



## Chartbook: Portrait of a Changing Economy

Over the last several decades, there have been significant economic changes in the United States – many for the better. Our nation is more prosperous overall, more diverse and more productive than ever before. The U.S. economy remains the world’s largest and among the most innovative.

For many Americans, economic growth has led to increased opportunity and prosperity. They earn higher incomes, live in larger homes and are able to purchase cheaper, high-quality goods. More young people are getting a college education than at any time in history. Americans live longer, on average, and enjoy more leisure time. Women have many more opportunities than they did a generation ago and now make up half of the labor force. Millions of African Americans have achieved a level of success that had previously been denied them. Communities of color have become key sources of entrepreneurship and economic growth.

But not everyone has shared in the gains of our growing economy. For workers whose education ended with high school, it is harder to achieve the success of their parents. In the 1950s and 60s, a person without a college education could get a well-paying job, own a home, support a family on one income while one parent stayed at home to care for the children, send their children to college and retire with a reasonably comfortable pension that paid benefits for life. Some can still achieve a less certain version of that lifestyle when two parents work full time. But for many others that American Dream is out of reach.

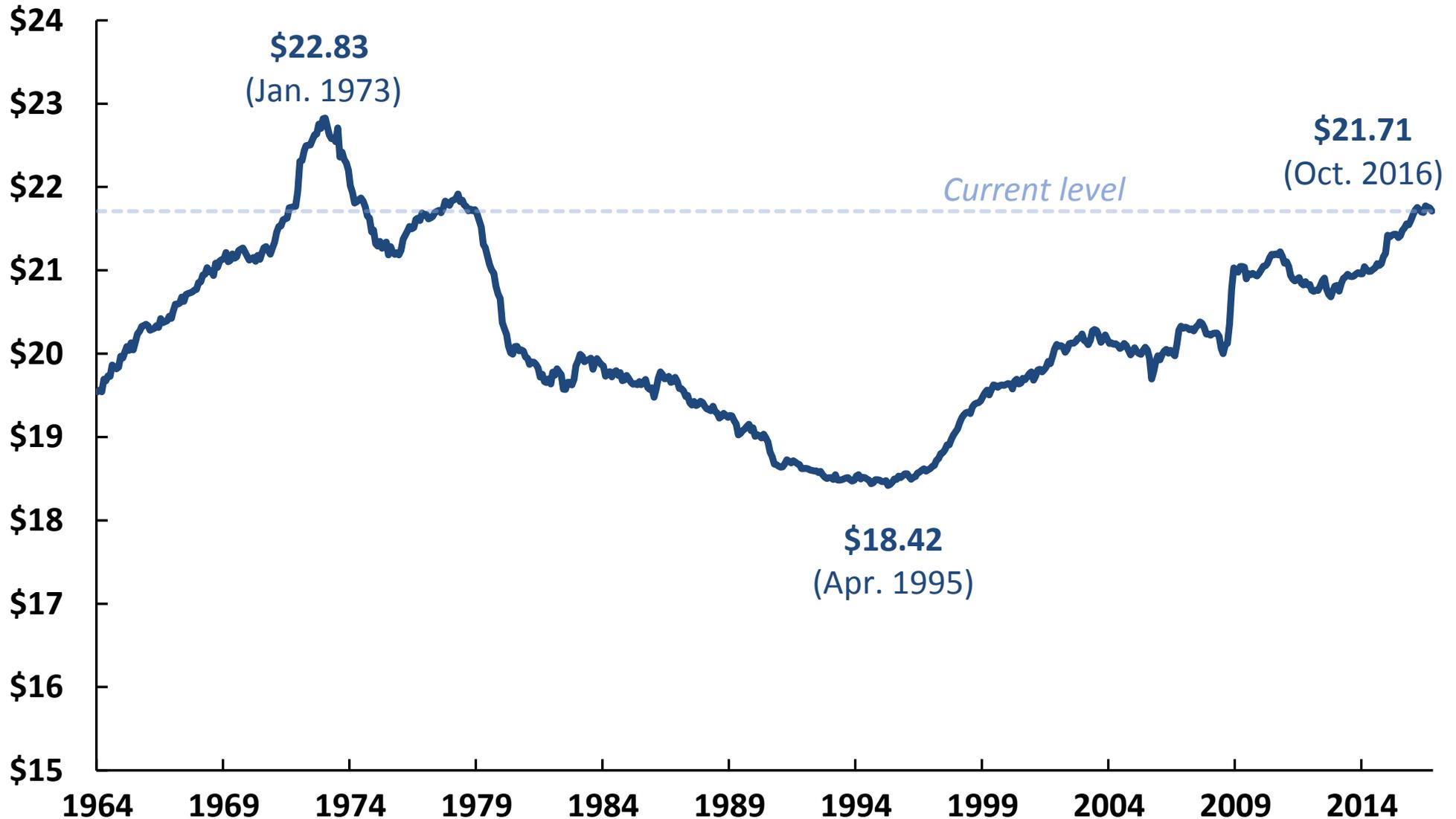
The attached charts highlight some of the ways that life has become more difficult for many Americans. Average hourly earnings are no higher than they were forty years ago. A typical worker’s wages, which once moved higher with productivity gains, now lag significantly behind overall productivity increases. A full-time worker earning the minimum wage took home over \$7,000 more in 1968 than today, after adjusting for inflation. Fewer now have defined-benefit pensions while many people have no retirement plan at all.

At the same time, the gap between most Americans and those at the very top has become a chasm. Average incomes for the top one percent more than tripled since 1970, while those of the bottom 90 percent have been flat. The typical large-company CEO, who fifty years ago earned 20 times more than the average worker, now earns 300 times more.

These dozen charts are meant to be an illustrative but not exhaustive portrait of the changes that have caused many Americans to struggle to get ahead. These changes are unsettling to many Americans – even those who currently are succeeding by most measures. These graphs hopefully will spark a broader discussion of both the good and the bad of the new American economy.

# Average Hourly Earnings Are No Higher Than 40 Years Ago

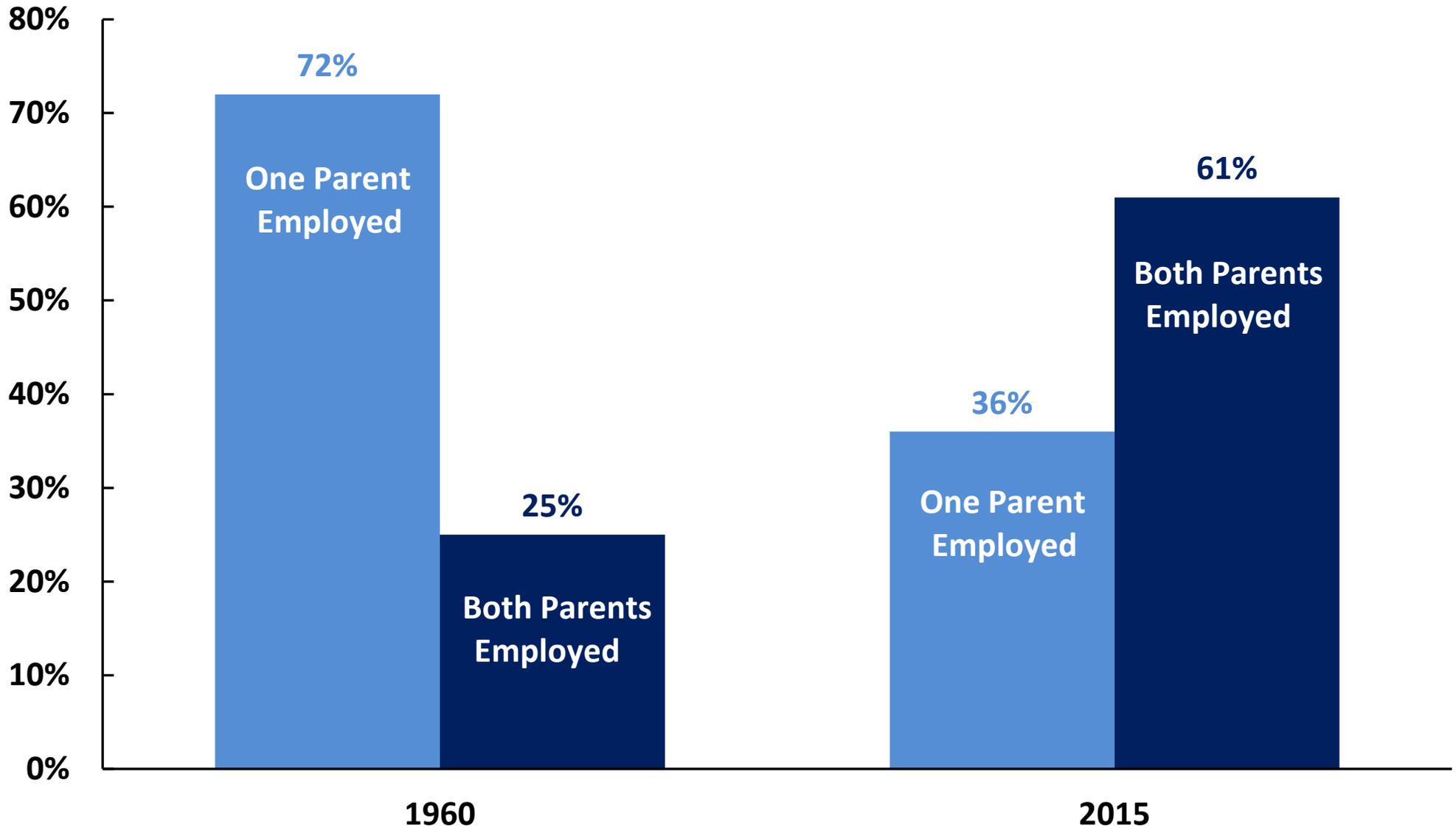
Inflation adjusted to current dollars



Source: JEC Democratic staff calculations using data from the Bureau of Labor Statistics  
Notes: Data are for Jan. 1964 to Oct. 2016; private-sector production and nonsupervisory employees; adjusted for inflation using the Consumer Price Index; seasonally adjusted

# The Share of Families With Two Earners Rose Dramatically

Percent of married-couple families with children under 18



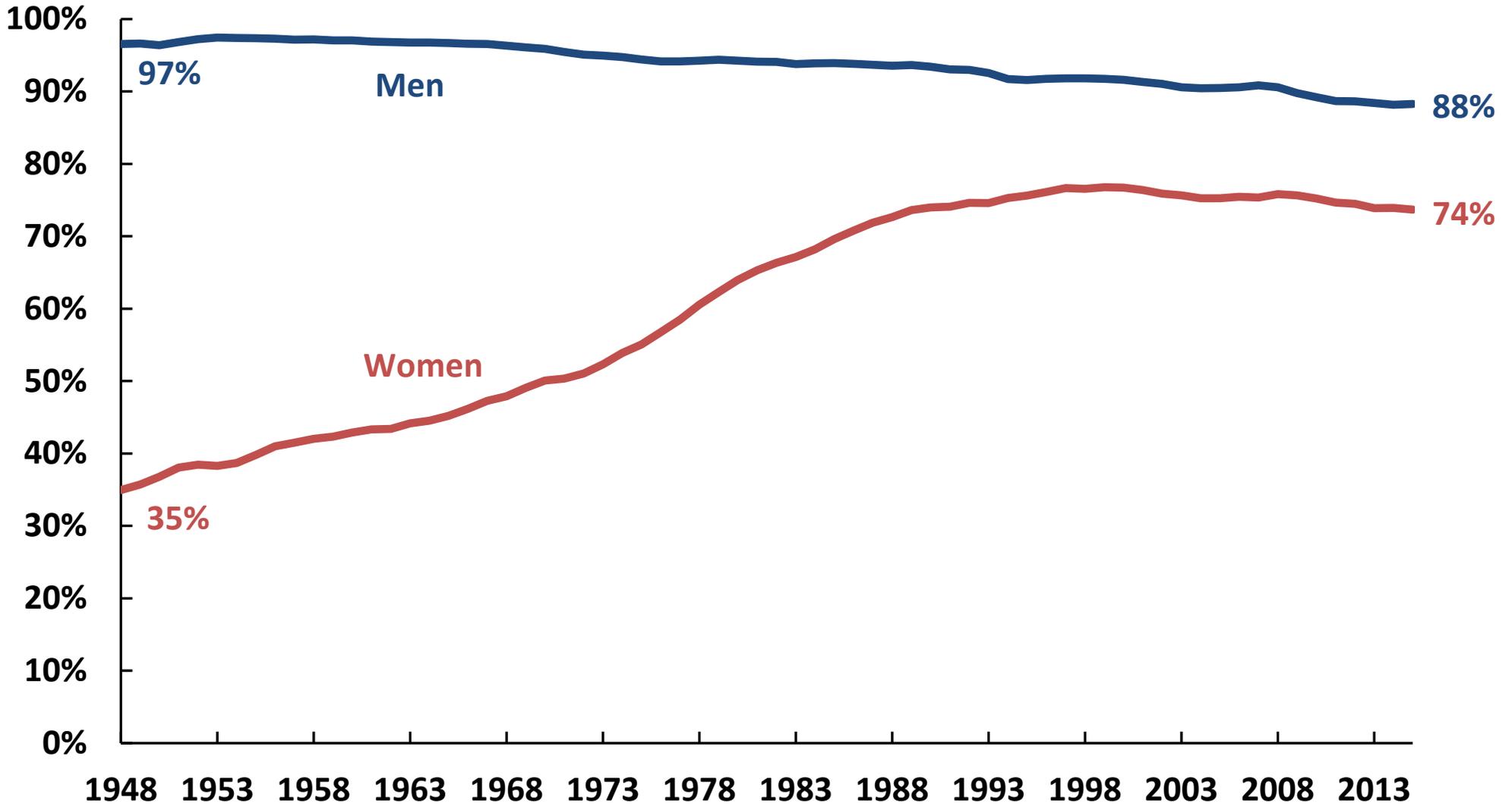
Source: JEC Democratic staff calculations based on data from the Pew Research Center and the Bureau of Labor Statistics

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# Women Surged into the Labor Force; Men Gradually Withdrew

Prime-age labor force participation rate



Source: JEC Democratic staff calculations using data from the Bureau of Labor Statistics and the Census Bureau

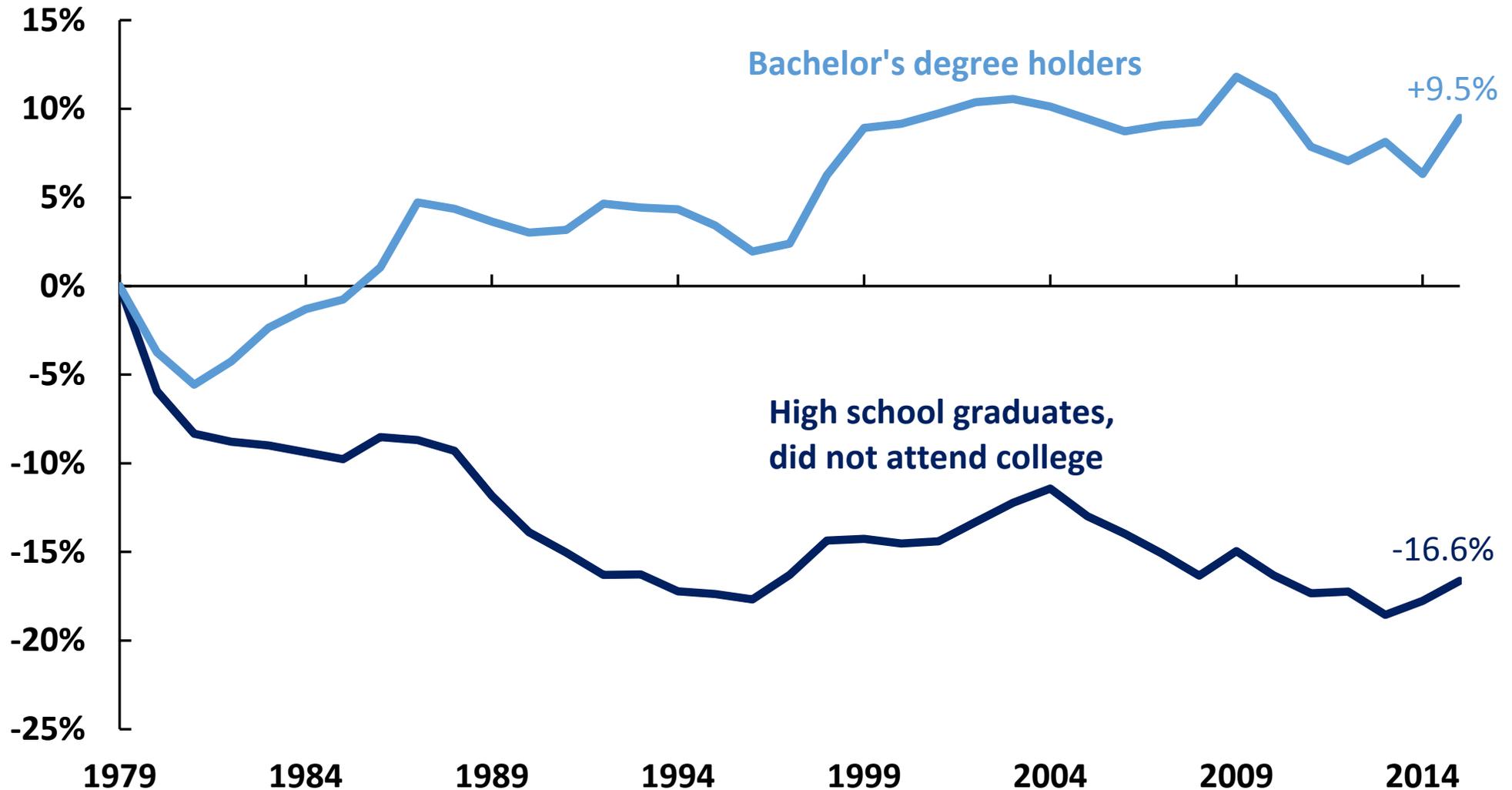
Notes: Data are for 1948 to 2015; prime-age is defined as 25- to 54-year-olds

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# Earnings Power Increased for College Graduates, Decreased for High School Graduates

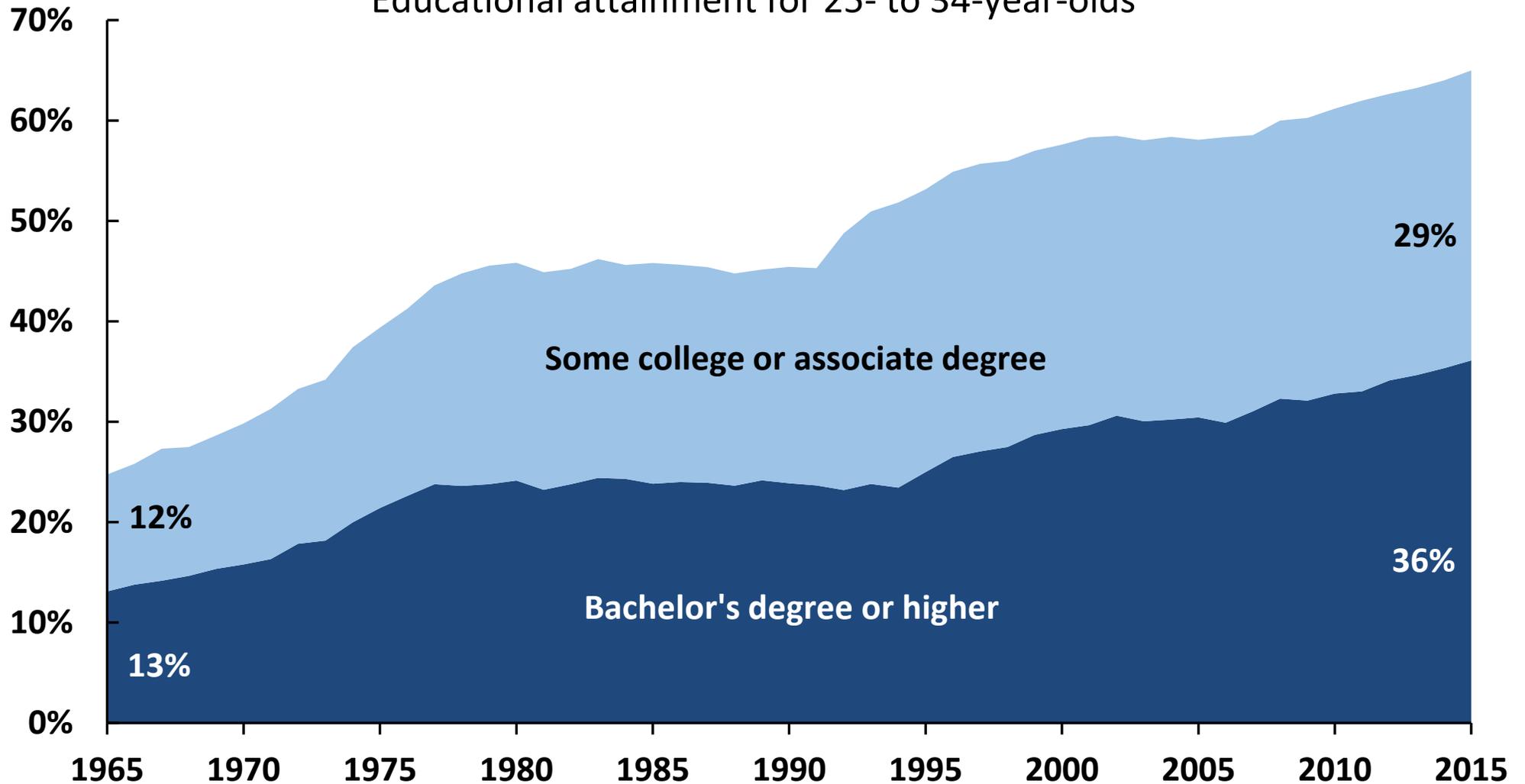
Percentage change in real median weekly earnings since 1979



Source: JEC Democratic staff calculations based on data from the Bureau of Labor Statistics  
Note: Data are for 1979 to 2015; full-time wage and salary workers ages 25 and older;  
adjusted for inflation using the Consumer Price Index for all urban consumers (CPI-U)

# The Percentage of Young Adults Pursuing Higher Education More Than Doubled

Educational attainment for 25- to 34-year-olds

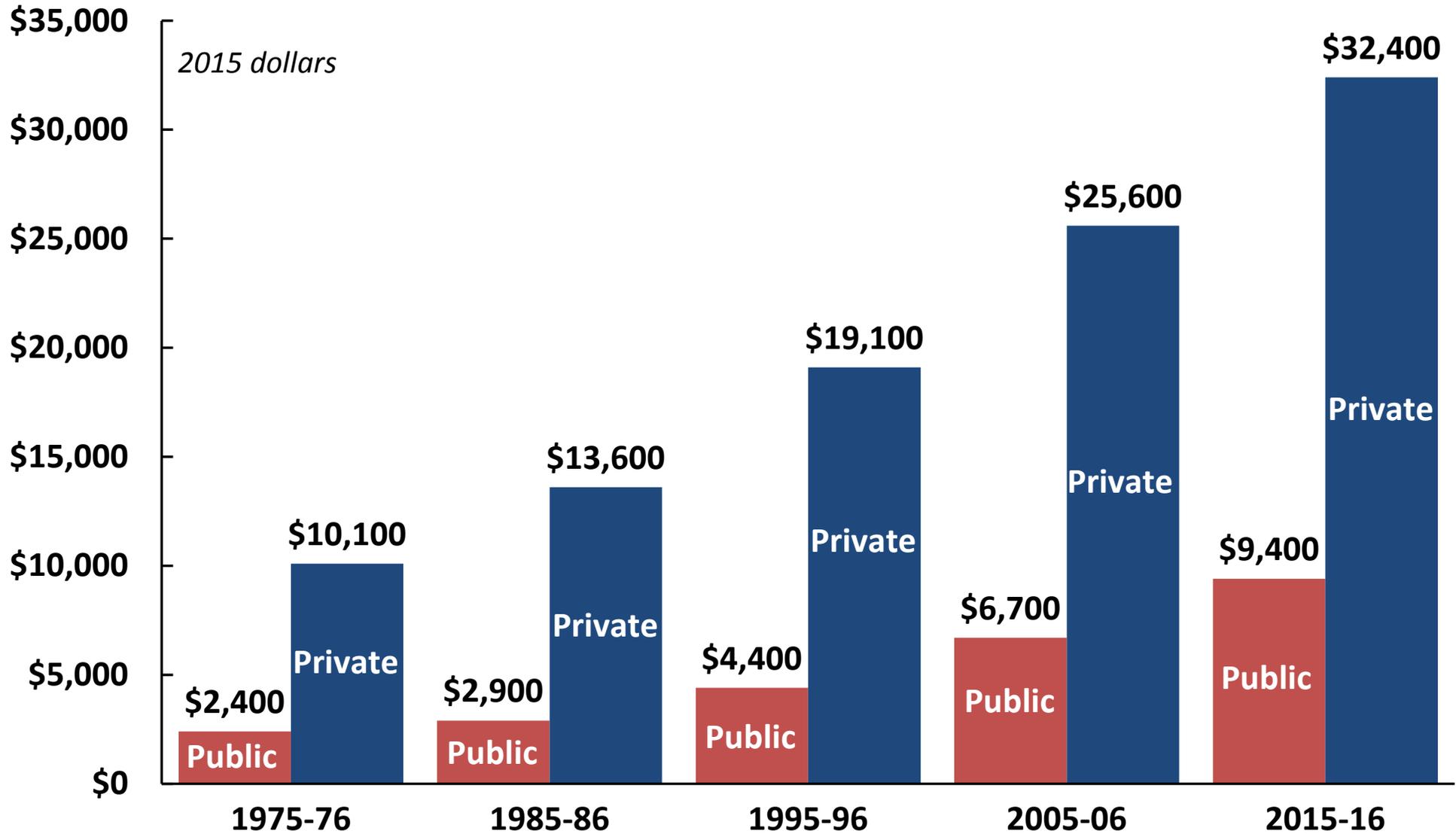


Source: U.S. Census Bureau

Notes: Data are for 1965 to 2015; prior to 1992, the Census Bureau only reported on years of education, not degree attainment; years of higher education are used as a proxy for degree obtainment on this chart - 4 years or more are categorized as bachelor's degree or higher and 1 to 3 years are categorized as some college or associate degree

# The Price of a College Education Soared

Average tuition and fees for a four-year institution

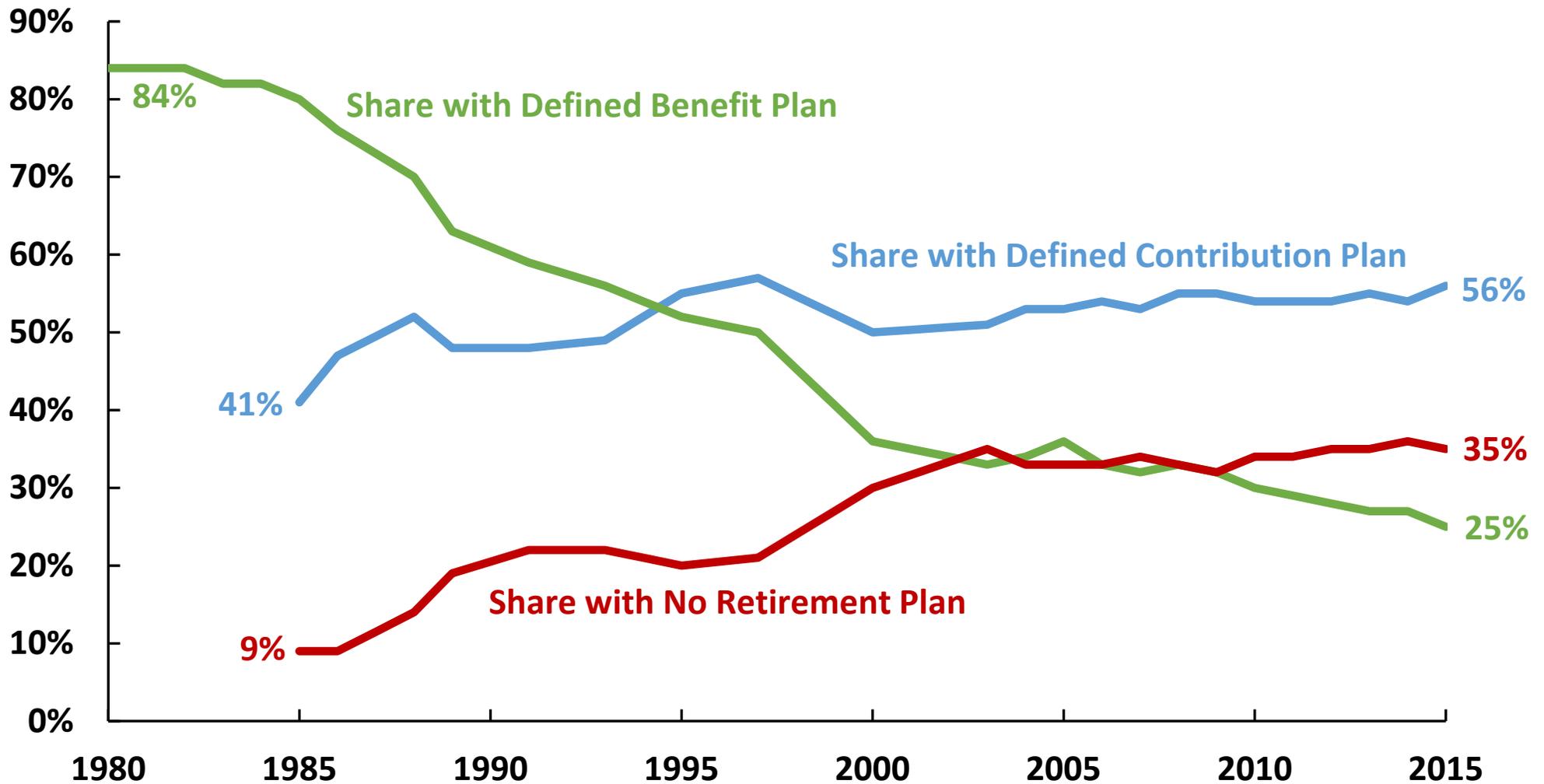


Source: JEC Democratic staff calculations based on College Board, Trends in College Pricing 2015

Notes: Average tuition and fee prices exclude room and board; prices reflect in-state charges for public four-year institutions; prices are rounded to nearest one hundred dollars

# Workers Face a Less Secure Retirement

Employees at medium and large private-sector establishments

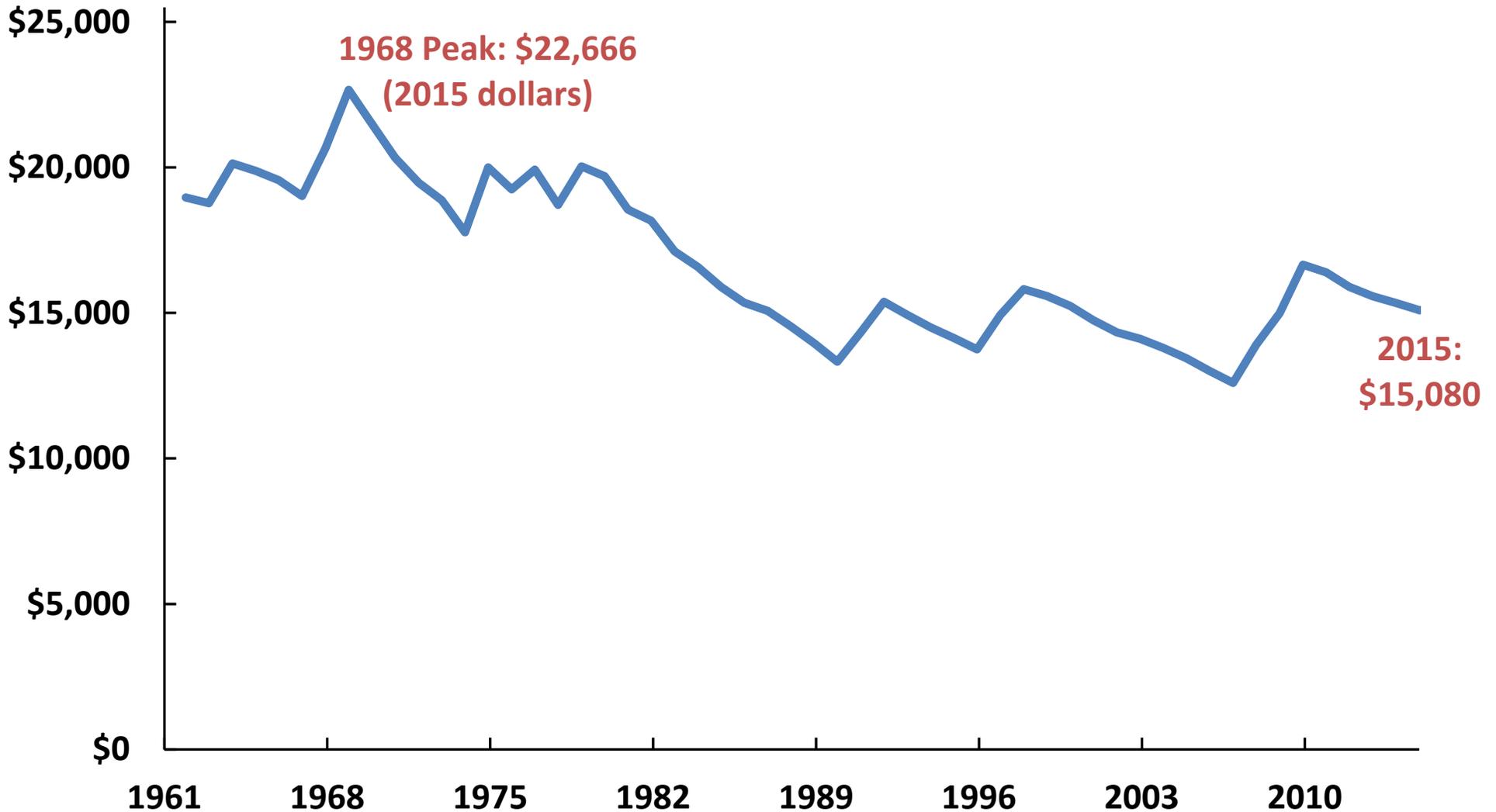


Source: JEC Democratic staff calculations based on data from the Employee Benefit Research Institute

Notes: Data are for 1980 to 2015; chart overstates the share of all workers with retirement plans since medium and large establishments (those with 100 or more employees) are more likely than small establishments to offer plans; data for small establishments are only available starting with 1990; data are interpolated for years with missing data

# The Value of the Minimum Wage Dropped Precipitously

Annual earnings of a full-time minimum wage worker

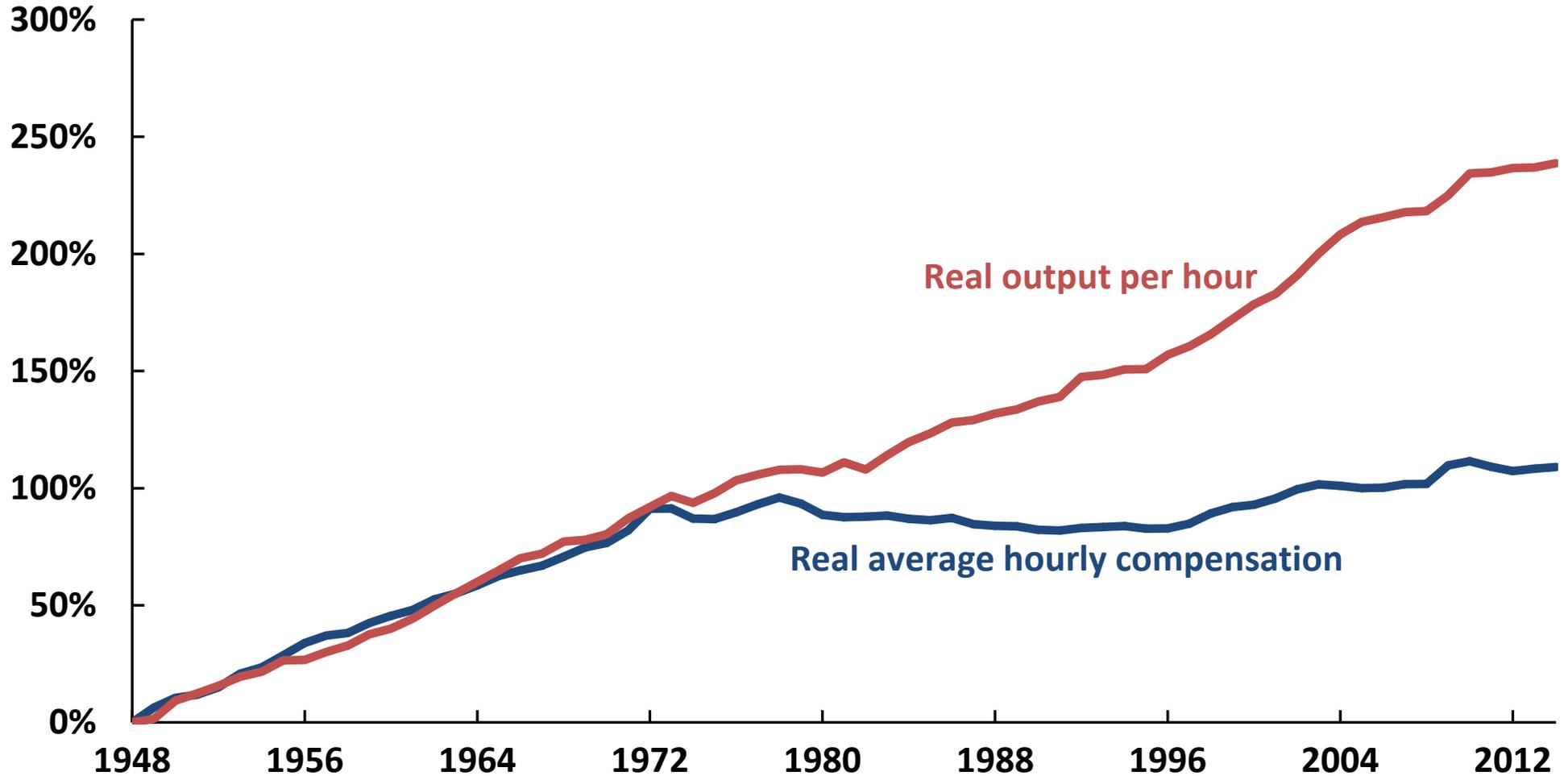


Sources: JEC Democratic staff calculations using data from the U.S. Department of Labor and the U.S. Census Bureau

Notes: Real minimum wage is expressed in 2015 dollars using the CPI-U; assumes a full-time worker is subject to the federal minimum wage and works 40 hours per week for 52 weeks a year

# The Typical Worker Did Not Share in Productivity Gains

Cumulative growth since 1948

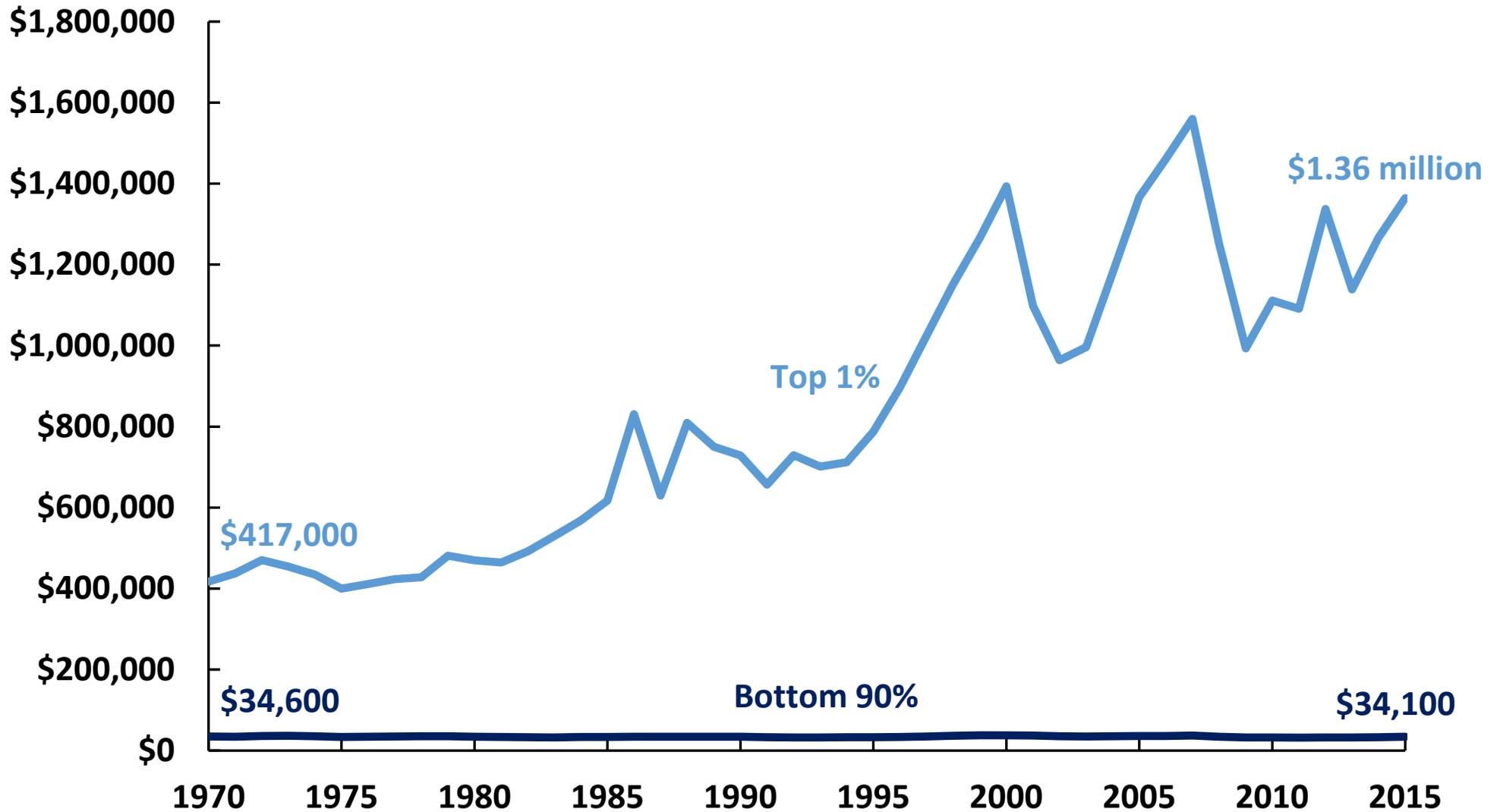


Source: Economic Policy Institute, "Understanding the Historic Divergence Between Productivity and a Typical Worker's Pay"

Notes: Data are for 1948 to 2014; real average hourly compensation shows the average hourly compensation for production and nonsupervisory workers in the private sector; real output per hour shows the growth of output of goods and services minus depreciation per hour worked.

# Gap Between Top Earners and Most Americans Grew

Average household income, 2015 dollars



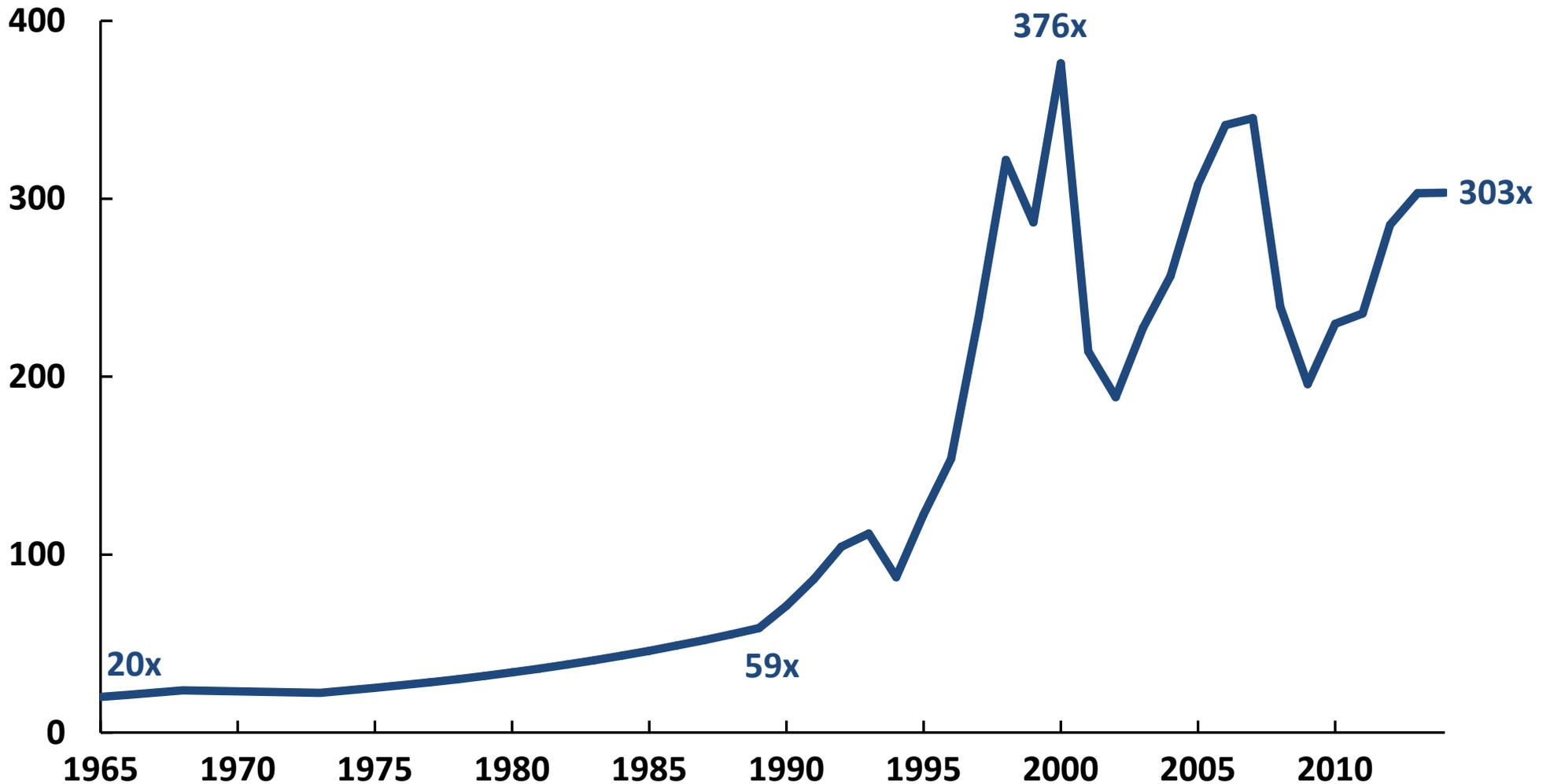
Source: JEC Democratic staff calculations based on data from the World Wealth and Income Database

Note: Data are for 1970 to 2015; income data include capital gains earnings; household defined as an individual, or a married couple that files jointly, and their dependents



# CEO Pay Skyrocketed

Average ratio of CEO to worker compensation, largest 350 companies



Source: Economic Policy Institute, "Top CEOs Make 300 Times More than Typical Worker"

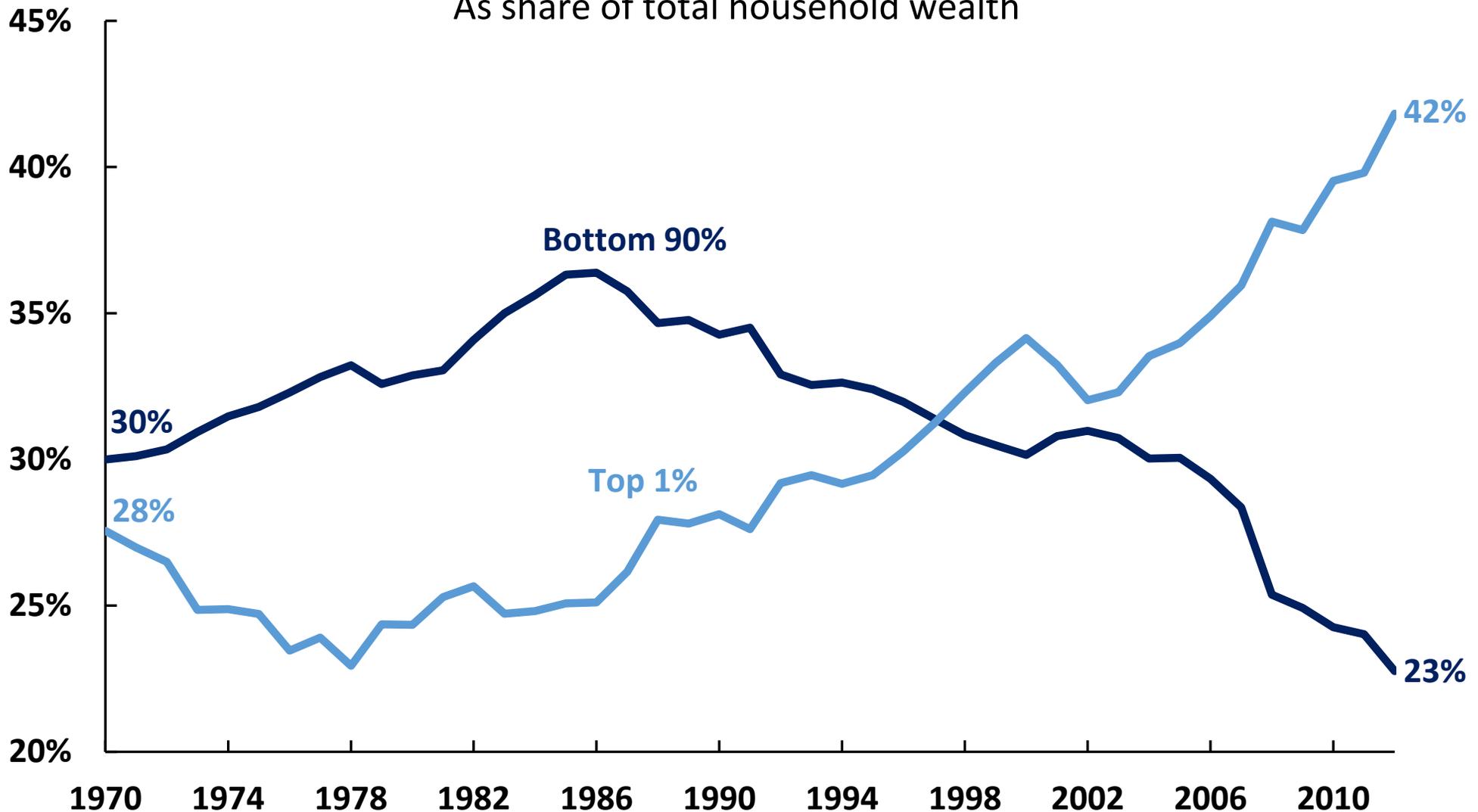
Notes: Data are for 1965 to 2014; CEO pay includes salary, bonuses, restricted stock grants, options exercised and long-term payouts for the largest 350 U.S. firms by sales; worker compensation is annual compensation for workers in the CEO's industry (for years prior to 1995, the annual earnings of all production and nonsupervisory workers is used).

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# Share of Wealth Held by Top 1 Percent Took Off, Share Held by Bottom 90 Percent Plummeted

As share of total household wealth



Source: JEC Democratic staff calculations based on data from Emmanuel Saez and Gabriel Zucman, *The Quarterly Journal of Economics* (May 2016)

Note: Data are for 1970 to 2012; shares refer to the share of total household wealth held by these groups, as estimated by capitalizing income tax returns

