Wages Facts

- Wages, also known as labor income or "earnings," refer to the wage or salary income earned for work in a year.
- Labor earnings are by far the most evenly distributed sources of overall income because the vast majority of non-retired households have members that work. Yet labor earnings have become unequally distributed in recent decades.
- Wages should not be confused with income or wealth. Income refers to the amount of money received by a household or family from all sources of income (wages, interest, capital gains) in a year. Wealth refers to the net worth (assets minus liabilities) of a household at a certain point in time.
- CEO compensation relative to average worker compensation has skyrocketed since the 1970s, peaking in 2000 (at a ratio of 299-to-1). CEO compensation was diminished by the Great Recession and is currently 243 times greater than compensation of the average worker.
- The ability of the economy to produce more goods and services per hour—productivity—has not translated into greater compensation for workers. Between 1979 and 2007, productivity as measured by output per hour worked increased 72 percent while hourly compensation of the typical worker grew 3 percent.

Sources: Lawrence Mishel and Heidi Shierholz. *The sad but true story of wages in America.* Washington, D.C.: Economic Policy Institute, 2011.
Lawrence Mishel and Josh Bivens. *Occupy Wall Streeters are right about skewed economic rewards in the United States.* Washington, D.C.: Economic Policy Institute, 2011; and updated wage data.

The UPSIDE-DOWN ECONOMY Wages

21:1

Ratio of average annual salaries of the top 1% of wage earners to bottom 90%, 2007

(9:1 in 1979)

83:1

Ratio of average annual salaries of the top 0.1% to the bottom 90%, 2007

(21:1 in 1979)

156%

Wage growth for the top 1% of wage and salary earners, 1979–2007

362%

Wage growth for the top 0.1% of wage and salary earners, 1979–2007

17%

Wage growth for the bottom 90% of wage and salary earners, 1979–2007

243:1

Ratio of average CEO compensation to compensation of the typical worker, 2010

(35:1 in 1978)

EPI

72% vs. 3%

U.S. productivity growth vs. median hourly compensation growth of the typical worker, 1979–2007

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