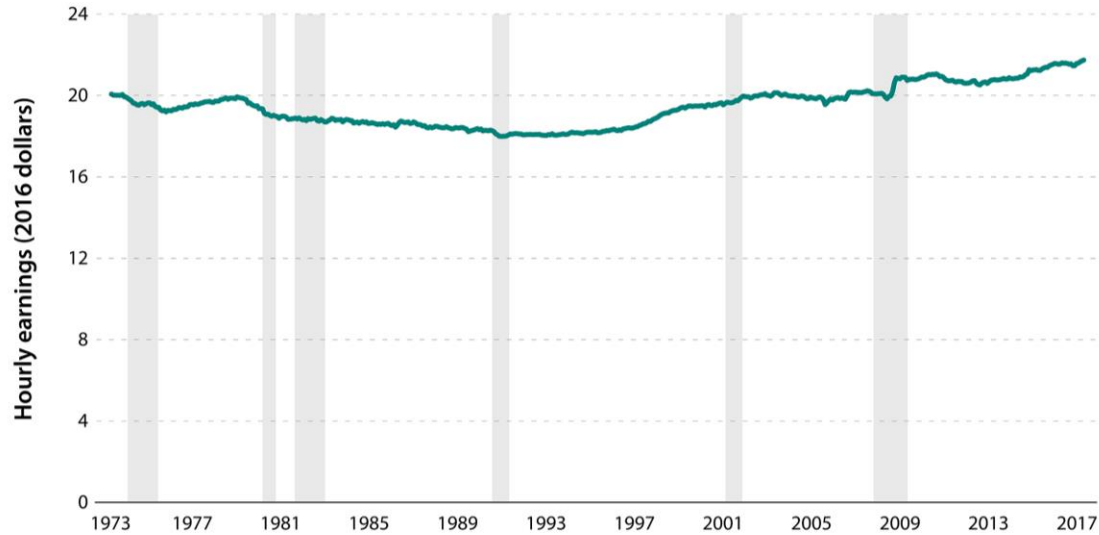




Facts about Wage Growth

The problem

Real Average Hourly Earnings, 1973–2017



Annual real wage growth since 1973 is below 0.2 percent

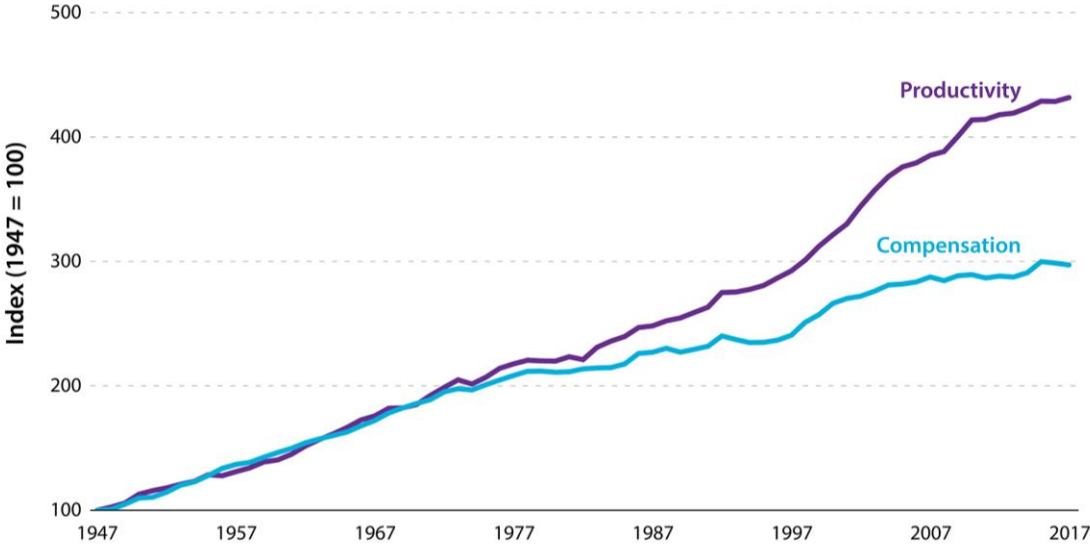
Source: Current Employment Statistics, Bureau of Labor Statistics [BLS] (1973–2017); authors' calculations.
Note: Earnings are for production and nonsupervisory employees and are expressed in 2016 dollars, deflated using the Consumer Price Index for All Urban Consumers Research Series (CPI-U-RS) and seasonally adjusted. Shaded bars indicate recessions.

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What is needed for wage growth

Real Labor Productivity and Hourly Compensation, 1947–2017



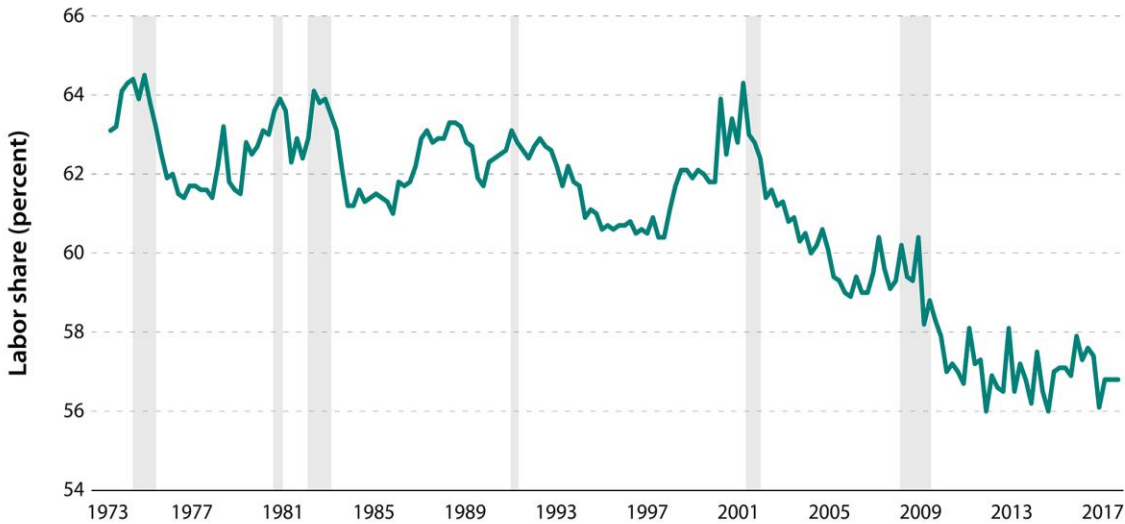
Increases in productivity

Source: Productivity and Costs, BLS (1947–2017); authors' calculations.
Note: Productivity is the indexed value of nonfarm business real gross output per hour of all persons; hourly compensation is the indexed value of nonfarm business average real compensation per hour. Compensation is deflated using the CPI-U-RS deflator. Productivity and compensation values for 2017 are based on only the first two quarters of the year.



What is needed for wage growth

Labor Share of Income, 1973–2017



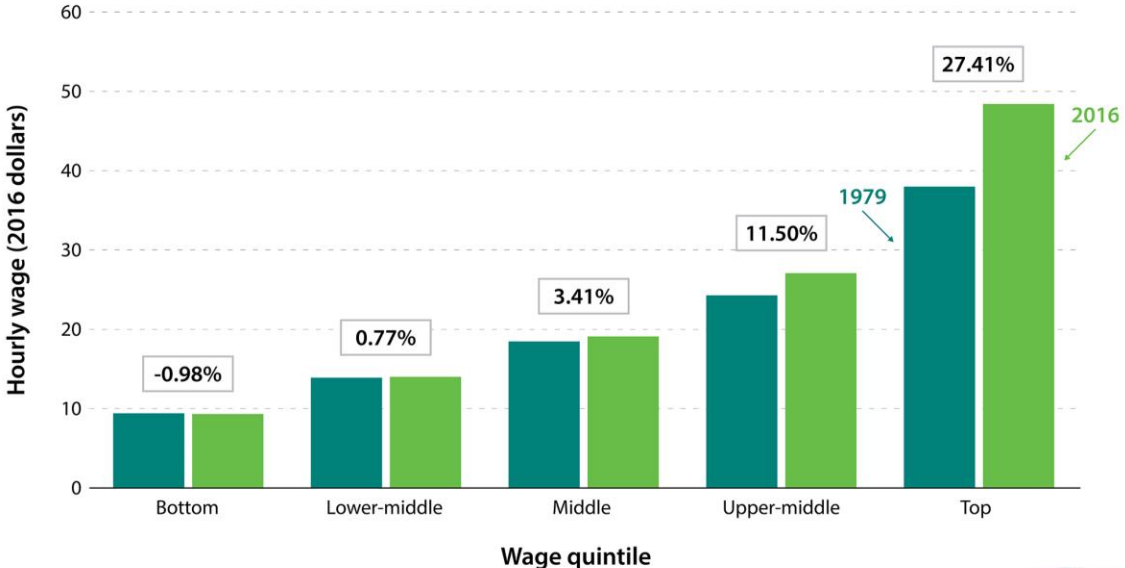
Worker bargaining power

Source: Productivity and Costs, BLS (1973–2017).
Note: Labor share is defined as the sum of employee and proprietor labor compensation, divided by gross value-added output. Shaded bars indicate recessions.



What is needed for wage growth

Real Wages by Wage Quintile, 1979 and 2016



Broadly shared growth

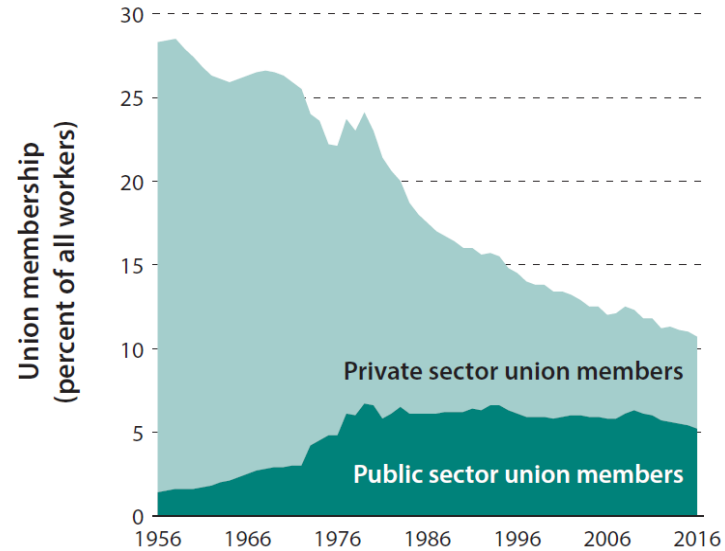
Source: Current Population Survey, BLS (1979–2016); authors' calculations.
Note: Wages are expressed in 2016 dollars, deflated using the CPI-U-RS. Sample restricted to workers ages 25–54. Growth rates are cumulative.



Long-run Trends that Impact Wages

Union membership has declined

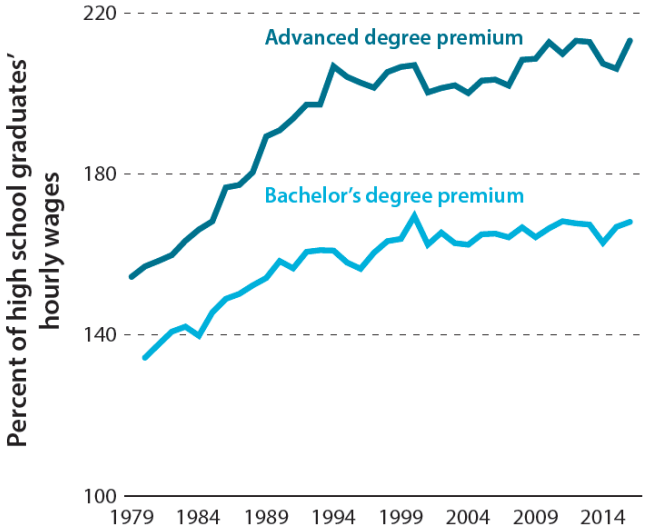
Public and Private Sector Union Membership,
1956–2016



Source: BLS (1975); Hirsch and Macpherson (2017); Current Population Survey, BLS (1983–2016); authors' calculations.
Note: Missing data interpolated for 1957, 1959, 1961, 1963, 1965, 1966, 1967, 1969, 1971, and 1982.

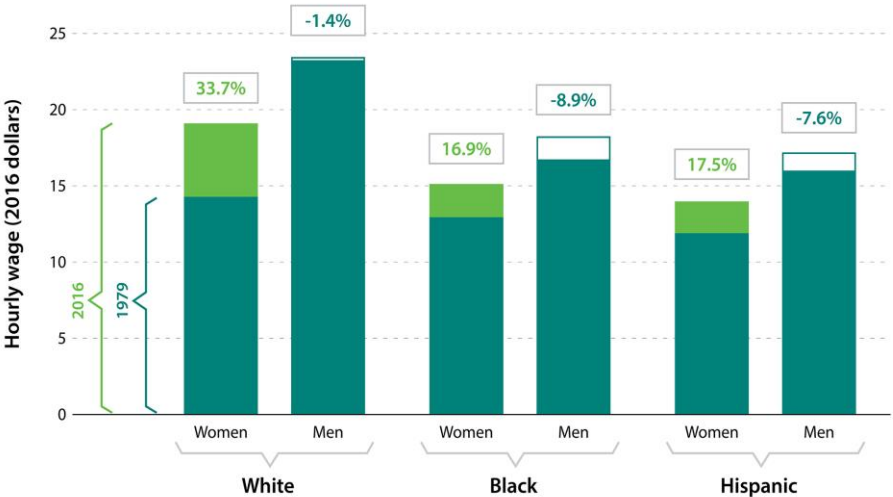
Some groups faring better than others

Bachelor's Degree and Advanced Degree Wage Premiums, 1979–2016



Source: Current Population Survey, BLS (1979–2016); authors' calculations.
 Note: Sample restricted to workers ages 25–54. Wage premiums are the ratio of median wages for each educational attainment group with respect to median wages for workers with exactly a high school diploma.

FIGURE 5. Real Wages of White, Black, and Hispanic Men and Women, 1979 and 2016

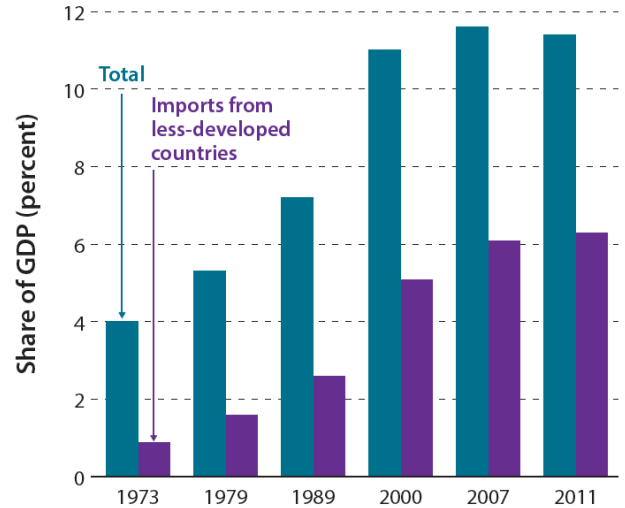


Source: Current Population Survey, BLS (1979–2016); authors' calculations.
 Note: Wages are median hourly earnings expressed in 2016 dollars and deflated using the CPI-U-RS. Sample is restricted to workers ages 25–54. Hollow green bars represent a decrease from 1979 to 2016. Race/ethnicity categories are mutually exclusive.



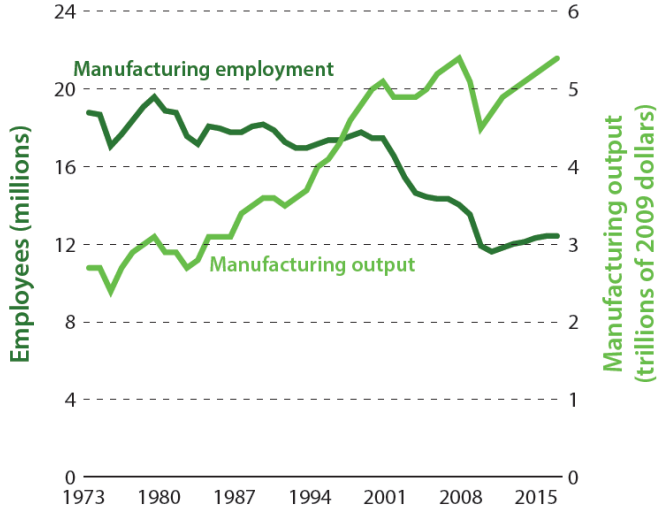
Globalization and technology

U.S. Manufacturing Imports, 1973–2011



Source: Bivens (2013).

U.S. Manufacturing Output and Employment, 1973–2016

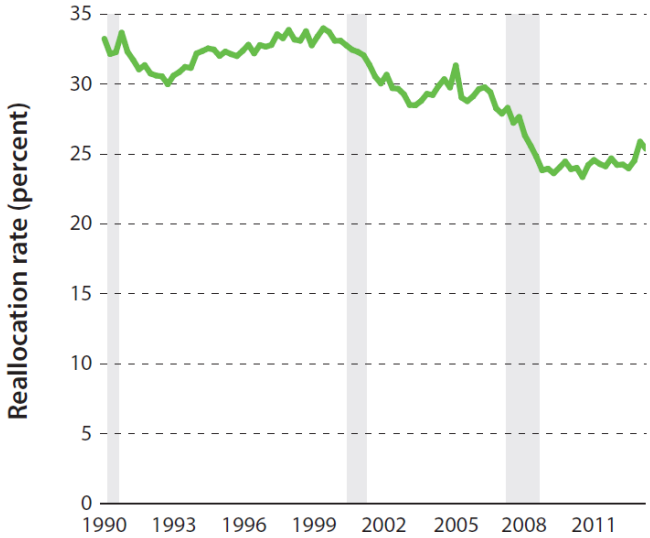


Source: Bureau of Economic Analysis (1973–2016); Current Employment Statistics, BLS (1973–2016).
 Note: Manufacturing output is gross real manufacturing output, deflated by Haver Analytics for years prior to 1997.



Less dynamism

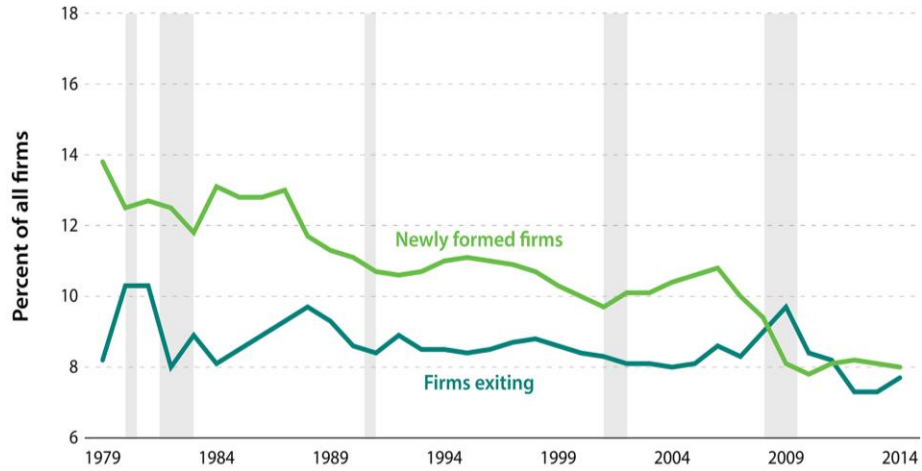
Worker Reallocation Rate, 1990–2013



Source: Davis and Haltiwanger (2014).
 Note: The worker reallocation rate is defined as the quarterly sum of hires and separations as a share of employment. For more information, see Davis and Haltiwanger (2014). Shaded bars indicate recessions.



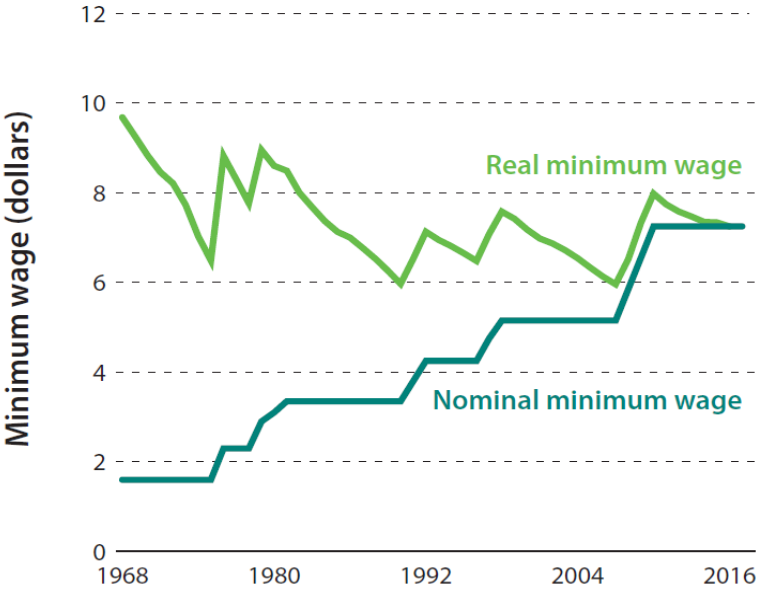
Start-up and Exit Rates for U.S. Firms, 1979–2014



Source: Business Dynamics Statistics, U.S. Census Bureau (2016); authors' calculations.
 Note: Shaded bars indicate recessions.



Minimum wage eroding

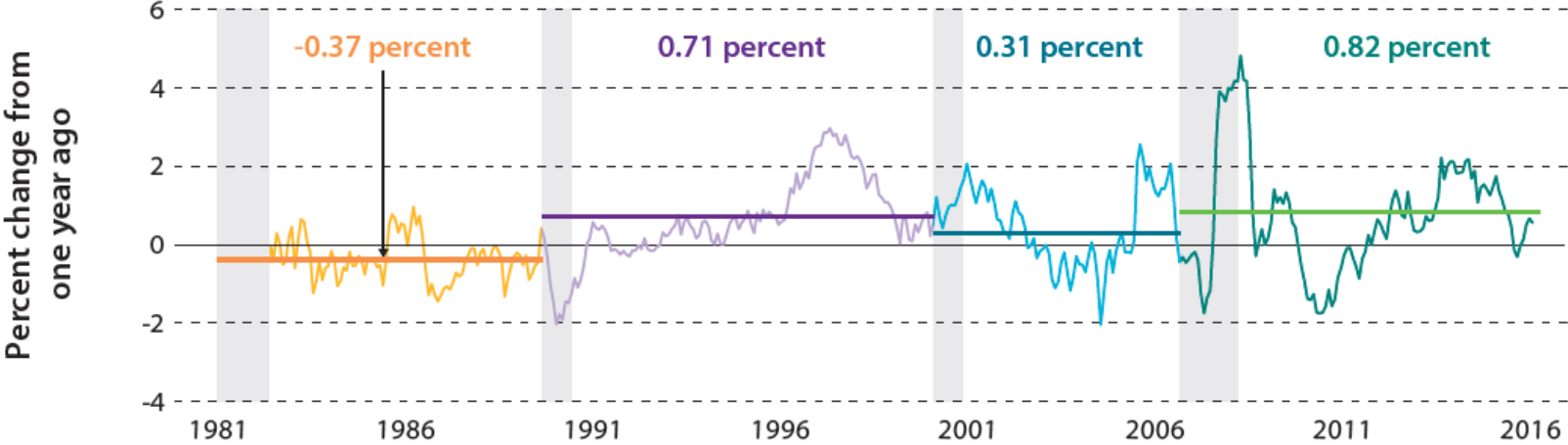


Source: Minimum Wage Laws in the States, BLS (1968–2016); authors' calculations.
Note: The real minimum wage is expressed in 2016 dollars and is deflated using the CPI-U-RS.



Recovery from the Great Recession

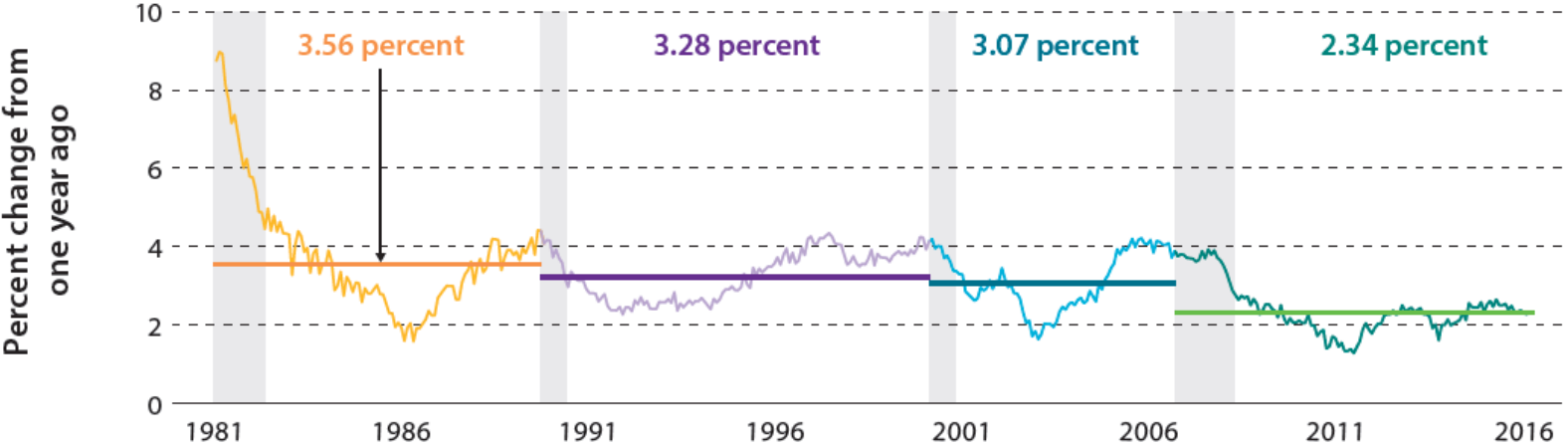
Real wage growth better than in the past



Source: Current Employment Statistics, BLS (1981–2017); authors' calculations.
Note: Horizontal lines indicate annualized wage growth over a given period.



Nominal wage growth worse than ever



Source: Current Employment Statistics, BLS (1981–2017); authors' calculations.
Note: Horizontal lines indicate annualized wage growth over a given period.



 #WageGrowth

The current cycle — summarized

Productivity Growth, Inflation, and Wage Growth Rates, 1981–2017

