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VAST MAJORITY OF WAGE EARNERS ARE WORKING HARDER, AND FOR NOT MUCH MORE

Trends in U.S. work hours and wages over 1979–2007

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As is well-documented in *The State of Working America, 12th Edition* (Mishel et al. 2012), the U.S. economy over the past decade has worked primarily to the advantage of a small sliver of winners. Meanwhile, the vast majority of workers have not fared well—a trend that stretches back to the late 1970s. Contrary to some political rhetoric of late, this is not due to lack of effort; the broad middle class has increased its productivity, upgraded its educational attainment, and worked more hours.

In other words, workers have been offering more to the economy and the labor market, and what they have received in return—particularly in the form of real hourly wages—has been very disappointing. This trend is particularly evident when considering that the majority of

workers—especially those in the bottom 60 percent of the wage distribution—increased their work hours substantially between 1979 and 2007, the last year before the current recession. However, during this period (excluding a brief interlude of strong economic growth between 1995 and 2000), real (i.e., inflation-adjusted) hourly wages of the bottom 60 percent grew modestly—ranging from an actual decline for the bottom fifth to annual growth of about 0.25 percent for the middle fifth. This growth is far less than the increase in economy-wide productivity over that time.

A complete documentation of the growth of wage and benefit levels and inequality is presented in Chapter 4 of the recently released *The State of Working America, 12th*

Edition (Mishel et al. 2012). This paper supplements that analysis by examining the growth of work hours and real hourly and annual wages by gender and wage level from 1979 to 2007.

Key findings include:

- The average worker worked 1,868 hours in 2007, an increase of 181 hours from the 1979 work year of 1,687 hours. This represents an increase of 10.7 percent—the equivalent of every worker working 4.5 additional weeks per year.
- Annual work hours grew more among women (20.3 percent) than among men (4.4 percent) from 1979 to 2007, primarily because women increased their weeks per year in the paid workforce.
- At 22.0 percent, the increase in annual hours between 1979 and 2007 was greater among workers in the lowest fifth of the wage distribution than among workers in the middle fifth (10.9 percent). It was also greater among middle-wage workers than among the top 5 percent of earners (7.6 percent).
- Real annual wages grew from 1979 to 2007, but for the bottom 60 percent of wage earners, this stemmed roughly as much from increased work hours as increased real hourly wages.
- Over 1979–2007, real hourly wages for middle-wage workers (those in the middle fifth of earners) grew 15.8 percent. Most of this wage growth occurred in the late 1990s boom (1995–2000). From 1979 to 1995 and from 2000 to 2007, the total real wage growth among this group was just 5.3 percent, equivalent to annual growth of about 0.25 percent.
- Over 1979–2007, real hourly wages for low-wage workers (those in the bottom fifth of earners) grew 7.7 percent, with most of this wage growth occurring in 1995–2000. From 1979 to 1995 and from 2000 to 2007, real wages among this group actually fell 3.2 percent.

- Over 1979–2007, the real hourly wages of the top 5 percent of earners grew by 30.2 percent—and by 14.8 percent if one excludes the 1995–2000 period.

Work hour trends from 1979 to 2007

Last year, Charles Murray wrote about the labor market experience of the white working class (a distinct subgroup that only includes those with a high school degree or less who work in non-white-collar jobs; this group comprised just 30 percent of whites in 2007). He incorrectly claimed that such workers are abandoning the labor market (Murray 2012). In fact, workers of every race and each gender and at every wage level have increased their annual work hours over the last few decades. As such, workers have certainly been offering more to the economy and the labor market.

Table 1 provides data on annual hours worked in 1979 and 2007. It also presents the percent change from 1979 to 2007 in annual hours, weeks worked, weekly hours, real annual wages, and real hourly wages. The table presents these data overall, by gender, and by wage level. (It presents data for each of the four lowest wage fifths and breaks the top fifth into two subgroups: those between the 80th and 95th wage percentiles, and the top 5 percent of earners.)¹ The sample is workers ages 18–64 years old with any wages; our analysis thus focuses on changes in wages and hours worked among those who do work.² Work hours include paid vacations and time off, and therefore represent paid hours. Workers are assigned to a wage group based on the overall distribution of wages rather than the gender wage distribution.

The key finding is that the average worker worked 1,868 hours in 2007, an increase of 181 hours, or 10.7 percent, from the 1979 work year of 1,687 hours. This is the equivalent of every worker working 4.5 more weeks a year (assuming a 40-hour workweek). The data in Table 1 indicate that the growth in annual work hours was primarily driven by an increase in the number of weeks

TABLE 1

Growth in work hours and real wages, by gender and wage group, 1979–2007

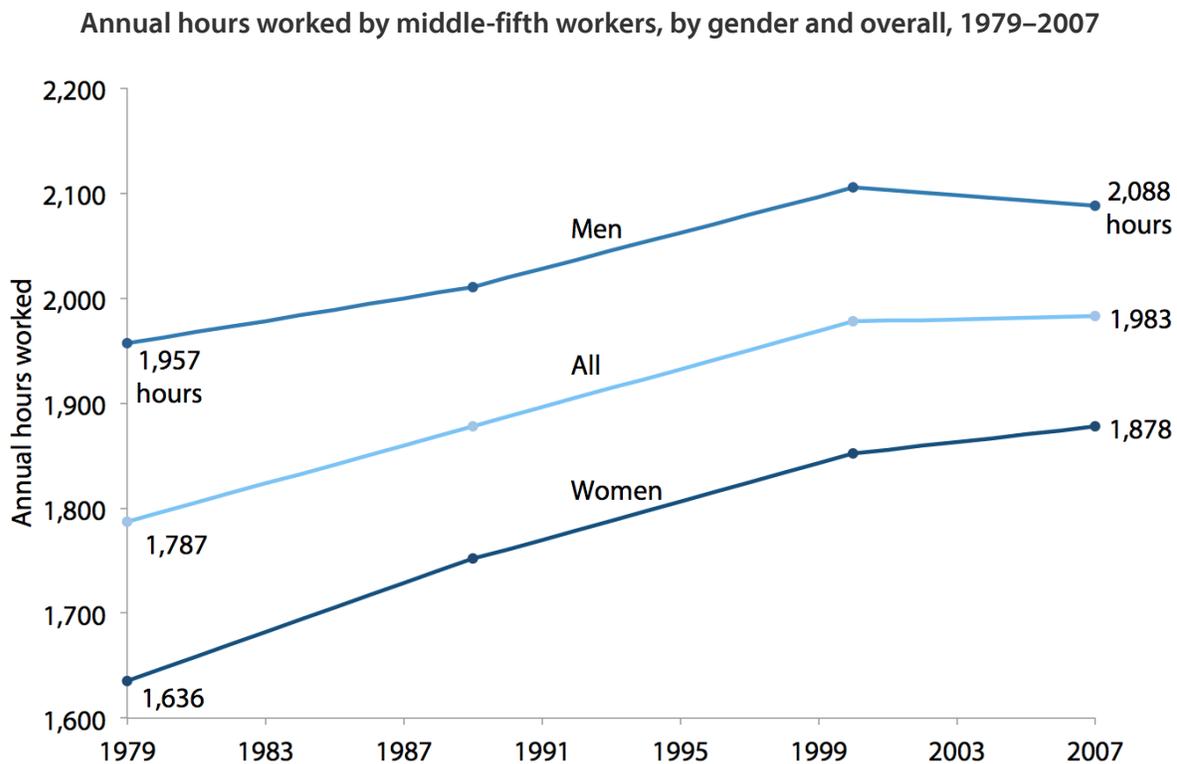
	Share of total	CHANGE, 1979–2007						
		ANNUAL HOURS*		Annual hours*	Weeks worked	Weekly hours	REAL WAGES	
		1979	2007				Annual	Hourly
All by wage group**								
<i>All</i>	100%	1,687	1,868	10.7%	8.1%	2.4%	26.9%	17.5%
<i>Bottom fifth</i>	20	1,248	1,523	22.0	20.4	1.4	32.7	7.7
<i>Second fifth</i>	20	1,588	1,829	15.2	11.5	3.3	29.3	13.1
<i>Middle fifth</i>	20	1,787	1,983	10.9	7.5	3.2	27.2	15.8
<i>Fourth fifth</i>	20	1,917	2,032	6.0	4.1	1.8	22.3	16.2
<i>80–95%</i>	15	1,952	2,036	4.3	1.9	2.4	28.9	23.8
<i>Top 5%</i>	5	1,784	1,919	7.6	2.6	4.8	40.8	30.2
Men by wage group**								
<i>All</i>	100%	1,915	2,000	4.4%	4.0%	0.4%	12.1%	6.4%
<i>Bottom fifth</i>	17	1,450	1,622	11.8	16.6	-4.1	24.8	10.2
<i>Second fifth</i>	18	1,757	1,940	10.4	10.7	-0.3	23.7	12.5
<i>Middle fifth</i>	19	1,957	2,088	6.7	5.9	0.7	22.3	15.1
<i>Fourth fifth</i>	21	2,048	2,131	4.0	2.4	1.5	20.0	15.6
<i>80–95%</i>	18	2,059	2,159	4.9	1.2	3.7	30.2	23.9
<i>Top 5%</i>	7	1,979	2,116	6.9	1.5	5.4	40.7	30.1
Women by wage group**								
<i>All</i>	100%	1,438	1,729	20.3%	13.6%	5.8%	66.0%	39.2%
<i>Bottom fifth</i>	24	1,148	1,447	26.0	22.3	3.1	35.3	6.5
<i>Second fifth</i>	22	1,495	1,731	15.8	11.8	3.5	30.2	13.5
<i>Middle fifth</i>	20	1,636	1,878	14.8	8.9	5.4	32.0	16.4
<i>Fourth fifth</i>	18	1,673	1,911	14.3	7.9	5.9	32.9	17.8
<i>80–95%</i>	12	1,465	1,847	26.1	11.7	12.8	54.5	25.3
<i>Top 5%</i>	3	855	1,546	80.9	31.7	37.4	129.9	24.9

* Annual hours based on weeks worked multiplied by usual weekly hours

** Based on hourly wage distribution of all workers 18–64 years old

Source: Author's analysis of Current Population Survey Annual Social and Economic Supplement microdata

FIGURE A



Note: Data are shown for 1979, 1989, 2000, and 2007. Data for intervening years are calculated with linear interpolation.

Source: Author's analysis of Current Population Survey Annual Social and Economic Supplement microdata

worked (up 8.1 percent) rather than an increase in weekly work hours (up 2.4 percent).

This growth in work hours was heavily driven by the growth of work hours among women. Annual work hours grew 20.3 percent among women, primarily because women increased their weeks per year in the paid workforce. However, work hours also grew 4.4 percent among men, even though the average male worked 1,915 hours in 1979—almost full-time and full-year (40 hours per week for 52 weeks totals 2,080 hours).

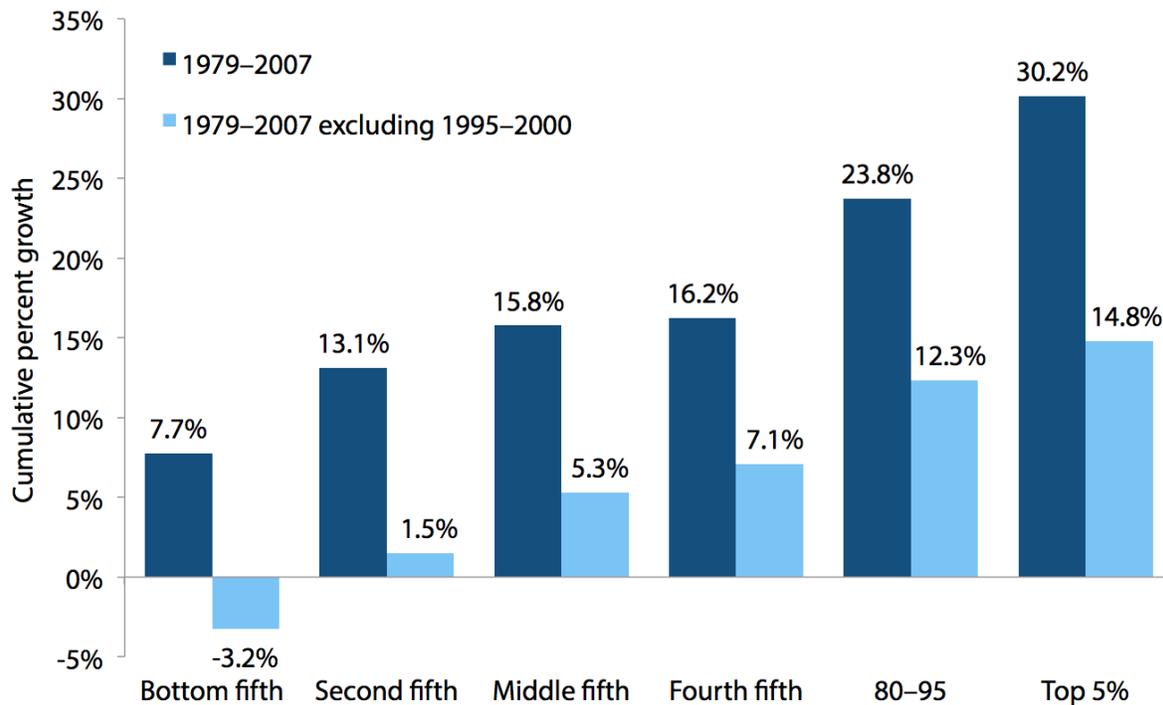
Trends in work hours vary significantly by wage group. **Figure A** graphs the growth in annual hours worked among middle-wage workers. Middle-wage women increased their work hours from 1,636 in 1979 to 1,878 in 2007, equivalent to working 6.1 additional weeks each year. In comparison, middle-wage men increased their work hours from 1,957 to 2,088 hours over this period,

indicating that the average middle-wage male worker worked full-time and full-year.

Among all wage groups, a general pattern is that the lower the wage, the greater the increase in work hours over the 1979–2007 period. The increase in annual hours was greatest among the lowest-wage workers (22.0 percent). In comparison, work hours of middle-wage workers overall grew 10.9 percent, while they increased 7.6 percent among the top 5 percent of earners. The biggest exception to this general finding is the work hours of women in the highest 5 percent of wage earners (only 3 percent of women fell into this category), which grew 80.9 percent. It should be noted that these high-wage women worked 1,546 annual hours in 2007, far fewer than the average woman's 1,729-hour work year. The next highest wage group of women (those in the 80th to 95th wage percentiles), however, increased their work hours substantially (by

FIGURE B

Cumulative change in real hourly wages, by wage group, 1979–2007, and 1979–2007 excluding 1995–2000



Source: Author's analysis of Current Population Survey Annual Social and Economic Supplement microdata

26.1 percent) and had a high level of work hours (1,847 hours annually).

Wage trends from 1979 to 2007

These increases in work hours demonstrate that workers have provided substantially more labor to the economy over the last few decades. However, wage trends illustrate that what they have received in return—particularly in the form of real hourly wages—has been disappointing.

On average, real annual wages—which are determined by hourly wages and hours worked per year—grew 26.9 percent from 1979 to 2007. However, this increase was heavily assisted by the growth of work hours, since real hourly wages grew 17.5 percent (as shown in Table 1). Indeed, for the bottom 60 percent of wage earners, the rise in annual wages stemmed roughly as much from increased work hours as increased real hourly wages. The 32.7 per-

cent growth of real annual wages for the lowest-wage workers (those in the bottom fifth) was especially driven by work hours, as real hourly wages only grew 7.7 percent. This was particularly true among low-wage women (a group that encompasses 24 percent of all women wage earners). Their real annual wages grew 35.3 percent, while their real hourly wages grew just 6.5 percent.

Another sign that most Americans have not reaped the rewards of their increased work hours is that the growth of hourly wages over the entire 1979–2007 period was heavily concentrated in a few years in the late 1990s, when productivity accelerated, unemployment dropped and stayed persistently low, and the minimum wage was boosted. **Figure B** presents real hourly wage growth for each wage group, both for the entire 1979–2007 period and for this period with the years 1995–2000 excluded. Growth of real hourly wages was disappointing over the

combined 1979–1995 and 2000–2007 periods, a 23-year span.

For example, while real hourly wages of middle-wage workers (those in the middle fifth) grew 15.8 percent over the entire 1979–2007 period, they increased just 5.3 percent when excluding 1995–2000, equivalent to annual growth of only about 0.25 percent. Similarly, wages of low-wage workers (those in the bottom fifth) grew 7.7 percent over the entire 1979–2007 span—but actually fell 3.2 percent if one excludes 1995–2000. In contrast, over 1979–2007, the wages of the top 5 percent of earners grew by 30.2 percent—and by 14.8 percent when excluding 1995–2000.

Thus, for most of the 1979–2007 period, workers in the bottom 60 percent were increasing their work hours, but real hourly wages grew very modestly. In contrast, the top 5 percent of wage earners saw much more substantial hourly wage growth. This disparity between the bottom 60 percent and top 5 percent is a manifestation of the growth of wage inequality that is apparent in Table 1; real hourly wages increased successively faster among higher wage groups, a trend prevalent among both men and women.

Conclusion

As the data in this paper demonstrate, workers have been contributing more work hours over the last few decades—and for most, the returns have been disappointing. Indeed, increased work hours combined with modest hourly wage growth for most workers suggest that Americans started working more paid hours in part as a coping strategy to ensure some income growth despite poor wage performance. In contrast, those at the top fared much better: The stock market grew strongly, CEO compensation

grew twice as fast as the stock market, wealth grew for the top 1.0 percent while it fell for the bottom 60 percent of households, and profits are reaching record highs as a share of corporate-sector income. These diverging fortunes between those at the top and the broad middle class signal that the economy is not working to the benefit of all Americans—a fact that policymakers would be wise to recognize.

—*Lawrence Mishel has been president of the Economic Policy Institute since 2002. Prior to that he was EPI's first research director (starting in 1987) and later became vice president. He is the co-author of all 12 editions of The State of Working America. He has a Ph.D. in economics from the University of Wisconsin-Madison, and his articles have appeared in a variety of academic and non-academic journals. His areas of research are labor economics, wage and income distribution, industrial relations, productivity growth, and the economics of education.*

Endnotes

1. I owe a debt of gratitude to Gary Burtless of the Brookings Institution for sharing his expertise on how to obtain precise wage fifths despite the clustering of wages at certain thresholds.
2. As such, this analysis does not capture any changes in the share of workers who do not work at all. Rather, it focuses exclusively on the change in work hours among those who work. There has been an increase in the share of prime-age workers who do not work; we will examine this trend in later work.

This publication supplements data presented in EPI's *The State of Working America, 12th Edition*. Chapters from the book and other resources can be accessed at stateofworkingamerica.org.

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