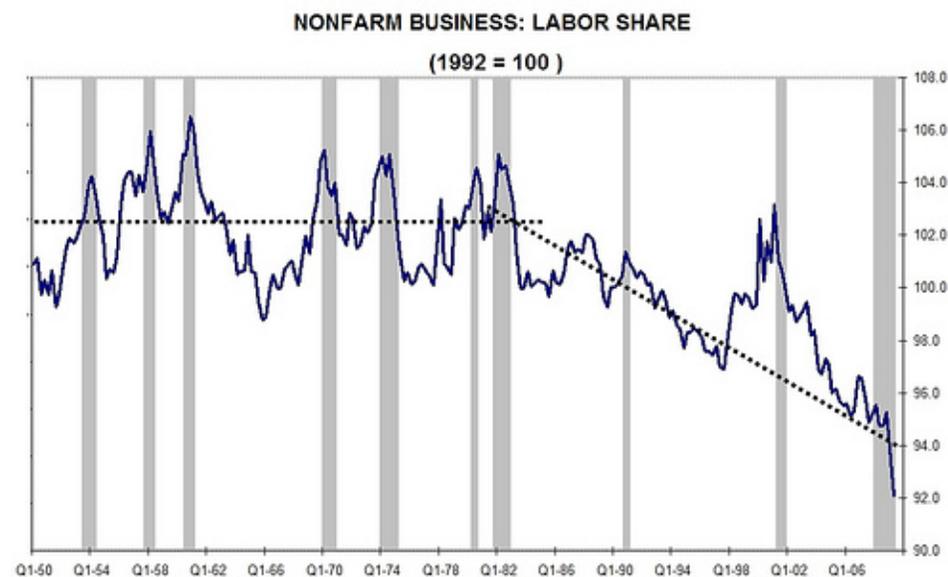


40 Percent of Americans Now Make Less than 1968 Minimum Wage

By Dave Johnson

You may have [seen the charts](#) showing how working people's wages stopped going up along with productivity gains:

This means the gains went ... somewhere else. See if you can guess who got them? (Hint: it's the 1%; this is one driver of the terrible income and wealth inequality.) This breakoff of wages from productivity growth is partly (largely?) the result of trade agreements that pit Americans against exploited workers in non-democracies. This weakened the bargaining power of unions, moved factories and industries out of the country, devastated entire regions of our country — and gave the giant multinational corporations, Wall Street and the billionaires the leverage they needed...



Economist Dean Baker describes one effect of this in [Minimum Wage: Who Decided Workers Should Fall Behind?](#)

“If the minimum wage had risen in step with productivity growth [since 1968], it would be over \$16.50 an hour today. That is higher than the hourly wages earned by 40 percent of men and half of women.”

Baker is referring to this CEPR study: [The Minimum Wage and Economic Growth.](#)

40% Of Americans Now Make Less Than 1968 Minimum Wage

Read what Baker wrote again. The minimum wage would be \$16.50 an hour — \$33,000 a year — if it had kept up with the growth of productivity since 1968. To put the effect of this a different way, *40% of Americans now make less than the 1968 minimum wage, had the minimum wage kept pace with productivity gains.*

To put this even another way, the average American's living standard would be much, much higher today if wages had not decoupled from productivity gains – with the gains all going to the 1% instead of being shared by We, the People. If wages had kept pace we wouldn't feel the terrible squeeze that everyone in the middle class is feeling. (Never mind what has happened to those below the middle class.)

This is one more way to understand the effect of income and wealth inequality on each of us. The 1%/99% thing is real. When you hear that the [6 Walmart heirs have more wealth](#) than 1/3 ([or more](#)) of all Americans combined, it is real. When you hear that the people on the Forbes list of the 400 wealthiest Americans have more wealth than half of all Americans combined, it is real.

And the effects on the rest of us are real.

This seems like a good time to drag out the old post, [Nine Pictures Of The Extreme Income/Wealth Gap](#), which puts pictures on what this kind of wealth means. (This post, by the way, first explained that 400 people have as much wealth as half of all Americans combined. Michael Moore picked that up and talked about it in Madison, Wisc., and it rippled out from there.)

Here is another relevant post: [Tax Cuts Are Theft](#), explaining how cutting taxes on the rich siphons off public wealth.

And of course this one: [Reagan Revolution Home To Roost — In Charts](#).

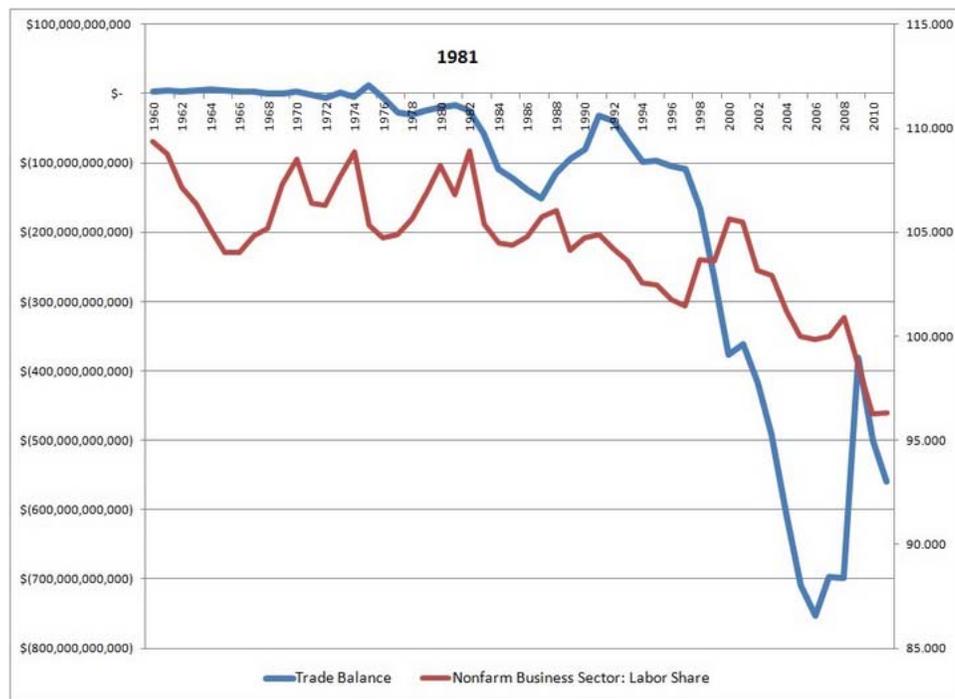
Here are some posts on the trade deficit:

[Fix The Trade Deficit, Fix The Economy.](#),

Yet another report is out showing how the trade deficit is costing us millions of jobs and hurting our economy. This report has specific numbers: between 2.2 million and 4.7 million U.S. jobs, between 1 percent and 2.1 percent of the unemployment rate and a gross domestic product increase of between 1.4 percent and 3.1 percent.

These are real numbers that were carefully calculated. This is a real problem that is hurting people, hurting small and mid-sized companies, hurting communities, hurting our tax base and hurting our ability to make a living in the future. And there are real solutions available to fix the problem.

[Does Trade Deficit Drive Inequality?:](#)



[Job Fear From Trade Deficit Is What Happened To Jobs And The Middle Class,](#)

The middle class is disappearing. Our economy is “hollowing out” because the money goes to the top and the people fall to the bottom. This is because we allow American companies to close factories here and open them there, shipping the same goods back here to sell in the same stores, costing jobs, companies, industries and our economy. This makes us afraid for our own jobs and afraid to make waves. By helping a few at the top get fabulously rich, China has essentially recruited our own businesses leaders to fight against our own government – and us.

[Trade Deficit – One Root Of Many Problems,](#)

You buy things till your wallet is empty. So you raid the savings account to buy more stuff. Then you get a loan, and buy more stuff. Another loan, another, you keep buying stuff... Finally you're selling off the tools you had used to make a living. That's where the country is now because of the huge imbalance in our trade relationships. We buy more from them than they buy from us and we have let this go on and on and on. This is the deficit we should be worried about.

The Root

Pick a national problem, and the odds are that our trade imbalance is aggravating it. Our trade deficits literally suck money out of the country. When looking up the numbers I had to double check, our annual trade deficits are so huge. In the chart below that first line under the dates represents \$100 billion. Look at what happened in the late 90s, when we opened the China floodgates.

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