

America Workers Are More Productive, But Their Wages Are Flat, And In Some Cases, Lower

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American workers are more productive than ever before, but you wouldn't know that from looking at the rewards they're getting for pulling themselves up by their bootstraps. This has been true for longer than most millennial-aged Americans have been working-age adults, and the pain has been worse for the lesser educated bottom-wage earners than it has for college-educated professionals.

While the rate of wage stagnation varies, it appears to have hit all classes of workers -- from the Louisiana line cook to the New York City media professional.

This is the takeaway from a sobering study released Wednesday from the D.C.-based Economic Policy Institute (EPI), a liberal economic think tank that looked at government data through the first half of the year.

EPI labor economists looked at wage trends in all income levels and found that Americans earning at or below 60 percent of the distribution of wages in the U.S. -- a vast majority of working Americans -- saw no gains in their wages between 2000 and 2012. At the same time their productivity increased nearly 25 percent.

"The disappointing wage trends of the last generation, especially in the past 10 years, we view as a result of economic policy," said EPI President Lawrence

Mishel in a conference call on Wednesday with reporters. “Policy makers should be viewing broad-based wage growth and the quality of jobs as the lens through which they view economic policy.”

Right now, says Mishel, economic policy is focused on promoting high consumption and low prices, which lead economic growth to be dependent on cyclical asset bubbles and precipitous accumulation of personal debt.

While wage stagnation is not new -- a median U.S. wage earner has seen a 5 percent growth in wages between 1979 and 2012 while boosting productivity nearly 75 percent -- what is more recent is that a college education is less valuable than it used to be.

The wage premium for a college degree has barely grown since 2000 even as the average U.S. college graduate is entering the workforce with a record \$40,000 in student loan debt, according to Edvisor.com, which operates college planning websites.

And now, as the economy limps away from the Great Recession with lackluster jobs growth, it looks like the wage stagnation has approached critical levels. Unemployment today is still higher than it was in the peak of 1990, and the official oft-cited unemployment figure excludes millions of workers that have given up seeking above-the-board employment. (Some of them are working in the informal economy.)

Groups like the CATO Institute say that the key to economic prosperity is to freeze or eliminate the federal minimum wage rather than increase it -- because they claim higher wages leads poorer people to lose their jobs as companies seek to offset payroll rises. But if stagnant and lower wages are the key to economic prosperity, then the U.S. economy has had more than a decade to prove that.

It hasn't.