109TH
CONGRESS

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Joint Economic Committee
Democrats

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WAGES FAIL TO KEEP UP WITH INFLATION IN 2004
First Decline in Real Wages in Over a Decade

Washington, D.C. – Average hourly earnings declined 0.4 percent from 2003 to 2004 after accounting for inflation, according to the Bureau of Labor Statistics (BLS). That decline in real (inflation-adjusted) wages is the first in more than a decade and the largest decline since 1992. A modest increase in the length of the workweek was not enough to keep real average weekly earnings from falling as well.

"The prolonged labor market slump clearly has taken a toll on workers' wages – the jobs gap has now produced a wage gap," said **Sen. Jack Reed** (D-RI), Democratic member of the **Joint Economic Committee (JEC)**. "Corporate profits and worker productivity have been growing, but wages are not keeping pace with inflation. Unfortunately, paychecks are being stretched thinner as families face higher prices and rising interest rates. Despite three years of economic recovery, middle-income families are losing ground."

Today's Real Earnings report by the BLS shows that the average hourly earnings of production and non-supervisory workers on private nonfarm payrolls were 0.4 percent lower in 2004 than they were in 2003 after accounting for inflation. Average weekly earnings for those workers, a measure that also reflects rising numbers of hours worked, fell by 0.2 percent in 2004 after accounting for inflation.

Since job losses peaked in August 2003, average hourly earnings have *declined* by 0.6 percent, once inflation is taken into account. Corporate profits, by contrast, have grown by 41 percent under President Bush.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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