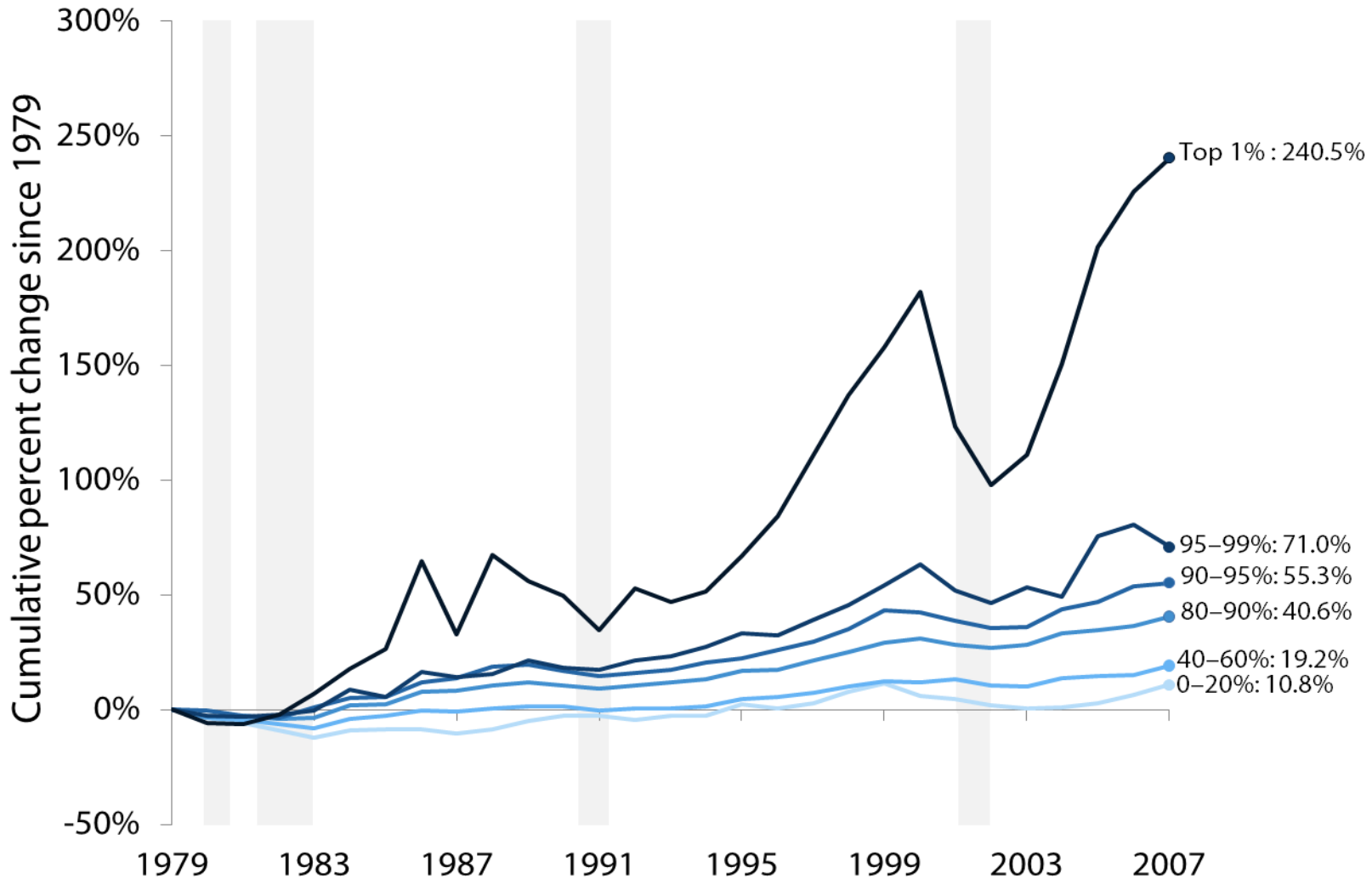
But skewed wage growth did not just emerge in the aftermath of the Great Recession.

Rising inequality blocked wage and income growth for most of the workforce for most of the last *generation*.

First the trends...



Figure 2M Cumulative change in real annual household income, by income group, 1979–2007

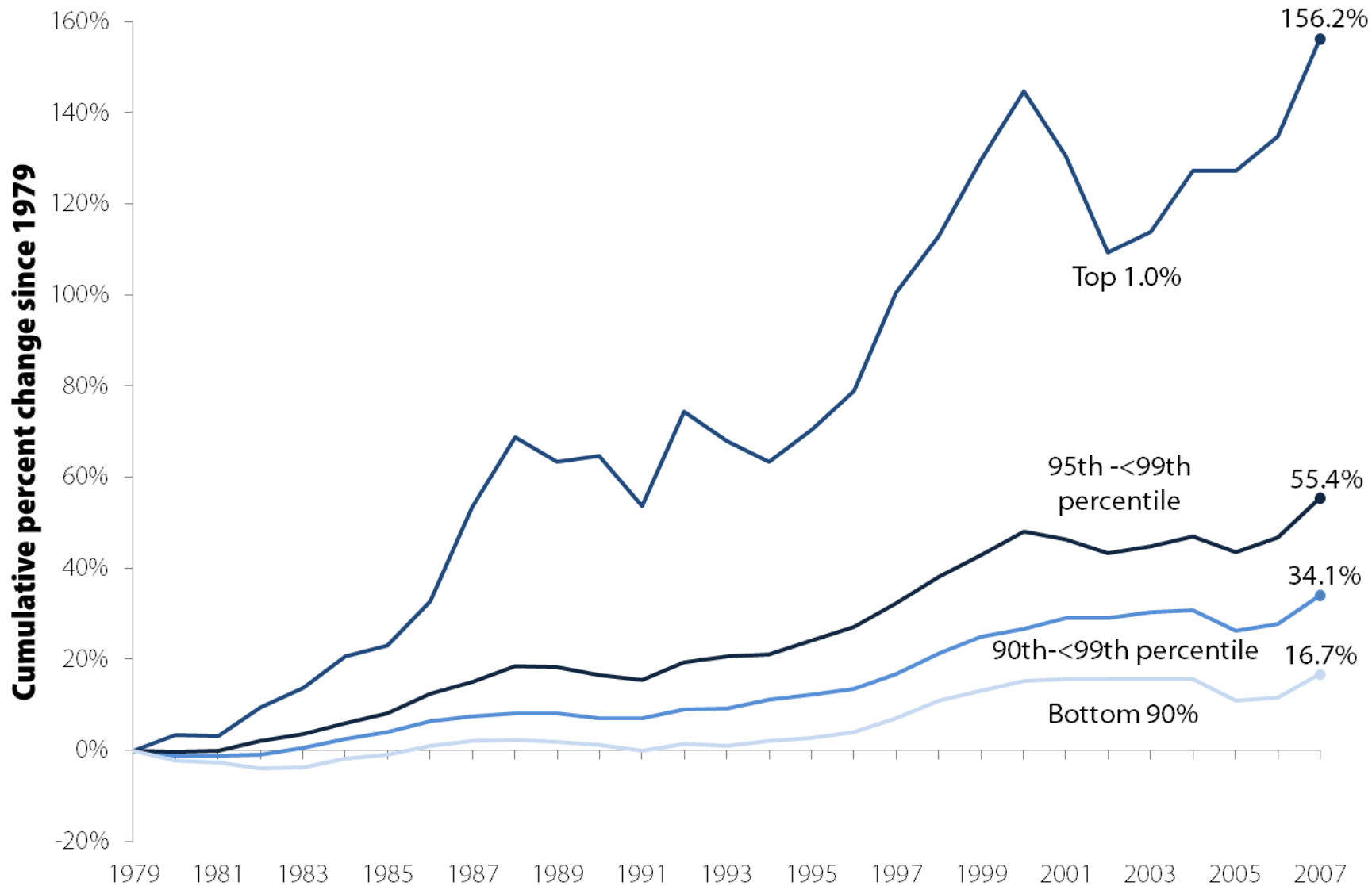


Note: Data are for comprehensive income. Shaded areas denote recessions.

Source: Authors' analysis of data from the Congressional Budget Office (2010)



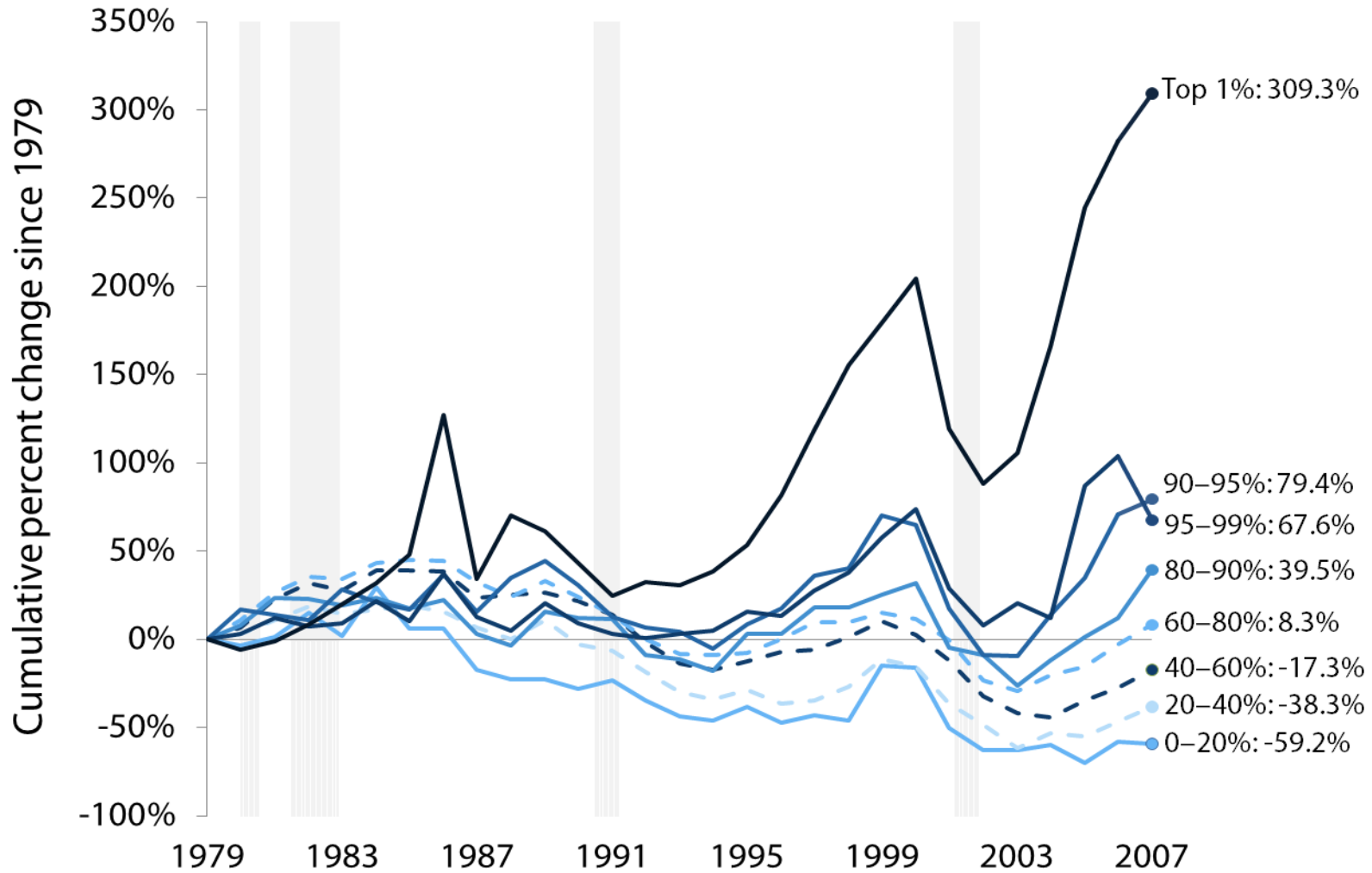
Figure 4H Change in real annual wages, by wage group, 1979–2007



Source: Author's analysis of data from Kopczuk, Saez, and Song (2007) and Social Security Administration wage data



Figure 2U Cumulative change in real annual household capital income, by income group, 1979–2007



Note: Shaded areas denote recessions.

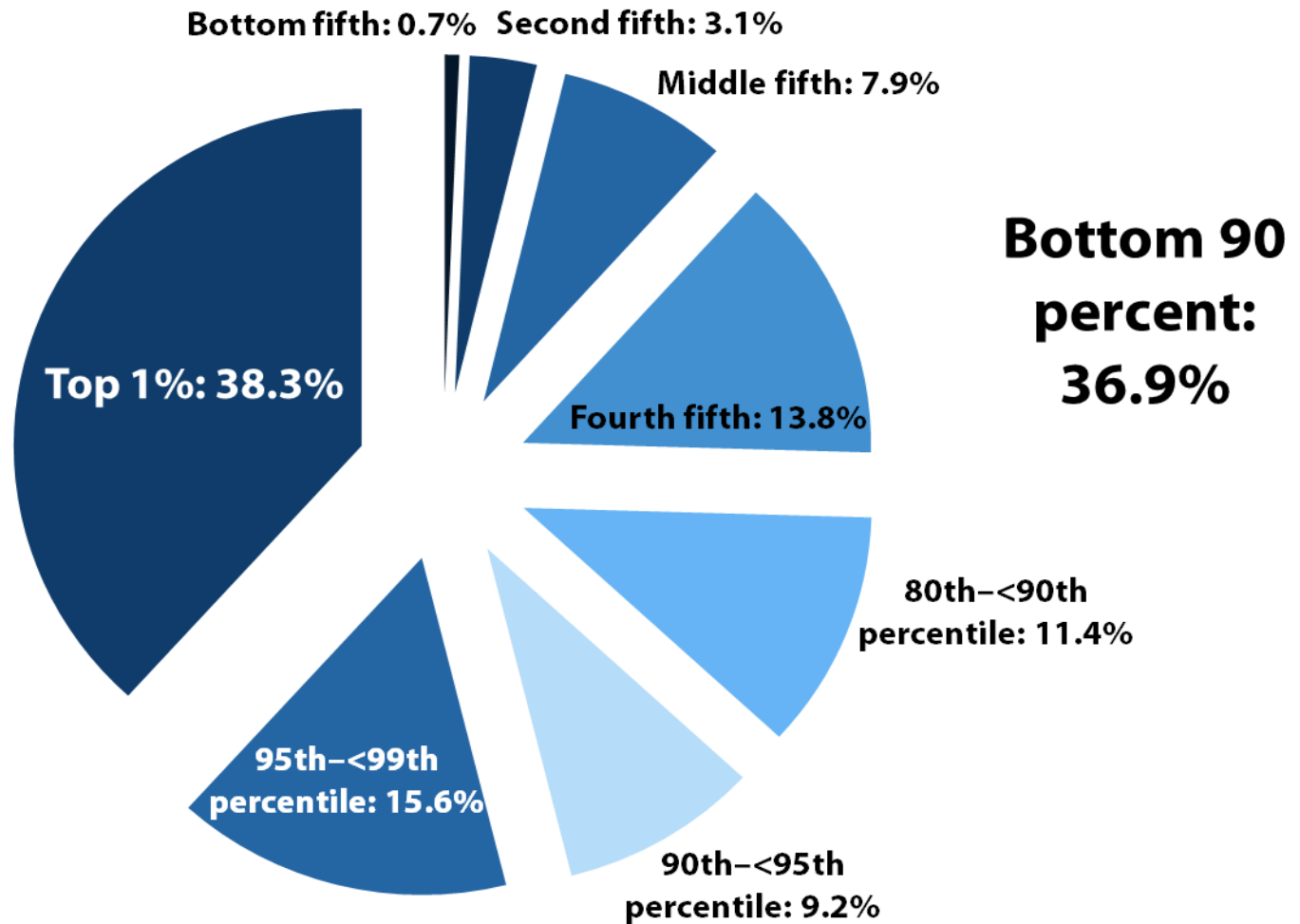
Source: Authors' analysis of Congressional Budget Office (2010)



Now the *consequences...*



Figure 2Y Share of total household income growth attributable to various income groups, 1979–2007

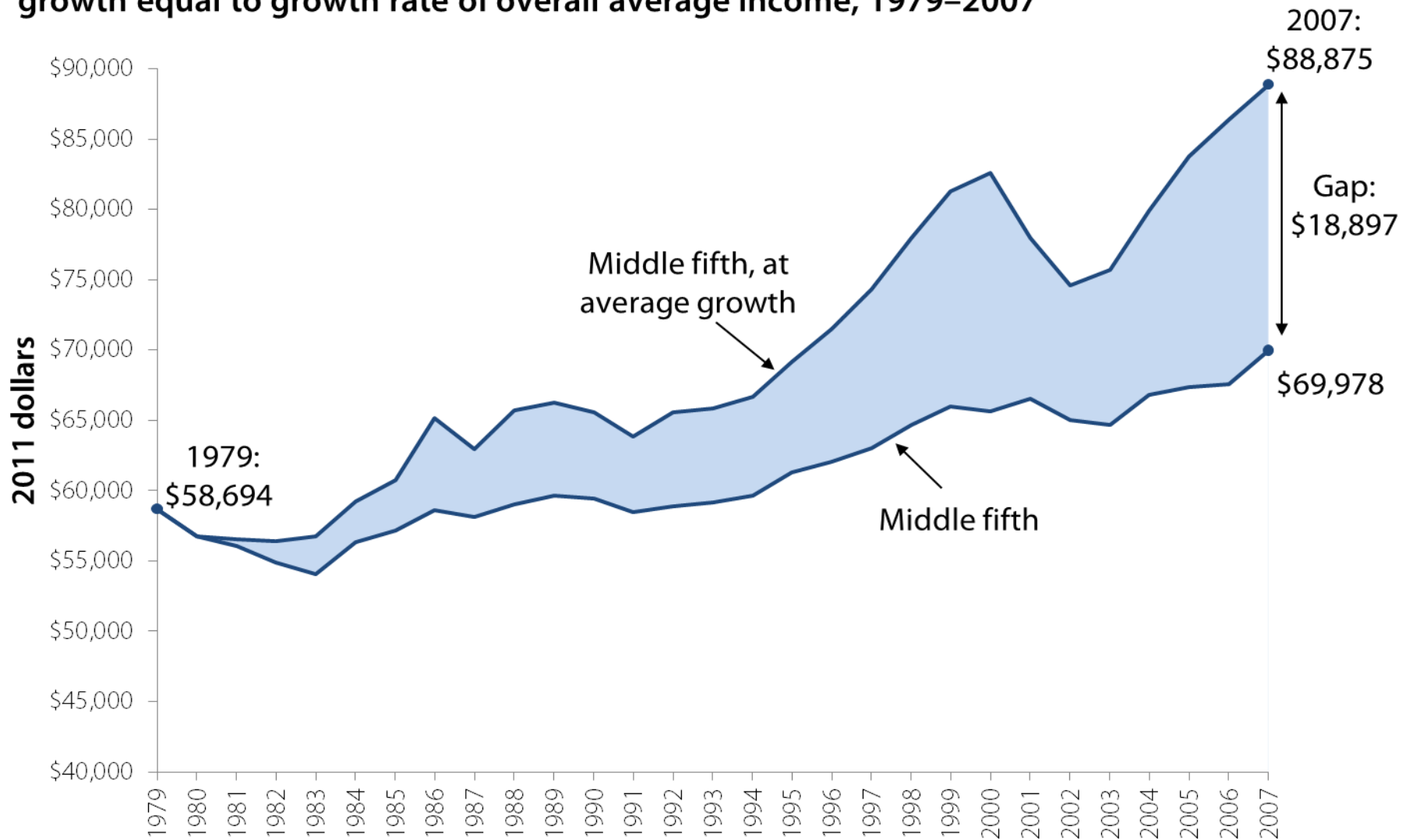


Note: Data are for comprehensive income.

Source: Authors' analysis of Congressional Budget Office (2010)



Figure 1K Household income for the middle fifth, actual and projected assuming growth equal to growth rate of overall average income, 1979–2007

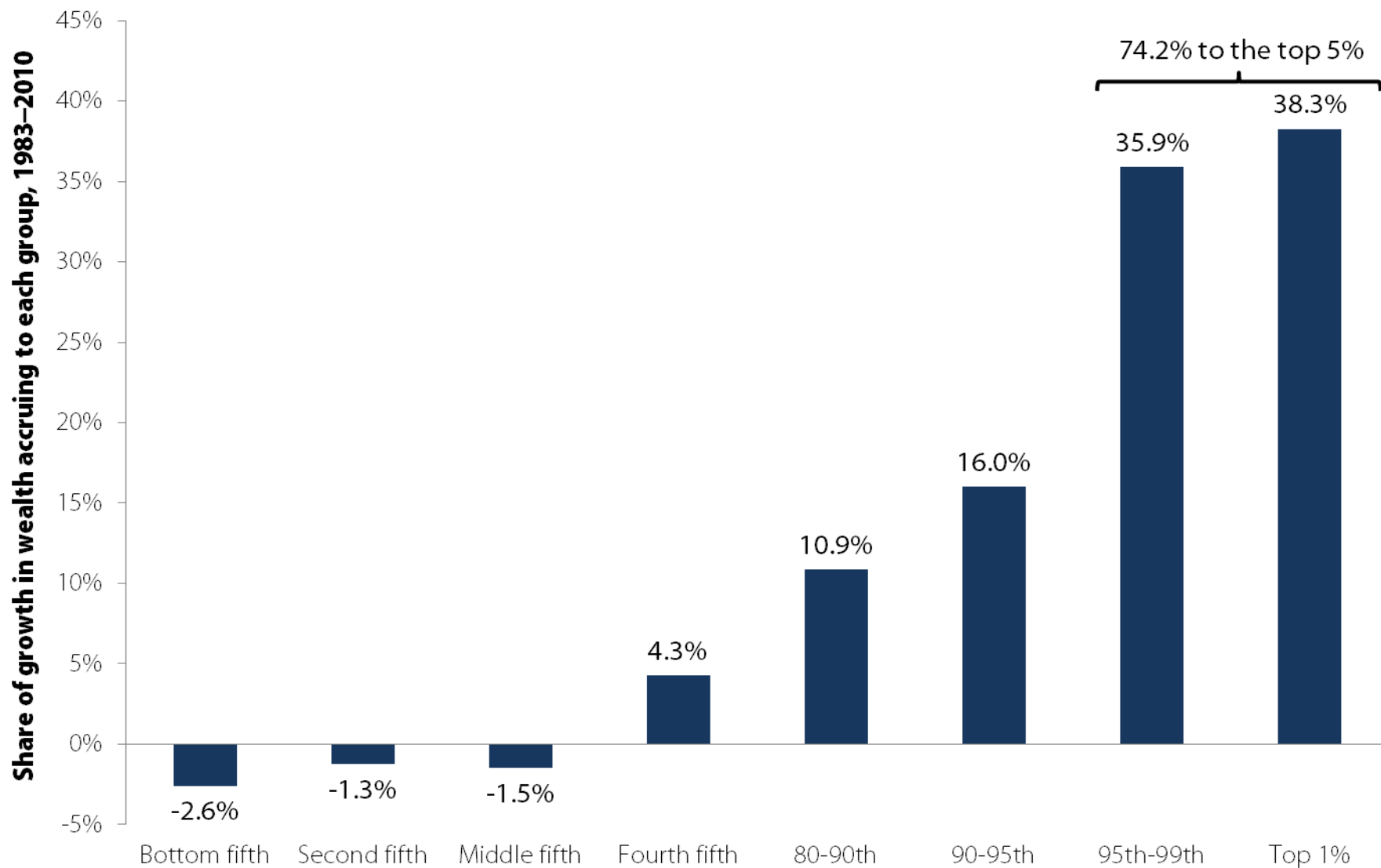


Note: Data are for comprehensive income.

Source: Authors' analysis of Congressional Budget Office (2010)



Figure 6B Share of total wealth growth accruing to various wealth groups, 1983–2010



Source: Authors' analysis of Wolff (2012)



A market economy where growth is shared broadly has two key elements

1. Jobs

- Use all levers of macroeconomic policy to ensure full employment

2. Good Jobs

- Strengthen labor standards and institutions
- Make globalization a fairer deal for US workers
- Reduce the rents claimed by the finance sector and CEO's



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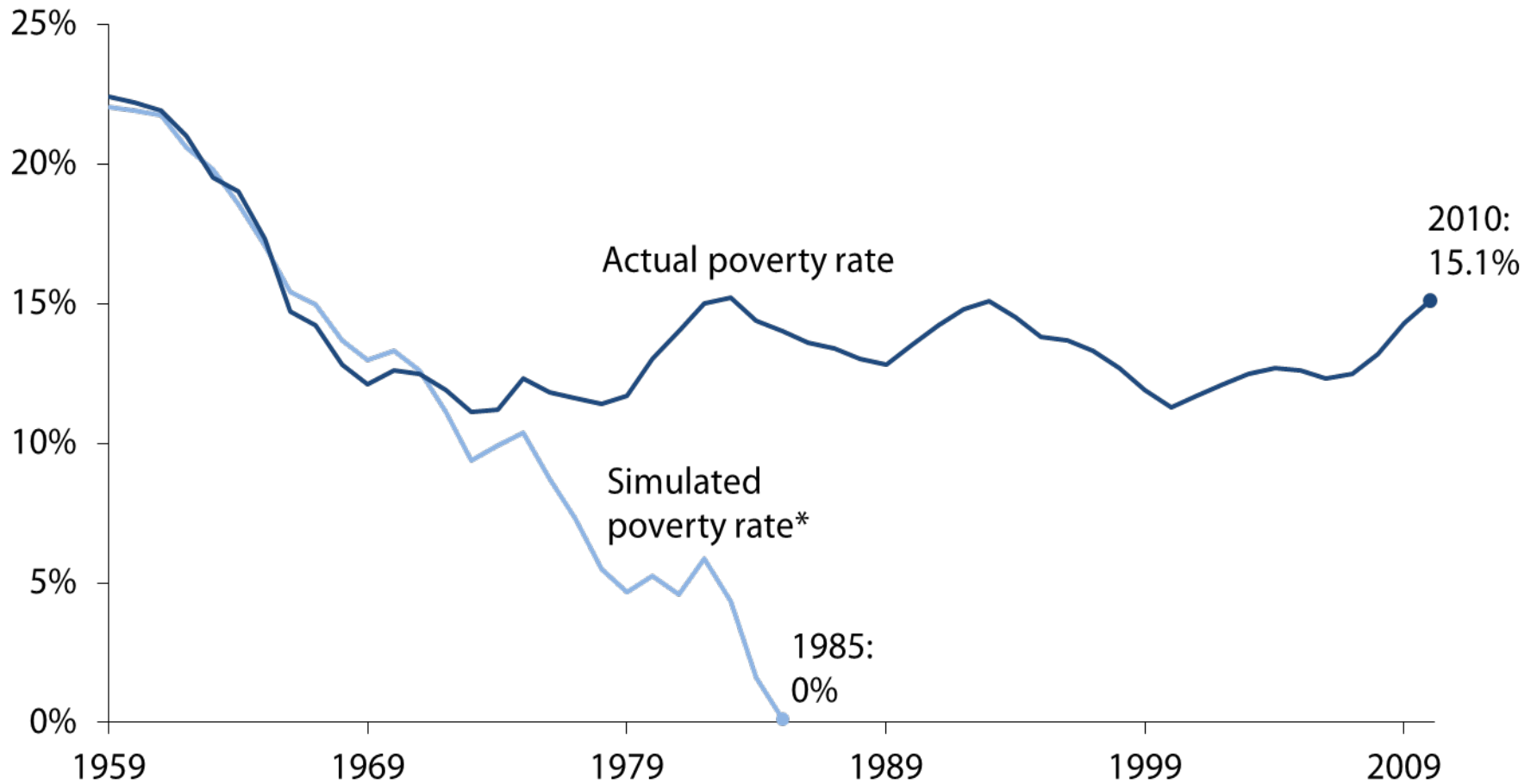
www.epi.org



EXTRA SLIDES



Figure 7M Poverty rate, actual and simulated, 1959–2010

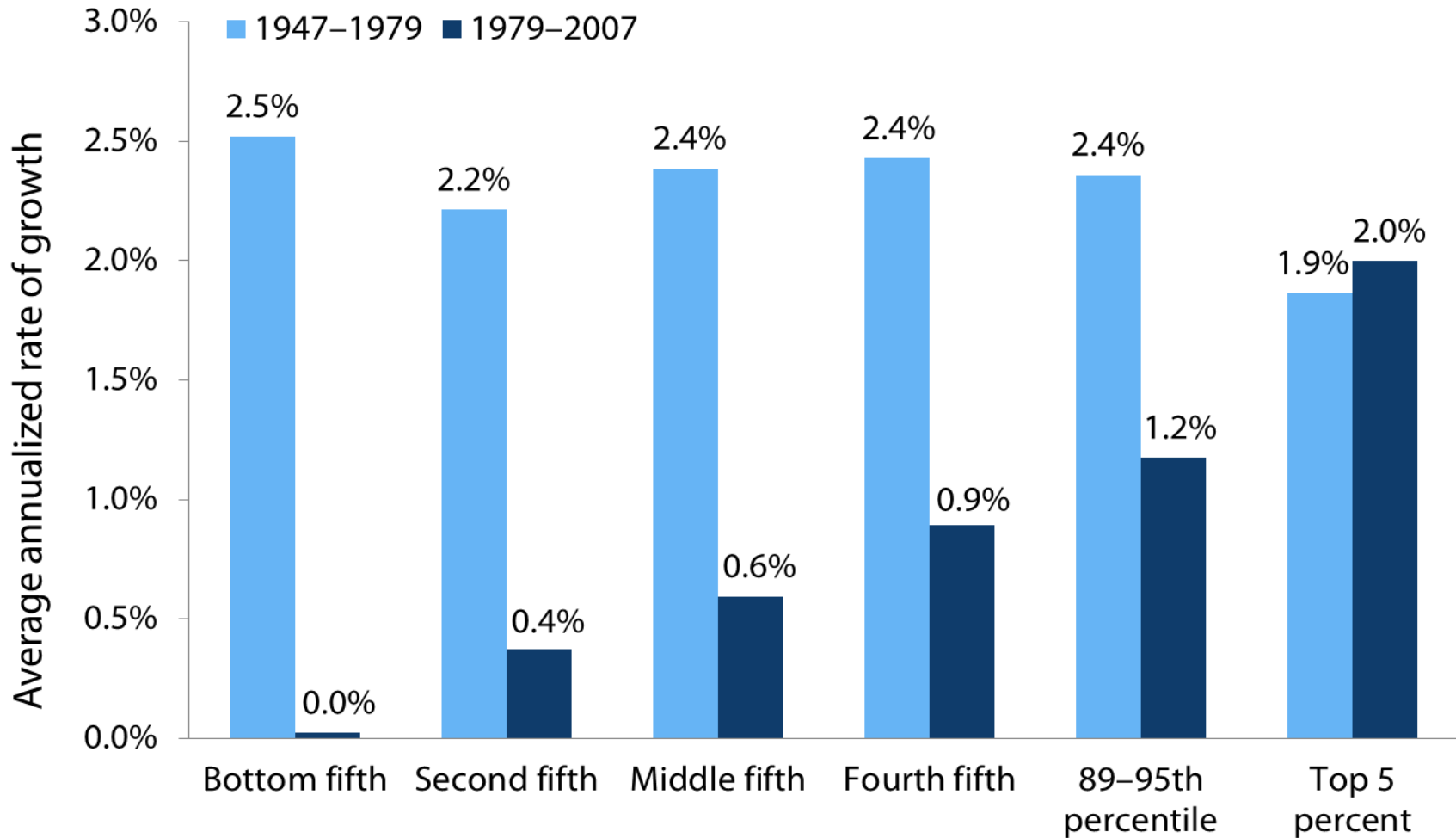


* Poverty rate simulated by a model based on the relationship between per capita GDP growth and the official poverty rate between 1959 and 1973.

Source: Authors' analysis of Current Population Survey Annual Social and Economic Supplement Historical Poverty Tables (Tables 2 and 4) and Bureau of Economic Analysis National Income Product Accounts public data. Analysis using Danziger and Gottschalk (1995)



Figure 2C Average family income growth, by income group, 1947–2007

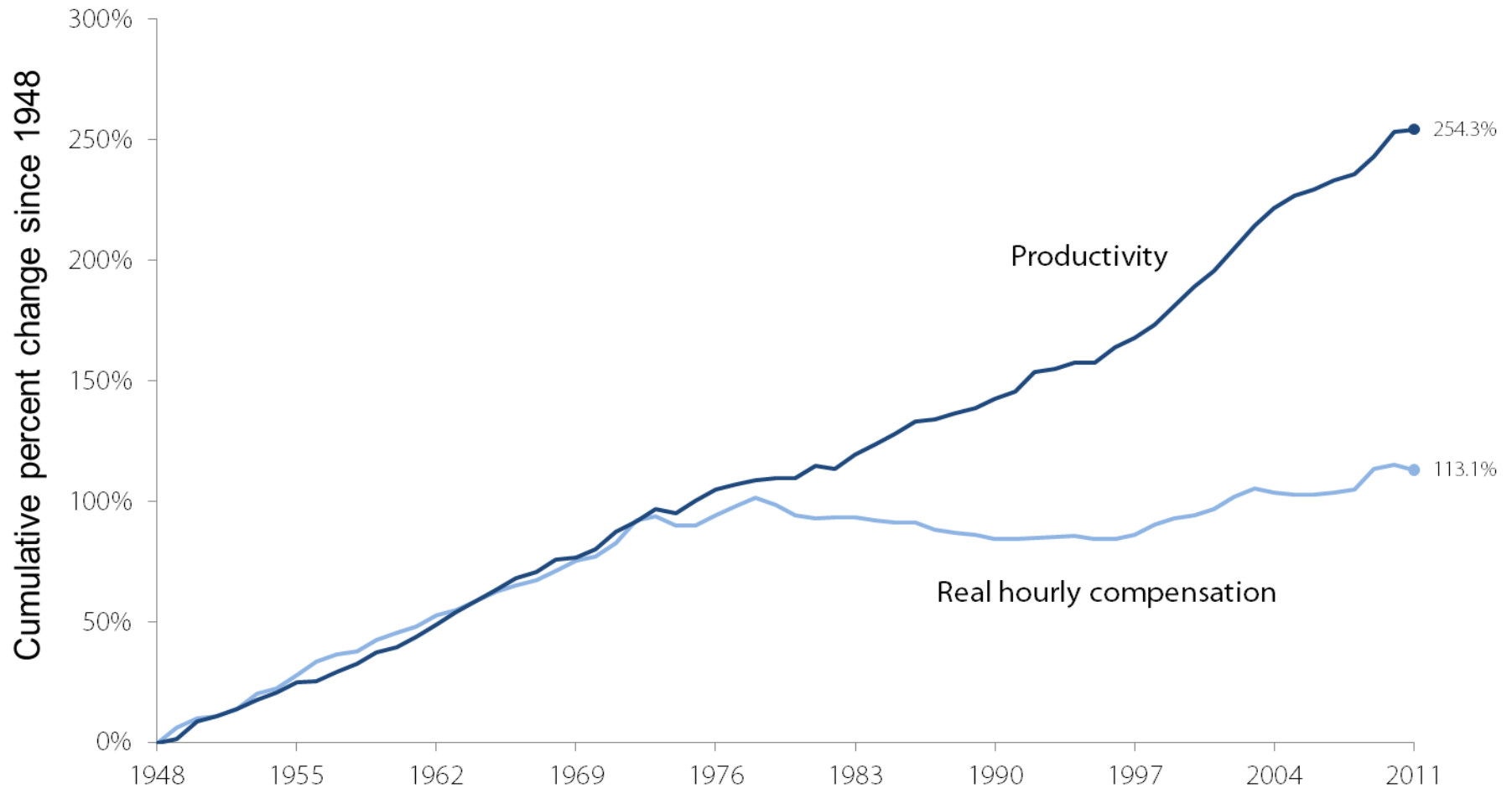


*Data are for market based income of tax units.

Source: Authors' analysis of Current Population Survey Annual Social and Economic Supplement *Historical Income Tables* (Table F-2, F-3, F-5), and Piketty and Saez (2012)



Figure 4U Cumulative change in total economy productivity and real hourly compensation of production/nonsupervisory workers, 1948–2011



Note: Data are for production/nonsupervisory workers in the private sector and productivity of the total economy.
Source: Authors' analysis of unpublished total economy data from Bureau of Labor Statistics Labor Productivity and Costs program, wage data from BLS Current Employment Statistics program, and Bureau of Economic Analysis National Income and



Median household wealth by race and ethnicity, 1983-2010

