Labor markets and economic inequality in the United States since the end of the 1970s

John Schmitt
jt.schmitt@verizon.net

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Introduction

During the 1990s, international organizations such as the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF), and the World Bank encouraged both developed and developing economies to restructure their economies in the image of the United States. These proponents of loosely regulated US-style labor, product, and financial markets justified their support for the "US model" by pointing to the country's low unemployment rate, rapid economic and productivity growth, and prodigious capacity for wealth accumulation, especially in national stock markets. These same advocates, however, frequently exaggerated US performance relative to other advanced economies (Schmitt and Mishel, 2000) and glossed over the high and rising level of economic and social inequality in the United States.

This paper seeks to describe the scale and growth of economic inequality in the United States since the end of the 1970s, and, then, to analyze some of the economic and political forces that account for these developments. The first section of the chapter reviews recent trends in three of the most important economic distributions: wages, incomes, and wealth.[1] The second section of the chapter describes the set of interlocking forces that have, since the end of the 1970s, driven the rise in economic and social inequality. While these forces take many disparate forms –a fall in unionization rates, a decline in the legislated minimum wage, erosion of the generosity of the social safety net, deregulation of product and financial markets, privatization of many state and local

[1] A complete analysis of economic hardship associated with the "US model" would also require an examination of the rise in hours of work, high and generally rising levels of job instability and job insecurity, the deterioration of the social safety net, and other developments. Coverage of all these topics, however, is beyond the scope of this paper. For a comprehensive review of the US labor market in the 1980s and 1990s, including many of topics not covered here, see Mishel, Bernstein, and Allegretto (2005); for a detailed analysis of job quality, see Schmitt (2001).

government functions, and others– they have a common denominator: each shifts the balance of power away from workers and toward their employers. Ultimately, these policy shifts, which reflect the balance of power in society at large, and not technological progress or even the increasing pace of globalization, are the primary culprits behind the widening economic and social disparities documented here.

Three Important Economic Distributions

At the end of the 1970s, the United States was probably the most economically unequal of the advanced capitalist economies, and, since the end of the 1970s, economic inequality has almost certainly increased more in the United States than it has in the rest of the world's rich countries.[2] This section reviews recent developments in three of the most important economic distributions: hourly wages, annual incomes, and net wealth. While a complete analysis of economic and social inequality would require a thorough discussion of the distribution of access to medical care, adequate housing, quality education, and other fundamental aspects of well-being, the wage, income, and wealth distributions nevertheless provide a compelling, if somewhat incomplete, picture of economic and social inequality in the United States at the turn of the century.

Wages

The first distribution of interest is hourly wages –what workers earn (before paying taxes) for an hour of their work. Table 1 summarizes several important aspects of this distribution for the United States in 2004. The first striking feature of the distribution of wages is that it is highly unequal. As the table shows, the median (50th percentile) worker made $14.00 per hour in 2004 –about twice the rate ($6.80) for a low-wage (10th

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[2] For an analysis of wage-inequality trends in the OECD countries, see Glyn (2001). For a discussion of income inequality trends, see Burniaux, Dang, Fore, Förster, d'Ercole, and Oxley (1998), Annex 3, and Smeeding (2002).

percentile) worker, and about half the rate ($30.46) for a high-wage (90th percentile) worker. A second feature of the wage distribution is that inequality is especially high at the top. Very high-wage workers, such as those in the 95th percentile ($37.34) received about 23% more per hour than high-wage workers in the 90th percentile, who were only five-percentage points lower in the distribution. A third characteristic of the wage distribution is that men at any given point in the male wage distribution earn substantially more than women do at the corresponding point in their own distribution. In 2004, low-wage (10th percentile) women workers, for example, made about 7% less than their male counterparts, while women at the 50th, 90th, and 95th percentiles earned 16-20% less than men in the same position in the male distribution. A final salient aspect of the wage distribution is that wages differ sharply across racial and ethnic lines. In 2004, the median (50th percentile) white male worker ($17.26) earned 56% more than the median Hispanic male worker ($11.09) and 34% more than the median black male worker ($12.91). At the median, white women ($13.11) received about 13% more than black women ($11.65) and about 35% more than Hispanic women ($9.71).

The inequality visible in the wage data for 2004 is the result of long-standing historical processes including gender and racial discrimination. Since the end of the 1970s, however, these historical forces have been particularly effective in raising wage inequality. Figure 1 graphs changes between 1973 and 2004 in the inflation-adjusted value of wages at the 10th, 50th, and 90th percentiles of the overall wage distribution. In the figure, all wages were set equal to 100.0 in real terms in 1979. Between 1979 and 1985, the real value of the 10th percentile wage fell about 15%. Over the same period, real wages at the 50th percentile remained roughly constant, while wages at the 90th percentile rose about 10%. As a result, wage inequality, measured as the gap between workers in the 90th percentile and the 10th percentile, grew sharply. Between the mid-1980s and the mid-1990s, wage inequality continued to grow, primarily because wages at the bottom and the middle stagnated at the same time that wages at the top continued to grow at a modest pace. From the mid-1990s through 2001, however, wages rose quickly for workers at all wage levels. Wages grew fastest at the top and bottom, keeping the level of inequality as measured by the differential between the 90th and 10th percentiles roughly constant. Wages grew slightly slower at the median, contributing to a narrowing of the 50th-10th differential and a slight rise in the 90th-50th differential.

Even after strong wage gains in the late 1990s for low- and middle-wage workers, the wage distribution was still substantially more unequal at the turn of the century than it had been twenty years earlier. Wage growth over the 1980s and 1990s –in both real terms and relative to average productivity– was also well below rates achieved in the earlier postwar period. Real wages for 10th percentile workers, for example, were no higher in 2004 than they had been in 1979, despite a 66% increase over the same period in the average output per hour worked (productivity).[3] At the median, real wages rose only 13% between 1979 and 2004, an average of less than 0.5% per year. Even at the 90th percentile, real wage gains over the same period of 25% trailed far behind productivity growth.

The wage data in Figure 1 refer to all workers and mask substantial differences in the underlying developments for men and women, which appear separately in Figures 2 and 3. Both the male and female distributions show large increases in inequality, but the

[3] Growth between 1979 and 2004 in average non-farm business output per hour from Bureau of Labor Statistics web page (www.bls.gov), series: PRS85006093.

graphs reveal two key differences. First, the rise in inequality after 1979 (measured by the 90-10 differential), was larger for women than it was for men. Between 1979 and 2004, the 90-10 ratio for men grew from 3.9 to 4.6, while the corresponding ratio for women increased from 2.6 to 4.1. Second, across the entire distribution, real wages grew faster (or declined more slowly) for women than they did for men. Between 1979 and 2004, at the 90th percentile, for example, real wages grew about 50% for women and only about 18% for men; at the 50th percentile, women's real wages increased about 24%, compared to about a 3% decline for men; and, at the 10th percentile, wages for women were down almost 4% compared to no change for men.[4] (As we saw above, even though women's wages grew more rapidly at all points across the distribution, by 2004, women's wages remained below men's wages at comparable points in the two distributions.)

Wages are the most important, but not the only, form of compensation paid to workers. In a country that does not provide low-cost, universal, medical care and where the Social Security system, while efficient and effective, is designed only to keep the elderly out of poverty, employer-provided health and pension benefits are two forms of non-wage compensation that are particularly important determinants of workers' well-being.[5] Table 2 presents data on the coverage rates for employer-provided health and pension plans from 1979 through 2002. In 2002, a substantial share of US workers did not have employer-provided health or pension coverage: only 57.3% of workers were

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[4] For a detailed breakdown of real-wage trends for all, male, and female workers, see Mishel, Bernstein, and Allegretto (2005), Tables 2.6, 2.7, and 2.8. For a detailed comparison of male and female wage inequality, see their Table 2.16.

[5] Other important forms of non-wage compensation are paid vacations and holidays, paid family or medical leave, child-care, and severance pay. Unlike the European Union, which requires employers to provide minimum (and, by US standards, generous) levels of paid leave, the United States does not have statutory requirements for paid leave. US labor law does require employers with more than 50 employees to provide unpaid leave of up to 12 weeks for family and medical reasons. US employers are not required to, and generally do not provide, child-care benefits or severance pay.

enrolled in employer-provided health plans and only 45.5% were in employer-sponsored pension plans. Moreover, participation in such plans varied substantially across wage level, gender, and race. Among workers in the bottom fifth of the wage distribution, just 26.6% had health coverage, compared to 78.5% for the top fifth of workers. Men (61.1%) were more likely than women (52.8%) to have health insurance benefits. Among whites, 57.9% had health benefits, compared to 53.8% for blacks, and just 43.5% for Hispanics. Coverage gaps by wage level, gender, and race were also large for pensions. Only 15.0% of the bottom fifth of workers had a pension plan at work, compared to 71.2% of the top fifth of workers. Again, men (47.2%) were more likely than women (43.5%), and whites (46.6%) were more likely than blacks (39.5%) and Hispanics (25.3%) to have an employer-provided pension.

The data in Table 2 also reveal important trends in benefit coverage over time. In the 1980s, both health and pension coverage rates fell across the board. For health insurance, the cutbacks generally hit the most disadvantaged groups (except women) hardest. Between 1979 and 1989, for example, overall health insurance coverage fell 7.5 percentage points, but declined most for low-wage workers (down 11.5 percentage points for the bottom fifth of workers) and least for high-wage workers (down 4.8 percentage points). Declines were also steeper for Hispanics (down 14.4 percentage points) and blacks (down 6.8 percentage points) than they were for whites (down 6.3 percentage points). The fall-off in pension-plan participation over the same period, however, was more evenly shared. Between 1979 and 1989, pension coverage fell 6.9 percentage points, with declines about equal at the bottom and top of the wage distribution (both down 5.7 percentage points) and for whites (down 6.1 percentage points) and blacks (down 5.1 percentage points) --though the participation of Hispanics in pension plans fell 11.8 percentage points.

In the 1990s, benefit-coverage rates stabilized in the case of health insurance (up 1.9 percentage points between 1989 and 2000) and, in the case of pension plans, coverage even managed to recoup most of the ground lost in the 1980s (up 5.9 percentage points). With respect to health insurance, disadvantaged groups generally fared best in the 1990s. Coverage rates rose most for low-wage workers –up 7 percentage points among the bottom fifth, compared to a 3.5 percentage point decline for the highest fifth. For blacks, rates increased 3.9 percentage points, slightly faster than the corresponding 3.2 percentage-point increase for whites (though Hispanics fell 1.2 percentage points). With respect to pensions, increases were slightly larger for low- and middle-wage workers than they were for high-wage workers; larger for women (up 8.0 percent points) than they were for men (up 4.2 percentage points); and much larger for whites (up 8.5 percentage points) than they were for blacks (up 2.4 percentage points) or Hispanics (up 2.2 percentage points).

One important reason for the apparent improvements in pension coverage in the 1990s was probably the large shift from "defined-benefit" to "defined-contribution" pension plans. In defined-benefit plans, which were by far the most common form of pension plans in the earlier postwar period, employers guaranteed workers a specific payment in retirement, generally based on the employee's salary history and time with the employer. Employers would set aside and invest a portion of each employee's total compensation and use those invested funds to pay the specified benefit in the employee's retirement. In defined-contribution plans, which have become more widespread since the late 1970s, employers contribute to a pension plan managed individually by each employee. Employees then use the proceeds from their individual accounts to provide for their own retirement. While defined-contribution plans give direct control to employees, these plans also shift all investment risk to employees.[6] The last row of Table 2 shows the share of employees participating in pension plans whose benefits were primarily in the form a defined-contribution program. The share rose from 16% in 1980 to 42% by the late 1990s, with fastest shift occurring in the 1980s.

Incomes

The second economic distribution of interest here is annual income –the money families receive in the course of a year from all sources including work, government transfers, profits from investments, and other sources. Table 3 provides a summary of the annual family income distribution in 2001, highlighting several important features. First, the income distribution is even more unequal than the wage distribution. A family in the 80th percentile of the income distribution received almost four times more per year than a family in the 20th percentile of the distribution ($94,150 at the 80th percentile, compared to $24,000 at the 20th percentile). Thus, the gap between the 80th and the 20th percentiles in the income distribution is about the same size as the gap between the 90th and 10th percentiles in the wage distribution. Moreover, as was the case with the wage distribution, income inequality is especially exaggerated at the top. In 2001, a family in the 95th percentile of the income distribution, for example, made 3.2 times more than a family receiving the median income ($164,104, compared to $51,407). For wages in the same year, the 95th percentile was only 2.8 times higher than the median wage.

[6] While many employees prefer direct control over their retirement savings, many others don't enjoy the corresponding administrative burden and added financial risk. The poor performance of US stock markets in 2000, 2001, and 2002 has heightened general awareness about risks inherent in defined-contribution pension plans.

A second feature of the income distribution is that racial differences are even starker than for wages. In 2001, black and Hispanic families in the middle of their respective annual-income distributions, for example, received less than two-thirds of the income going to a family in the middle of the white distribution (about $42,000 for both blacks and Hispanics, compared to about $65,000 for whites).[7]

Figure 4 shows inflation-adjusted changes in the median family income from the end of World War II through 2004 (with the trend growth for 1947-1973 projected through 2003). Between 1947 and 1979, the real income of the median US family more than doubled. After 1973, the growth rate decelerated and family income began to demonstrate a strongly cyclical pattern, falling sharply in downturns (almost unheard of in the earlier postwar period) and rising in booms. Family income growth was particularly rapid in the extended economic expansion of the late 1990s.

The path of median family earnings in Figure 4, however, misses two important characteristics of recent trends in family income. The first is that even as growth in family earnings decelerated after the mid-1970s, the number of hours that families work (particularly married-couple families with children) has expanded greatly. The typical married-couple family with children, for example, as a family, worked almost 15 more weeks per year (about 18% longer) in 2000 than it did in 1979.[8] Much of the rise in family income that did take place after 1979, therefore, stemmed from family members working more in the course of a year.

[7] Since most families include both males and females, a gender analysis of family income requires more sophisticated analysis than is possible here. A complete gender analysis would involve a review of patterns both across family types (for example, single-parent families, one-earner married-couple families, and two-earner married-couple families) and *within* families, where gender may play an important role in the allocation of family resources.

[8] See Mishel, Bernstein, and Boushey (2003), Table 1.26.

The second feature missing from Figure 4 is the distribution of gains across the full distribution. Figure 5 illustrates that the experience of families at different points of the income distribution varied greatly before and after the mid-1970s. Between 1947 and 1973, the annual growth rate in family income was high and fairly uniform across the income distribution. If anything, families at the bottom and middle saw their incomes rise slightly faster than families at the top. From 1973 through 2003, however, growth rates were much slower across the board and particularly bad at the bottom and middle. In the first part of the postwar period, income growth was rapid and generally equalizing; from the mid-1980s, growth has, on average, been slow and skewed toward the top.

Wealth

The third economic distribution of interest here is the distribution of wealth –the net value of each household's assets (such as housing, stocks and bonds, savings accounts, etc.) minus its debts (mortgages, credit-card debts, car loans, etc.). Table 4 demonstrates that the distribution of wealth is, by far, the most unequal of the three distributions analyzed here. In 2001, the wealthiest one percent of households controlled 33.4% of the wealth, an amount equal to about 100 times the 0.3% share of all wealth held by the least wealthy 40% of households (see panel (a)). The differences in net wealth are particularly striking when expressed in dollar terms (see panel (b)). The average wealth holdings of the poorest 40% of households was just $2,900, compared to $75,000 (primarily housing) for the middle 20% of households, and $12.7 million for the top 1%.

During the stock-market bubble of the late 1990s, one form of wealth –stock ownership– became the focus of substantial media and political attention. Table 4 shows that, for all but the wealthiest families, stock market wealth actually did not represent a particularly important vehicle for wealth accumulation. The bottom 40% of households, for example, held, on average, only about $1,800 in stock in all forms, compared to about $12,000 for households in the middle and $3.6 million for households at the very top.

Consistent with the pattern observed for wages and incomes, wealth holding differs enormously across racial lines. In 1998, for example, the median black household had a net wealth that was equal to just 11% of the net wealth for the median white family. Black families were, in particular, far less likely to hold financial assets than white families were.[9]

Power, Politics, and Inequality

The preceding section documented the high –and generally rising– levels of inequality in three key economic distributions. To a large extent, changes across these three distributions are linked. Declining wages lowered incomes except where households increased their number of hours of paid work (a fairly widespread phenomenon among married-couple families). Stagnating and declining incomes, in turn, made it more difficult for households to save and, thus, to accumulate wealth, which exacerbated already high levels of wealth inequality. This section attempts to sketch briefly the principal economic and political forces that lie behind these recent, interrelated, changes in the distribution of wages, income, and wealth. While the separate forces identified take many forms, a common thread runs through all of them: each represents a shift in bargaining power away from workers and toward their employers. In the global North, these policies are associated with the political and economic legacy of Ronald Reagan, Margaret Thatcher, and related "supply-side" and "free-market"

[9] See Wolff (2004), Table 8.

politicians and economists. In the global South, a similar constellation of policies has been labeled the "Washington Consensus" and is often referred to as "neo-liberalism."

Decline of unions

The most obvious decline in workers' bargaining power over the period was the steep drop in unionization rates. Between 1979 and 2004, the share of workers who were members of unions or who were covered by collective-bargaining agreements fell from just under 25% to less than 13% of all workers (see Figure 6). The associated reduction in bargaining power made an important contribution to rising wage inequality, especially for men (see, for example, Card, 1992; Freeman, 1993; DiNardo, Fortin, and Lemieux, 1996; Gosling and Lemieux 2001).

Falling minimum wage

Between 1979 and 1990, the inflation-adjusted value of the minimum wage fell about 30% (see Figure 7). After almost a decade without an increase in the nominal value of the minimum wage, Congress set increases in the federal minimum wage four times in the 1990s (1990, 1991, 1996, and 1997). Since 1997, however, the minimum wage has remained at $5.15 per hour, setting off a new round of declining purchasing power. The long-term decline in the bite of the minimum wage effectively has undermined the bargaining power of low-wage workers (especially low-wage women, whose wages closely track the minimum wage) and, thereby, has contributed in an important way to rising wage inequality over the last two decades (see, for example, Card and Krueger, 1995; DiNardo, Fortin, and Lemieux, 1996; and Lee, 1999).

Restrictive macroeconomic policy

Many formal models of the labor market emphasize the important role that the unemployment rate plays in determining workers' bargaining power in wage negotiations (see, for example, Layard, Nickell, and Jackman, 1991, among many). When unemployment rates are low, workers can press for better wages, benefits, and working conditions because they realize that even if they lose their jobs in the process, finding new jobs will not be difficult. When unemployment rates are high, however, incumbent workers who demand too much may find themselves out of work in a labor market where their other opportunities are limited. For many of the last 25 years, macroeconomic policy kept the unemployment rate high by historical standards. These high levels of unemployment from the early 1980s through the mid-1990s lowered workers' bargaining power and helped to drive down real wages.[10] Only after 1995, when the unemployment rate fell below 6%, eventually reaching and maintaining a rate of 4%, did wages start to rise in real terms for low- and middle-wage workers. Real wages have stagnated again since the downturn of the early 2000s.

Globalization

Over the last two decades, conscious actions to open up US markets to the rest of the world have forced US workers to confront increasing competition from workers in other countries.[11] While trade can –under the right circumstances– improve economic efficiency and increase the domestic standard of living, rising international competition can also reduce employment opportunities and wages for national workers. The net effect of these two opposing forces –rising real incomes stemming from efficiency gains through trade, and declining real income as a result of increased competition for jobs and

[10] For a discussion of the economic benefits of low unemployment for workers, see Bernstein and Baker, 2003.

[11] US markets have opened up considerably since the late 1970s, though some important tariff and non-tariff barriers remain. The United States also continues to subsidize an important portion of its agricultural exports. For a critique of protectionist measures by the United States and other rich countries, see Oxfam, 2002, and references therein. For an analysis that suggests the limits of trade liberalization as a path toward economic development in the global South, see Weisbrot and Baker, 2002.

wages– depends crucially on national economic and social institutions.[12] In the United States, which starts with high levels of inequality and has only weak redistributive mechanisms, the process of globalization –as implemented so far– has generally acted to lower wages in both manufacturing (through inflows of traded goods, outflows of capital, a rise in "outsourcing," and corporate relocation threats) and in some services (some of which may be traded and many of which can take advantage of largely unprotected immigrant workers).[13, 14]

Conclusion

Wage, income, and wealth inequality in the United States have always been high, but all three forms of economic inequality have grown worse since the end of the 1970s. Wages are not just more unequal. Between 1979 and 2004, wages for workers at the middle and bottom of the wage distribution only just kept pace with inflation –over a period when the output per hour of the average workers grew by over 66% in real terms. Over the last 25 years, incomes across most of the distribution have grown more slowly than they did in the earlier postwar period, with rising annual hours worked playing an important role in what real gains families did experience. The distribution of wealth has

[12] For an analysis of trade liberalization and social policy, see Rodrik, 1997.

[13] For a review of the various channels through which globalization may affect national wage and employment levels, see Schmitt, 1999. For a discussion of the use of relocation threats in the context of the North American Free Trade Agreement, see Bronfenbrenner, 1997.

[14] The short discussion here cannot analyze the impact of changes in the current model of globalization on workers in other rich countries or in developing economies. That competition from foreign workers can reduce domestic workers' wages or employment opportunities –in and of itself– has no moral or policy implications. At one level, the same processes discussed here work in the other direction as well, with competition from US workers, all else constant, reducing wages and employment in the manufacturing and agricultural sectors in many developing economies (while any related efficiency gains may act simultaneously to raise living standards in these same receiving countries). At a deeper level, though, the way we carry out economic integration, including decisions about inter- and intra-national mechanisms for redistribution of both current income and any efficiency gains from trade constitutes the real moral questions posed by globalization.

become more skewed toward the very top, with "stock-holder democracy" having little impact on the actual distribution of national wealth. In all cases, these economic divisions are especially sharp across gender and racial lines.

The well-documented decline in union representation, the falling real value of the minimum wage, nearly two decades of restrictive macroeconomic policy, and a forced opening up of much of the US economy to competition from the rest of the world can explain much of the recent rise in economic inequality. These key developments all took place along side a widespread move toward economic deregulation, the privatization of government services (especially at the state and local level), and cutbacks in the social safety net (best exemplified in the wholesale restructuring in 1996 of the "welfare" system supporting poor mothers of young children).[15] Separately –but especially in combination– all these forces had, by the turn of the century, greatly reduced workers' bargaining power relative to where conditions stood at the end of the 1970s. While each of these forces bear directly or indirectly on negotiations between workers and employers over wages, benefits, and working conditions, all of these forces had their origin in broader shifts in political power: changes in the legal environment facing unions; legislative decisions about the level of the federal minimum wage; central bank decisions about interest rates; the federal government's attitude toward industry regulation; and public opinion about issues as diverse as the efficiency of markets and the desirability of maintaining a social safety net for those experiencing short- and long-term economic difficulties. Only changes in economic policies will undo the economic inequality

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[15] In the United States, at least, the impact of deregulation, privatization, and the declining social safety net on wage and income inequality is not as well studied as the links between unionization, the minimum wage, restrictive macroeconomic policy, and globalization. For a discussion of the impact of deregulation on wage inequality, see Peoples, 1998. For a discussion of the impact of deterioration in the safety net, see the

generated over the last two decades or so, but only changes in politics ("who gets what") will make these new economic policies possible.[16]

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chapter on wages in Mishel, Bernstein, and Boushey, 2003, and earlier editions of *The State of Working America*.

[16] This account gives little attention to the possible role of technological change in explaining rising economic inequality. The conventional story is that the recent rise in economic inequality principally reflects rising economic returns to skills: those with the appropriate skills fare well in the "new economy," which creates an ever-widening gap with respect to those who lack the necessary skills to thrive in the "new economy." But, technological change has been a constant in the US economy since at least the industrial revolution, and such change has almost always been, on net, "skill-biased." What is different about the last two decades or so is that the economic institutions that previously ensured equal (and, sometimes, equalizing) growth –even in the face of skill-biased technological growth– no longer seem to have been operating. For a skeptical review of the economic evidence in favor of the skill-biased technological change explanation of rising inequality, see Bernstein and Mishel, 2001, and Card and DiNardo, 2002.

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TABLE 1
Hourly wage distribution, by race and gender, 2004
(2003 dollars)

	Percentile			
	10	50	90	95
All	6.80	14.00	30.46	37.34
White	7.28	14.94	32.39	38.74
Black	6.80	12.14	25.28	31.11
Hispanic	6.55	10.62	23.30	28.45
Women	6.80	12.45	27.18	33.61
White	6.80	13.11	28.01	34.31
Black	6.36	11.65	24.27	29.13
Hispanic	6.07	9.71	21.51	26.77
Men	7.28	15.53	33.61	40.05
White	7.77	17.26	35.27	42.01
Black	7.01	12.91	26.89	33.61
Hispanic	6.80	11.09	24.27	29.56

Source: Analysis of CEPR CPS ORG extract, version 0.96. The white and black categories exclude those of Hispanic origin; Hispanics may be of any race.

TABLE 2
Health and pension benefit coverage rates, 1979-2002
(Percent)

	1979	1989	2000	2002	Percentage-point change 1979-1989	Percentage-point change 1989-2002
(a) Health care plans						
All workers	69.0	61.5	63.4	57.3	-7.5	-4.2
Men	75.4	66.8	66.6	61.1	-8.6	-5.7
Women	59.4	54.9	59.3	52.8	-4.5	-2.1
White	70.3	64.0	67.2	57.9	-6.3	-6.1
Black	63.1	56.3	60.2	53.8	-6.8	-2.5
Hispanic	60.4	46.0	44.8	43.5	-14.4	-2.5
By wage quintile						
Lowest	37.9	26.4	33.4	26.6	-11.5	0.2
Second	60.5	51.7	57.7	48.8	-8.8	-2.9
Middle	74.7	67.5	68.3	62.7	-7.2	-4.8
Fourth	83.5	78.0	77.0	72.1	-5.5	-5.9
Top	89.5	84.7	81.2	78.5	-4.8	-6.2
(b) Pension plans						
All workers	50.6	43.7	49.6	45.5	-6.9	1.8
Men	56.9	46.9	51.1	47.2	-10.0	0.3
Women	41.3	39.6	47.6	43.5	-1.7	3.9
White	52.2	46.1	54.6	46.6	-6.1	0.5
Black	45.8	40.7	43.1	39.5	-5.1	-1.2
Hispanic	38.2	26.3	28.5	25.3	-11.9	-1.0
By wage quintile						
Lowest	18.4	12.7	16.0	15.0	-5.7	2.3
Second	36.8	29.0	34.4	33.3	-7.8	4.3
Middle	52.3	44.5	49.9	48.4	-7.8	3.9
Fourth	68.4	60.0	63.6	61.9	-8.4	1.9
Top	78.5	72.8	73.0	71.2	-5.7	-1.6
Defined contrib. plans	16.0	38.0	42.0	42.0	22.0	4.0

Notes: Coverage defined as being in an employer-provided plan where the employer paid at least part of the coverage. EPI analysis of wage and salary workers, ages 16 to 64, who worked at least 20 hours per week and 26 weeks per year, using March CPS data; adapted from Mishel, Bernstein, and Allegreto (2005), Tables 2.14 and 2.15. Share of pension participants primarily in defined-contribution plans from Employment Benefit Research Institute (1998), Table 4; data on defined-contribution plans in column one refer to 1980; column two, to 1990; columns three and four, to 1997, with corresponding changes in last two columns.

TABLE 3
Annual family income distribution, by race, 2001
(Upper limits for each income group, in 2001 US dollars)

	Lowest Fifth	Second Fifth	Middle Fifth	Fourth Fifth	*Lower Limit of Top 5%*
All	24,000	41,127	62,500	94,150	164,104
White	26,000	44,000	65,283	97,185	169,501
Black	14,256	26,350	42,400	67,523	110,977
Hispanic	16,000	28,000	41,600	66,040	113,374

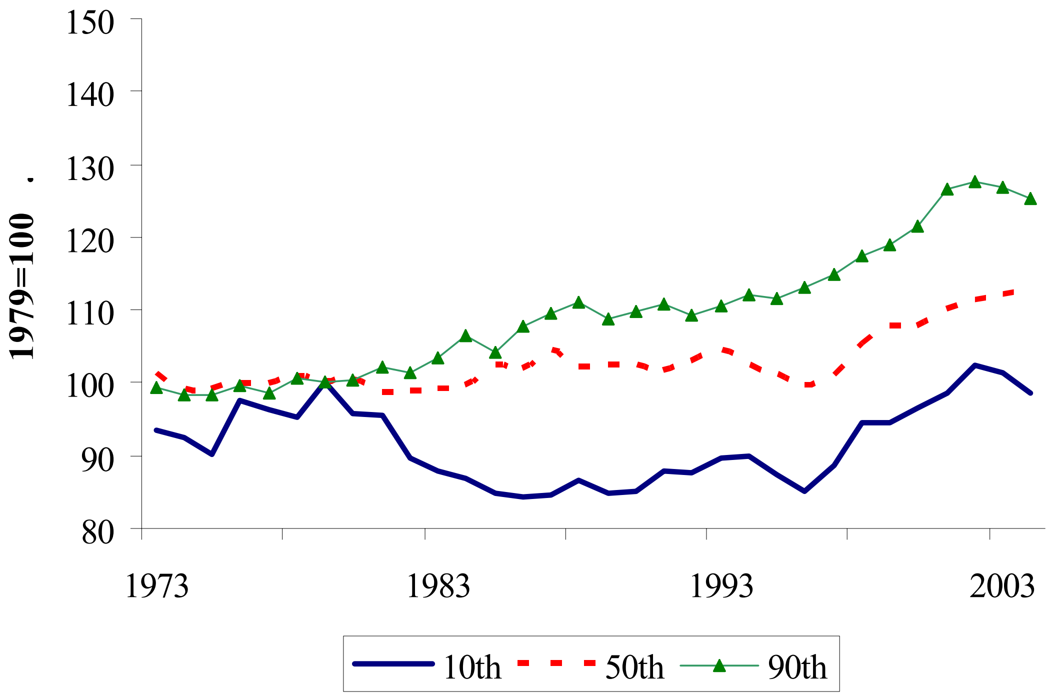
Notes: Author's analysis of U.S. Census Bureau, Historical Income Tables, Families, Tables F-1, F1-A, F1-B, and F1-C. White families exclude those of Hispanic origin; Hispanic families can be of any race.

TABLE 4
Distribution of wealth, 1962-2001
(percent)

	Bottom 40%	Middle 20%	Next 20%	Next 10%	Next 9%	Top 1%
(a) Share of all wealth						
1962	0.3	5.4	13.4	14.0	33.7	33.4
1983	0.9	5.2	12.6	13.1	34.4	33.8
1989	-0.7	4.8	12.3	13.0	33.2	37.4
1998	0.2	4.5	11.9	12.5	32.8	38.1
2001	0.3	3.9	11.3	12.9	38.1	33.4
(b) Average dollar value, 2001 (thousands 2001 US dollars)						
Stocks	1.8	12.0	41.3	131.9	512.3	3,568.4
+ All other assets	26.6	113.5	234.6	438.4	1,221.1	9,449.5
- Total debt	25.5	50.5	60.5	79.9	122.3	325.8
Net wealth	2.9	75.0	215.3	490.3	1,611.0	12,692.1

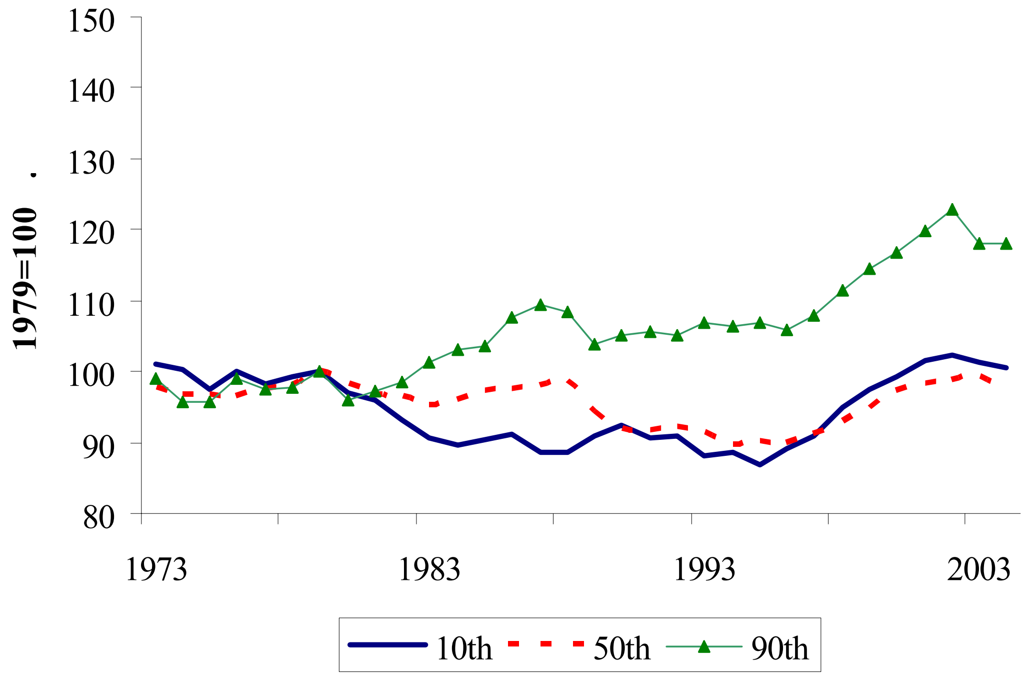
Notes: Analysis of Survey of Consumer Finance data by Edward Wolff (2004), reproduced in Mishel, Bernstein, and Allegreto (2005), Tables 4.3 and 4.9. Stocks include all direct and indirect holdings such as mutual funds and 401(k) retirement plans. Net wealth is the sum of stocks and all other assets, minus total debt.

Figure 1: Real hourly wage growth, all workers, 1979-2004



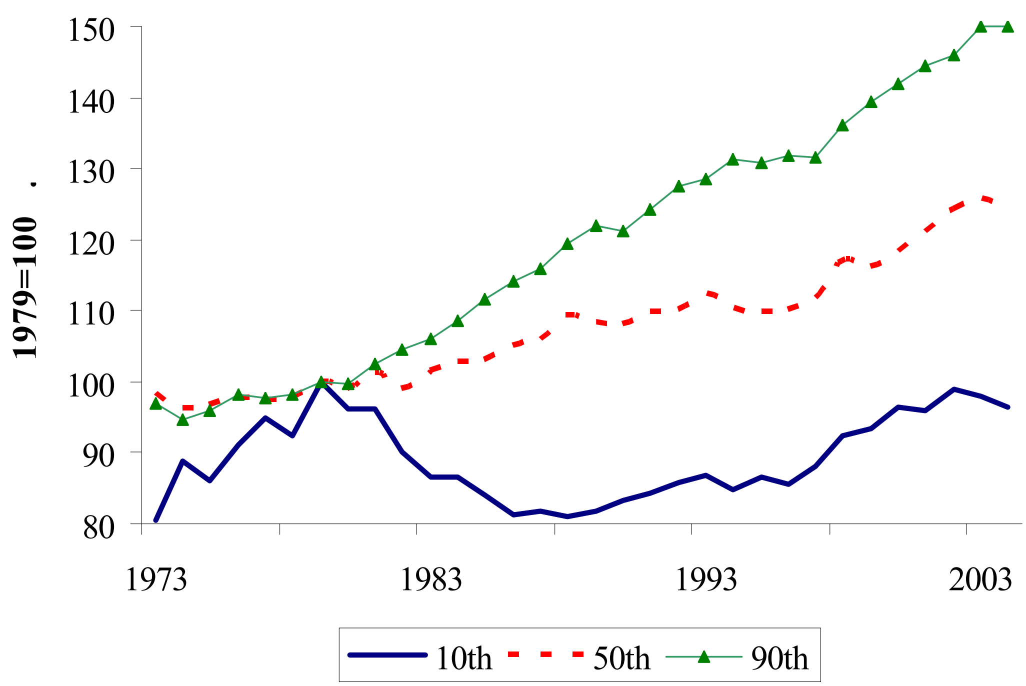
Source: Analysis of CEPR CPS ORG extract (1979-04) chained to EPI May CPS extract (1973-79), deflated using CPI-U-RS.

Figure 2: Real hourly wage growth, male workers, 1979-2004



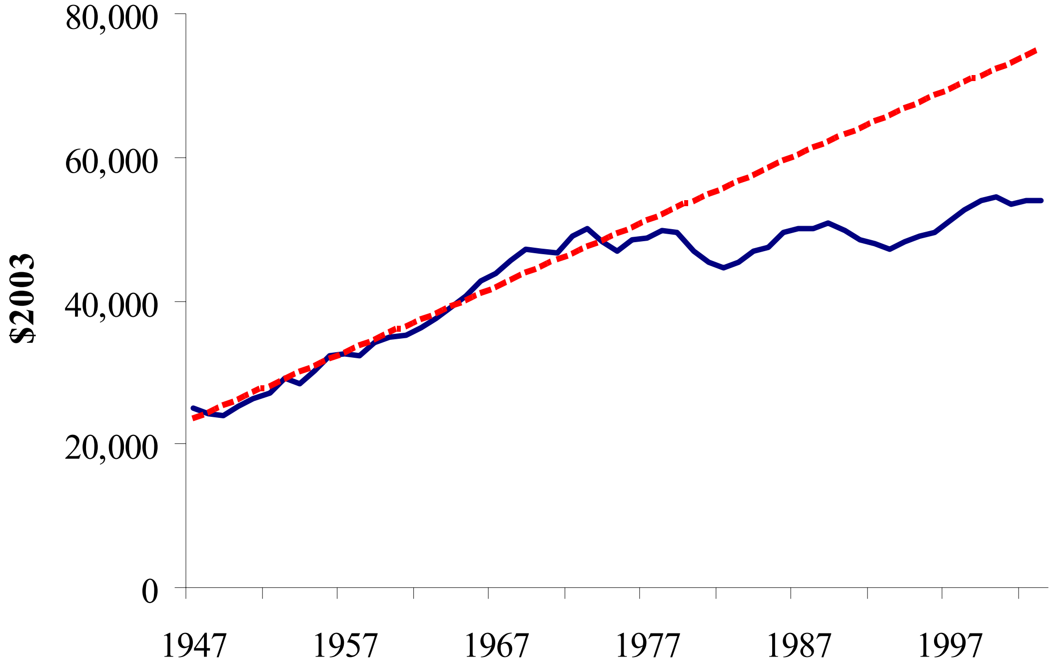
Source: Analysis of CEPR CPS ORG extract (1979-04) chained to EPI May CPS extract (1973-79), deflated using CPI-U-RS.

Figure 3: Real hourly wage growth, female workers, 1979-2004



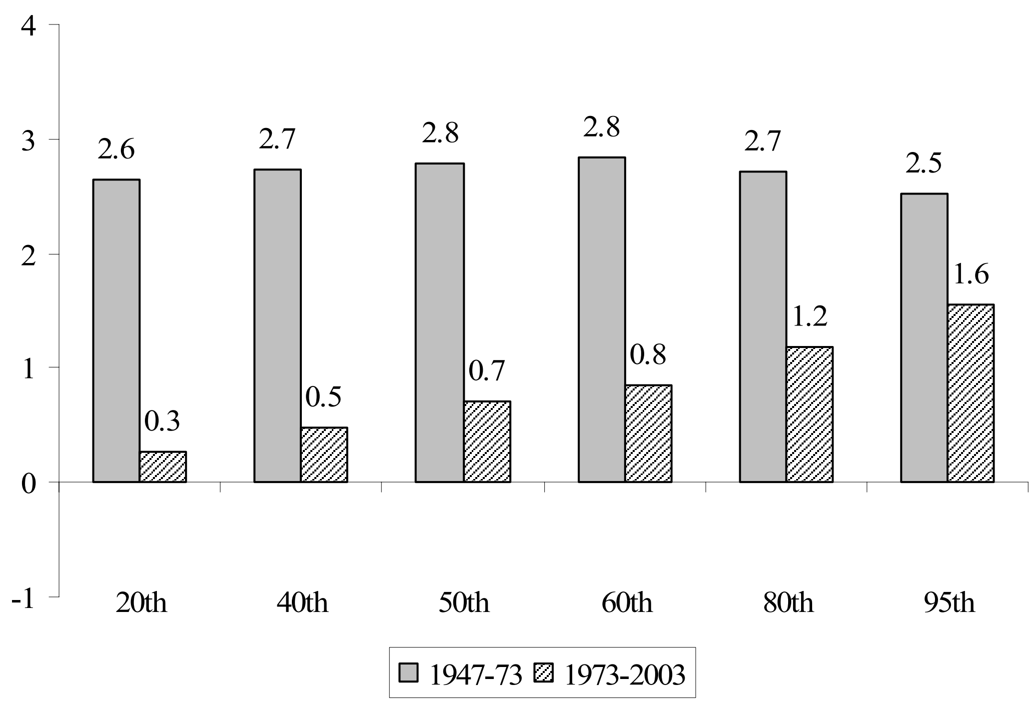
Source: Analysis of CEPR CPS ORG extract (1979-04) chained to EPI May CPS extract (1973-79), deflated using CPI-U-RS.

Figure 4: Real median family income, 1947-2003 (with 1947-73 trend)



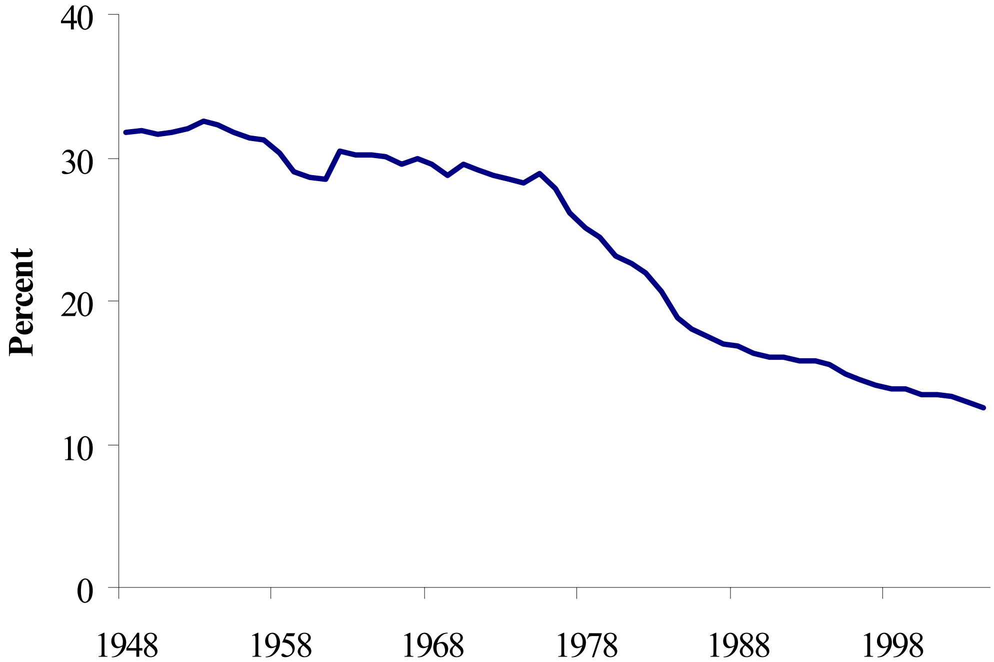
So
urce: Analysis of Bureau of the Census, Current Population Survey; deflated using CPI-U-RS.

Figure 5: Annual growth rate in real family income, 1947-2003



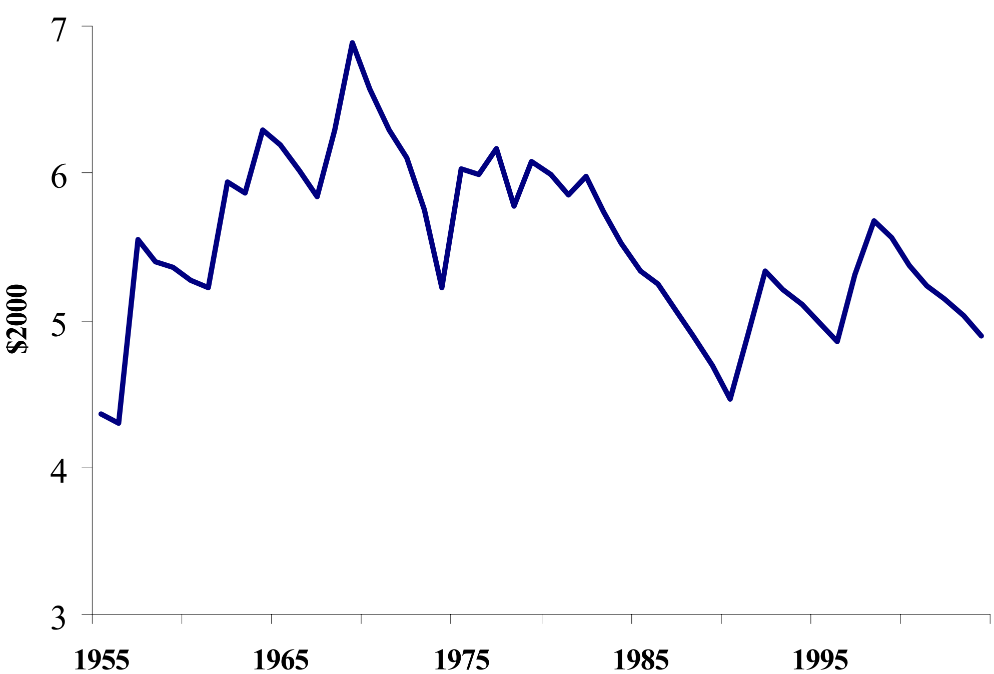
Source: Analysis of Bureau of the Census, Current Population Survey; deflated using CPI-U-RS.

Figure 6: Share of US workers in unions, 1948-2004



Source: Analysis of BLS employment data and unionization data from the Labor Research Association.

Figure 7: Real value of the minimum wage, 1955-2004



Source: Author's analysis of US Department of Labor, "Federal minimum wage rates under the FLSA," http://www.dol.gov/esa/minwage/chart.pdf.