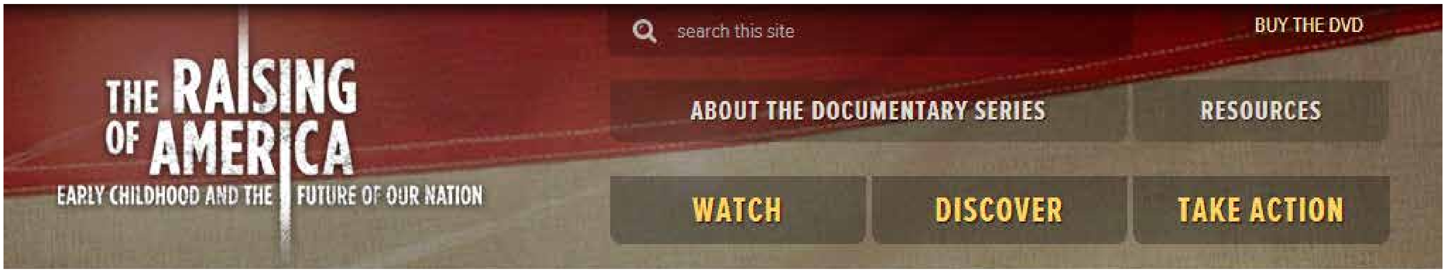
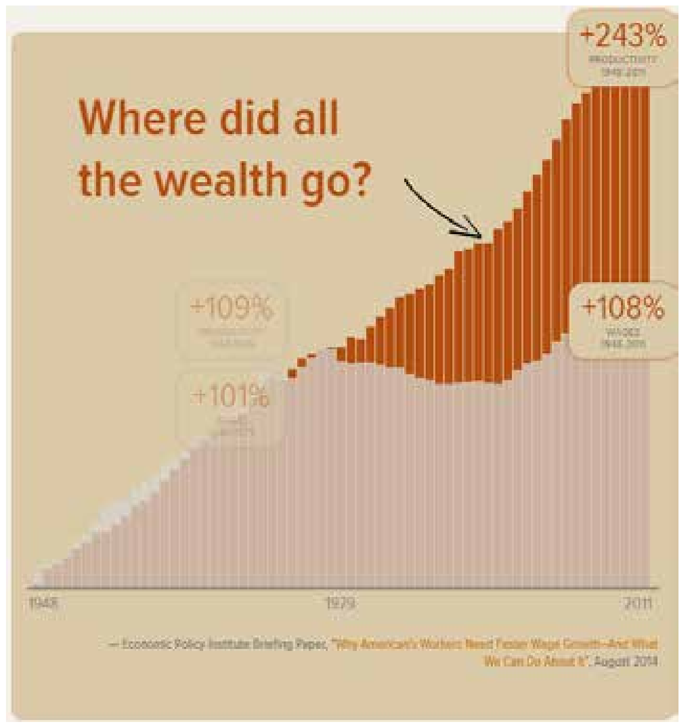


http://raisingofamerica.org/where-did-all-wealth-go

Where Did the Wealth Go?

Workers in America have been some of the most productive in the world over the past century. But those same workers may not be the ones benefiting from their hard work.



Productivity measures the amount of goods and services produced by one hour of labor. The more workers produce, the higher the standard of living an economy can support.

Since World War II, the United States has been one of the most productive nations in the world. Its economy has grown by leaps and bounds, doubling in size and doubling again over the past 70 years.

In the first three decades following the War, as the chart shows, productivity gains were shared with workers. Workers were producing more, businesses were successful and the incomes, working conditions and living standards of most Americans grew (35% of private sector workers belonged to labor unions in the 1950s).

The Post-War years were a Golden Age of prosperity which built America's white middle class (African Americans were locked out of most good jobs until after the 1964 Civil Rights Act, and still suffer job discrimination). Then something changed.

Labor productivity continued to soar (68% growth since 1979) but that growth no longer translated into increased wages nor a higher standard of living for the typical American family. Instead, income and compensation stayed flat for most and working conditions and benefits worsened.

By 2011, the median wage (half of all workers make less than the median, half more) was only 8% more than it was in 1979. That's a 68% increase in the nation's productivity but only an 8% increase in the median wage—an eight-fold difference.

Where did all that newly created wealth go? To the top, the very top. Mostly to corporate profits, shareholders, and executive compensation. Over the past thirty-plus years, the top 1% accrued nearly all the family income gains while typical workers in America didn't see a real raise at all. How did this happen?

Many reasons, but large corporations, Wall Street and rich individuals were able to exert political power to shape taxes, regulations, trade agreements, labor, campaign spending and other laws which increased their wealth while leaving most Americans behind, increasingly squeezed for time, money and resources.

That's not good for workers. But the stressors they face as a result can also harm the emotional, intellectual and social developmental prospects of their children, as illustrated by the Wisconsin Study of Work and Families.

SOURCE: Economic Policy Institute Briefing Paper, "Why American's Workers Need Faster Wage Growth–And What We Can Do About It", August 2014

TAKE-AWAY

American working families have not shared in the wealth produced by gains in labor productivity; it's been captured by Wall Street executives and the corporate elite.
