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WAGES FAIL TO KEEP UP WITH INFLATION IN 2005

Real Wages Decline for Second Year in a Row

Washington, D.C. – Average hourly earnings declined 0.5 percent during 2005 after accounting for inflation, according to the Bureau of Labor Statistics (BLS). Real (inflation-adjusted) wages fell during 2004 as well, after stagnating during 2003.

"Despite four years of economic recovery, middle-income families continue to lose ground," said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. "Corporate profits and worker productivity have been growing, but wages are not keeping pace with inflation. The benefits of the recovery are just not trickling down to most American families. Paychecks are being stretched thinner as families face higher prices for home heating, health care, and education."

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 0.5 percent lower in December 2005 than they were in December 2004 after accounting for inflation. Average weekly earnings for those workers, a measure that also reflects changes in the numbers of hours worked, fell by 0.4 percent over the same period after accounting for inflation. Real average weekly earnings fell in 2003 and 2004 as well.

Since job losses peaked in May 2003, average hourly earnings have *declined* by 1.1 percent, once inflation is taken into account. Aggregate wages have grown 17 percent under President Bush, while aggregate profits have grown 63 percent.

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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