



Does Productivity Growth Still Benefit American Workers?

Stephen Rose,
June 13, 2007

What Others Are Saying

- Elizabeth Warren and Amelia Tyagi: “Never before have middle class families worked so hard just to break even.”
- Kusnet, Michel, and Teixeira: “With most people, the intensity, the insecurity, and the arduousness of their economic struggles are woven into the fabric of their lives—and are central to their identity.”
- Kuttner: “At least two-thirds [of Americans] are economically stressed... [Over the past three decades] all of the [productivity] gains went to the top 10 percent (most to the top 1 percent).”

Christian Weller, Center for American Progress

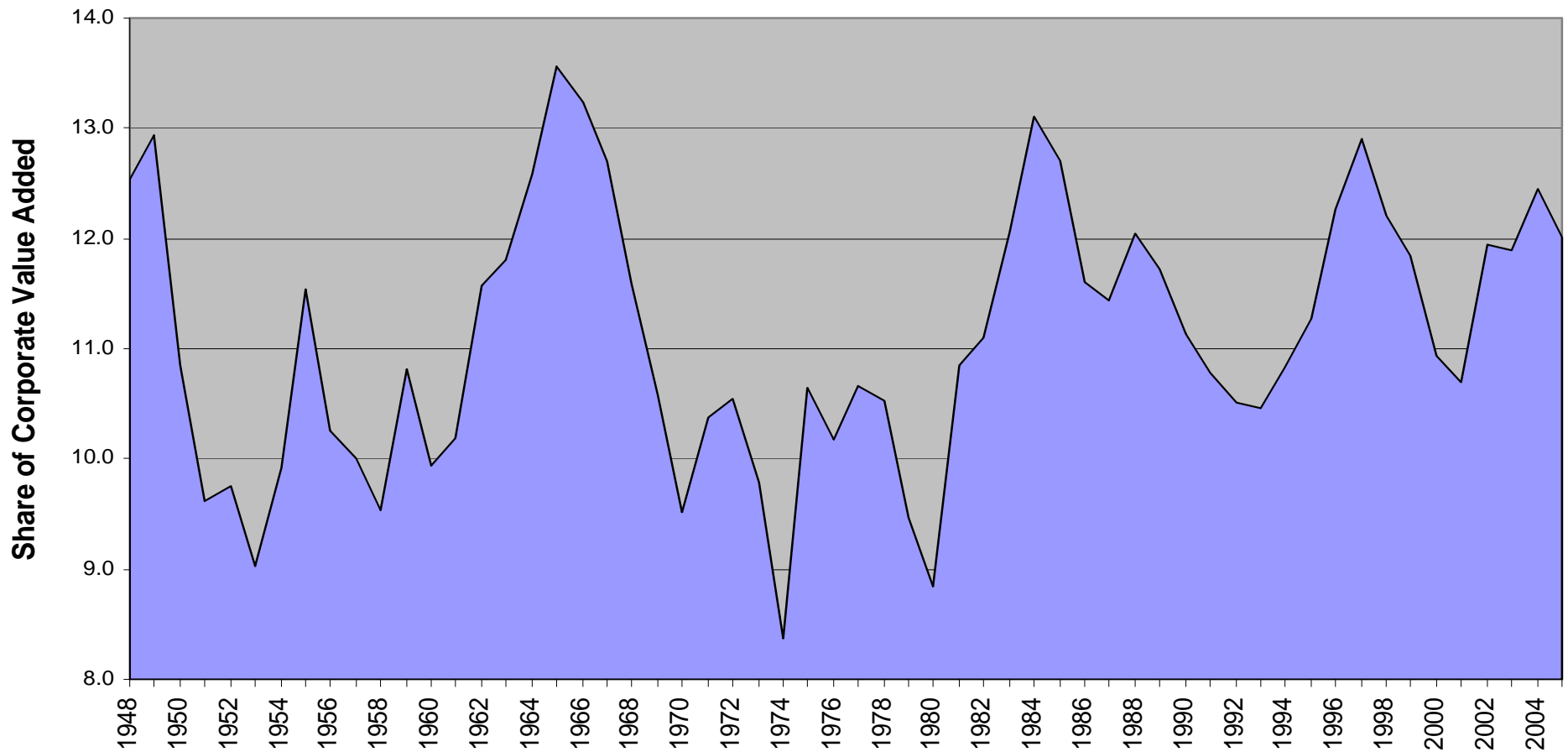
“Is the typical middle-class family doing better today than they were 25 years ago? The answer is no...The combination of stagnant incomes and staggering cost increases for important middle-class items—housing, health care, education and transportation—have left families with less money to save and spend than just a few years ago, and working longer to achieve the same results as in 1980.”

Liberal Economic Narrative

- Problem: It is not just the poor, but the Middle Class that is squeezed. People in the bottom 50-80 percent of the income ladder are falling behind or working harder to stay in place.
- Cause: Corporations and super rich (CEOs) take all or lion's share of the pie.
- Solution: Redistribute income and change power relationships.

Corporate Profits Are Volatile but Have Not Trended Upward

Corporate Operating Surplus minus Corporate Profit Taxes



If Growth Had All Gone to Richest Decile?

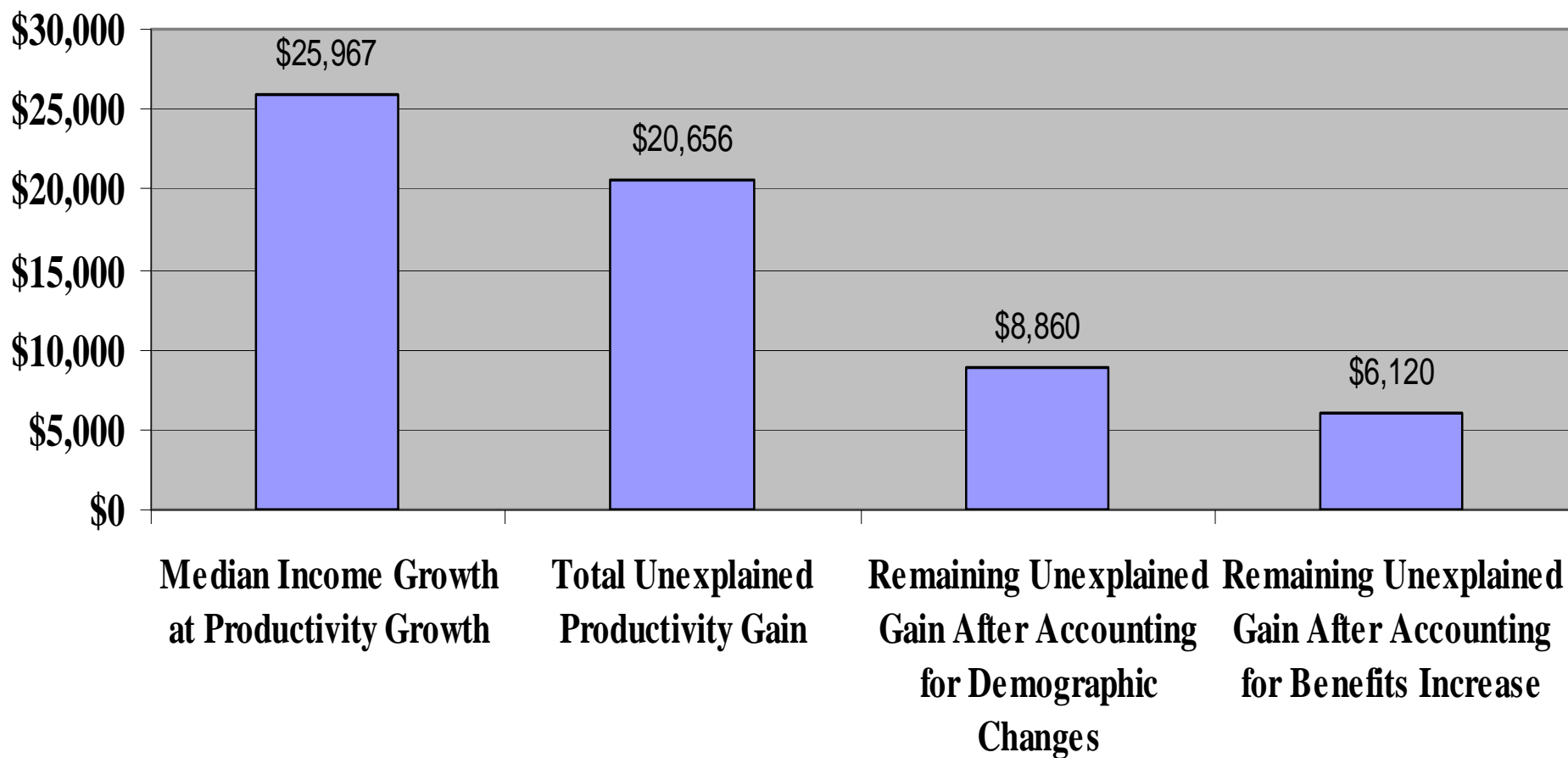
- Since GDP per capita is up 63 percent, this growth would represent 39 percent of all income.
- If the top 10 percent started with 30 percent of all income, then their share (with all of the growth going to them) would be 60 percent of all income!
- The top quintile would capture over 75 percent of all income.

Rising Income Inequality

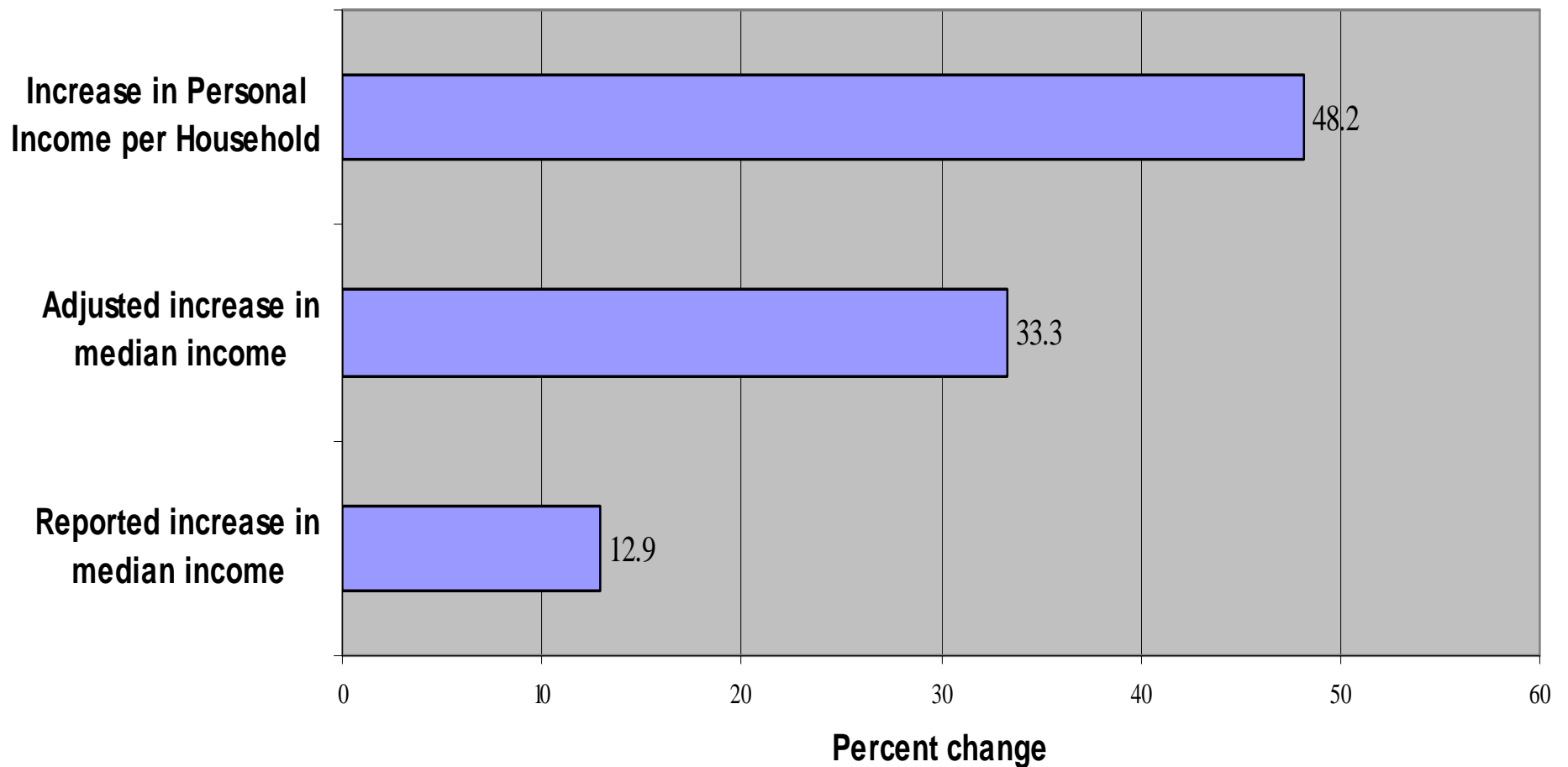
Growth in Income at Different Percentile Levels,
1979-2005

10 th	10%
20 th	10%
50 th	13%
80 th	27%
90 th	35%
95 th	42%

Where Did the Unexplained Productivity Growth from 1979 to 2005 Go?

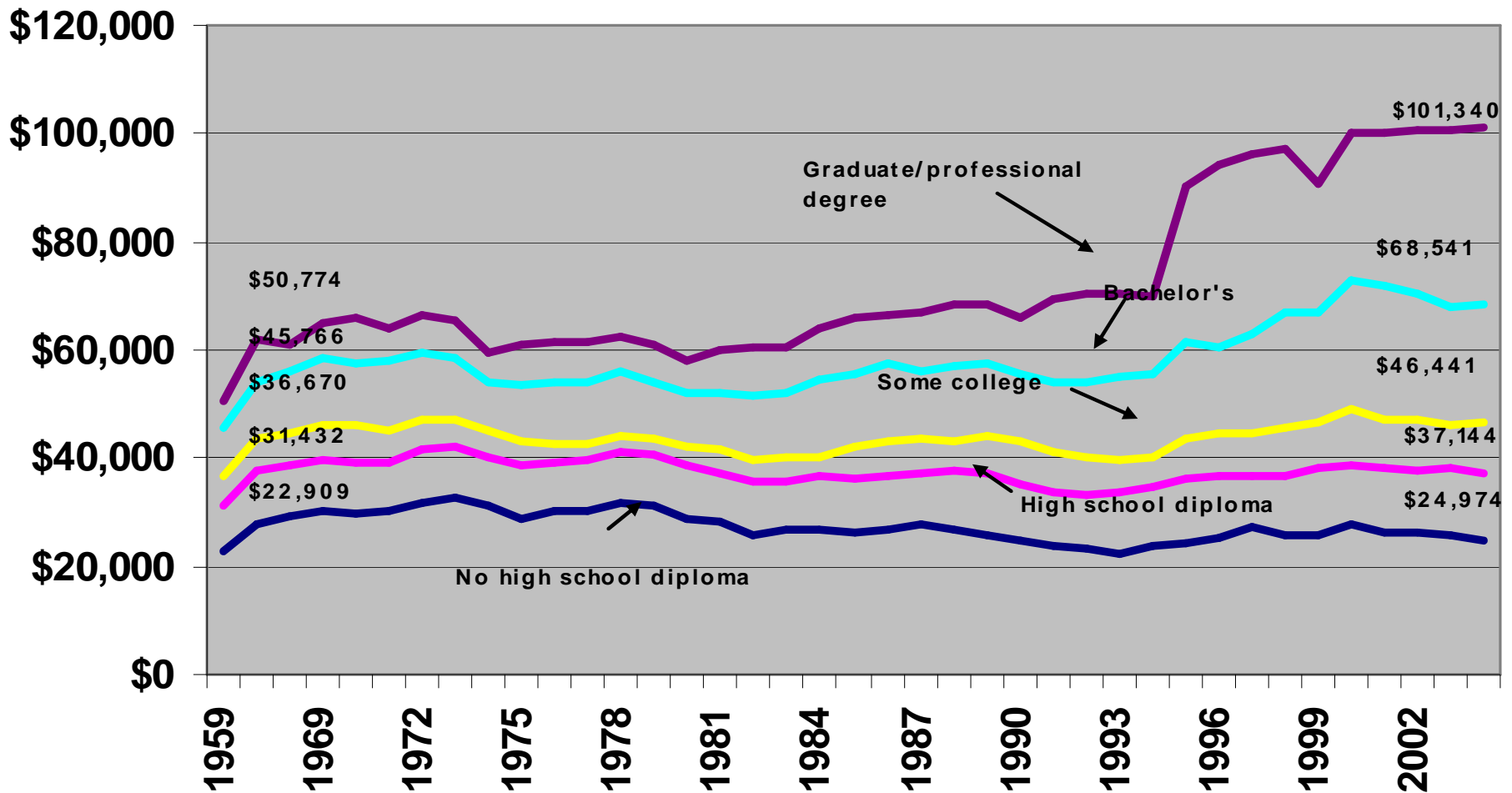


Real Gain in Household Incomes, 1979 to 2005



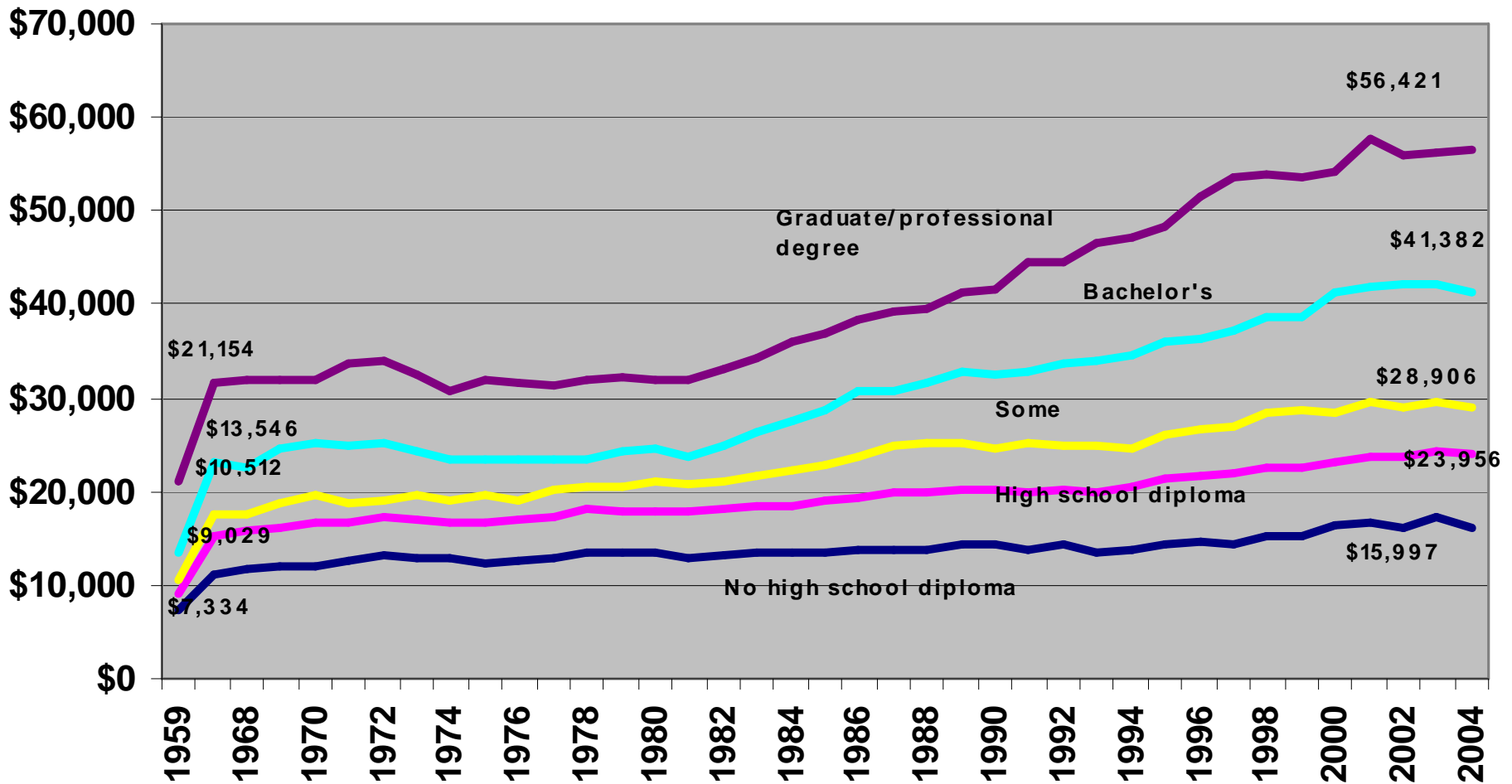
Rising Male Inequality Connected to Educational Attainment

Male Earnings By Educational Attainment, 1959-2004

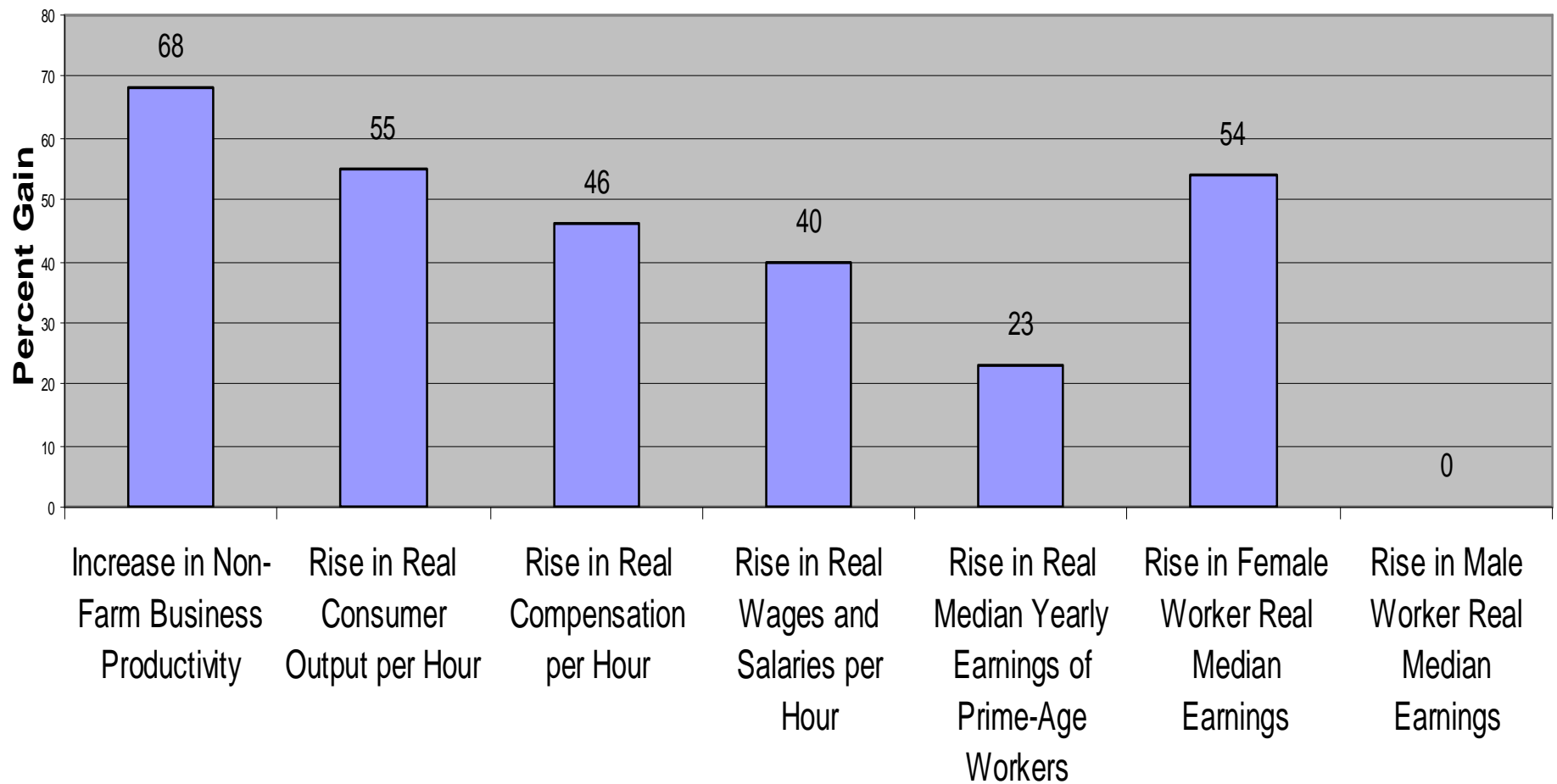


Women's Earnings Have Risen Substantially Across the Board

Female Earnings By Educational Attainment, 1959-2004



Measures of Productivity Growth and Change in Earnings, 1979-2005





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