



JOBS AND THE FUTURE OF WORK

Productivity vs Wages: How Wages in America Have Stagnated

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A study by the Economic Policy Institute has found that the growth in compensation is lagging far behind that of the productivity of the American employee.

- Between 1948-1979, the growth in productivity vs wages were relatively similar, with an increase of 108% and 93%, respectively.
- But between 1979-2019, whilst net productivity has continued to increase by an expected 70%, hourly compensation in the country is less than a fifth of that at just 12%.

The COVID-19 pandemic has caused a surge in economic inequality in the U.S., as millions of workers remain permanently unemployed from the job they had before the virus reached the country. However, COVID-19 and subsequent economic hardships are only exacerbating an already serious decline in worker prosperity, and data shows how worker productivity has increased at a much faster rate than hourly compensation over the last decades.

In data collected by the Economic Policy Institute, the growth in productivity has more than doubled that of hourly compensation for U.S. workers since 1948. With net productivity in the country growing by roughly 253 percent in the last seven decades, hourly compensation has increased by just 116 percent.

Between 1948-1979, the percent growth in productivity and wages were relatively similar, with an increase of 108 percent and 93 percent, respectively. The growth from 1979-2018, however,

has been drastically different. While net productivity has continued to increase by an expected 70 percent, hourly compensation in the country is less than a fifth of that at just 12 percent.

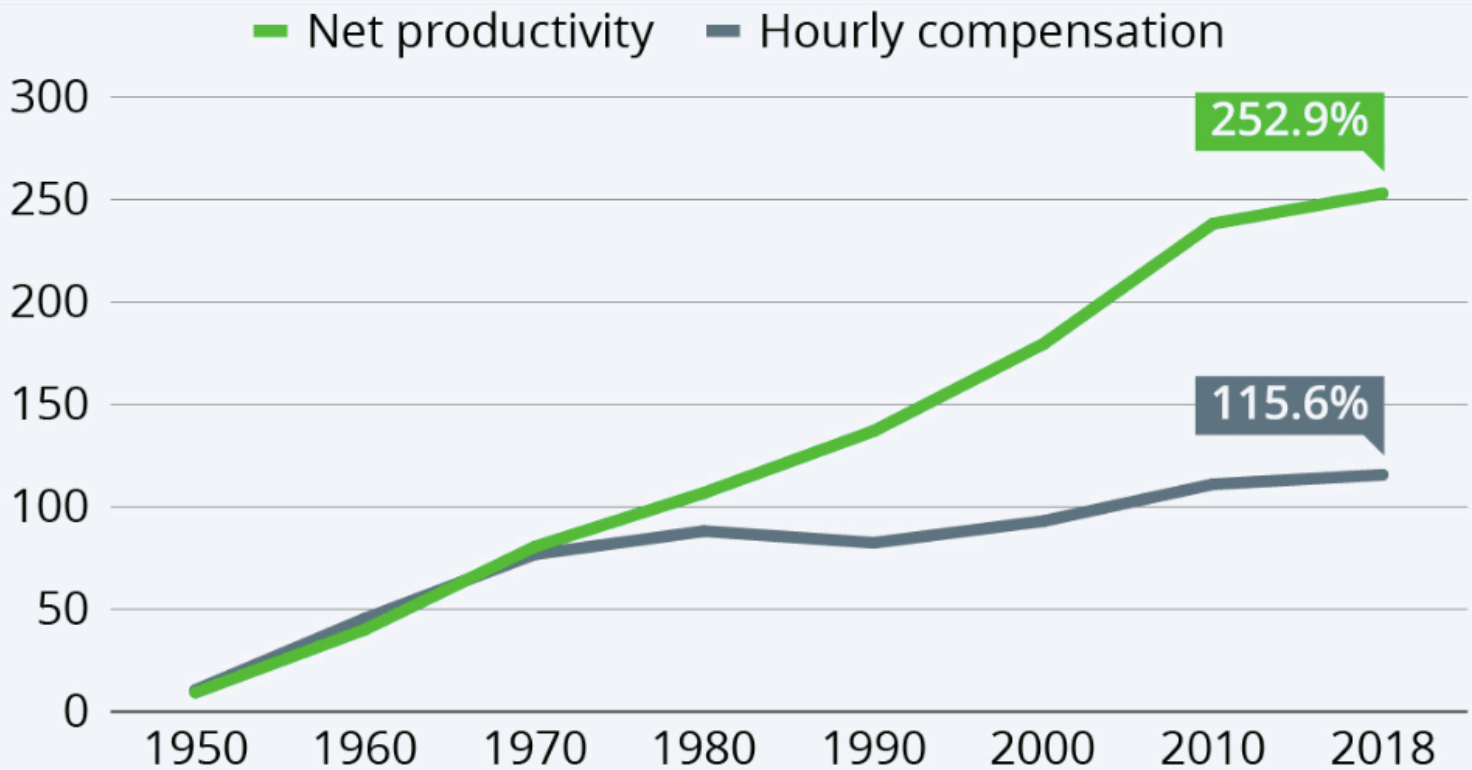
Policy changes, deregulation and a rapid decline in unionization since 1978 has greatly contributed to the stagnation of wages in the country, according to the Economic Policy Institute. Differences in wages and productivity are felt even more in minority communities across the country, and COVID-19 is only speeding up this trend of inequality. Recovery efforts to reignite the U.S. economy could further perpetuate wage inequality or could serve as a catalyst to begin the long journey of undoing the damage caused over the last four decades and create a prosperous workforce.

(<https://www.weforum.org/stories/2020/11/productivity-workforce-america-united-states-wages-stagnate/>)

Productivity Soars, Wages Stagnate



Percent growth in U.S. productivity and
hourly compensation, 1950-2018



Data on wages from workers in private sector compared
to productivity in total economy.

Source: Economic Policy Institute



statista

Wage-stagnation in Nine Charts

<https://www.epi.org/publication/charting-wage-stagnation/>