

What is Really Happening to Wages and Earnings?

Robert J. Shapiro

The Trump administration has touted recent data on weekly earnings to claim that its policies have restored strong income gains. It's not true. A closer examination of those Bureau of Labor Statistics (BLS) data show that those data are unadjusted for inflation. Once we make those adjustments, earnings growth has been anemic under Donald Trump and a markedly slower than under Barack Obama. Moreover, those data also do not cover all workers. *More comprehensive data covering all full-time workers and adjusted for inflation show that weekly earnings have declined about 2.0 percent under Trump, compared gains of 4.4 percent over a comparable period under Obama.*

The data touted by the Trump administration are presented below, drawn from <https://data.bls.gov/cgi-bin/print.pl/news.release/empsit.t24.htm>¹ and BLS historical data.

Earnings from the Current Employment Statistics survey (National)

Series Title: Average weekly earnings of all employees, total private, seasonally adjusted												
Super Sector: Total private												
Data Type: AVERAGE WEEKLY EARNINGS OF ALL EMPLOYEES												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	856.35	855.26	856.98	858.36	861.47	861.81	862.85	868.46	869.15	869.40	871.13	874.69
2016	878.15	875.61	875.82	878.23	879.95	881.33	884.08	882.20	886.83	890.27	888.37	892.68
2017	894.06	896.81	895.57	900.25	901.62	903.34	906.10	907.82	909.29	910.57	915.63	919.08
2018	918.82	922.53	924.60	926.67	929.43	933.85	933.57	937.02				

These data suggest that the average weekly earnings of working Americans grew at a decent rate, rising from \$907.82 in August 2017 to \$937.02 in August 2018 or 3.2 percent, and from \$894.06 to \$937.02 in the 20 months since Donald Trump became president. But those data are misleading. They rely on the *average* earnings of all employed Americans, rather than what a typical employed person earned, which is *median* earnings. In addition, these data are unadjusted for inflation.

First, the data cover average earnings; and in a period like the current one when inequality is rising, people at the top pull up “average” earnings. To establish what has happened to the earnings of a typical working American, we have to use a different database that tracks those median earnings.. BLS provides those data, drawn from the Census Bureau’s Current Population Surveys on a quarterly basis.² These data are also presented in current dollars, unadjusted for inflation. Those results for all working Americans ages 16 and over are provided below and can be reconstructed at <https://www.bls.gov/webapps/legacy/cpswktab3.htm>.

¹ Bureau of Labor Statistics (September 10, 2018). “Economic News Release.” Table B-8. Average hourly and weekly earnings of production and nonsupervisory employees on private nonfarm payrolls by industry and sector, seasonally adjusted. Establishment Data.

² Bureau of Labor Statistics (2018). “Labor Force Statistics from the Current Population Survey: Earnings.” <https://www.bls.gov/cps/earnings.htm#demographics>.

Weekly earnings data from the Current Population Survey

Series title: Median usual weekly earnings, employed full time, wage and salary workers, in current dollars, excluding incorporated self-employed. All Industries and Occupations, Both Sexes, All Races and all Ethnic Origins, 16 years and over, and All educational levels

Year	Qtr1	Qtr2	Qtr3	Qtr4
2015	808	801	803	825
2016	830	824	827	849
2017	865	859	859	857
2018	881	876		

- 1) Those results show that over the first six quarters of the Trump administration -- from 2017 Q-1 (January-February-March 2017) to 2018 Q-2 (April-May-June 2018) -- the weekly earnings of all full-time working Americans in then-current dollars increased by \$11, from \$865 to \$876, or 1.3 percent over 18 months.
- 2) By contrast, over the last six quarters of the Obama administration -- from 2015-Q3 (July-August-September 2015) to 2016-Q4 (October-November-December 2016) -- the weekly earnings of all full-time working Americans in then-current dollars increased by \$46, from \$803 to \$849 or by 5.7 percent.

Next, we converted these then-current dollars to Second Quarter 2018 dollars. That table is presented here:

Year	Qtr1	Qtr2	Qtr3	Qtr4
2015	866.06	847.43	847.72	874.54
2016	880.68	862.96	863.87	885.00
2017	893.35	883.06	880.23	874.09
2018	890.19	876.00		

- 1) Adjusting for inflation to 2018 dollars, the weekly median earnings of all full-time working Americans were \$893.35 in the first quarter of Trump's presidency, compared to \$876.00 in the second quarter of this year (April-May-June 2018). **Full-time working Americans are earning \$17.35 less per-week today than when Trump took office six quarters ago, a decline in weekly earnings of 1.9 percent.**
- 2) The average earnings of Americans fared much better under Obama: Adjusting for inflation to 2018 dollars, their median weekly earnings in the last quarter of his presidency were \$885.00, compared to \$847.72 six quarter earlier. **Over the last six quarters of the Obama administration, the median inflation-adjusted weekly earnings of all full-time working Americans increased \$37.28 or by 4.4 percent.**
- 3) *Since average earnings today are \$17.35 less per-week than when Trump became president, typical working Americans earn \$902.20 less today than when he took office.*