

POLITICAL ANIMAL

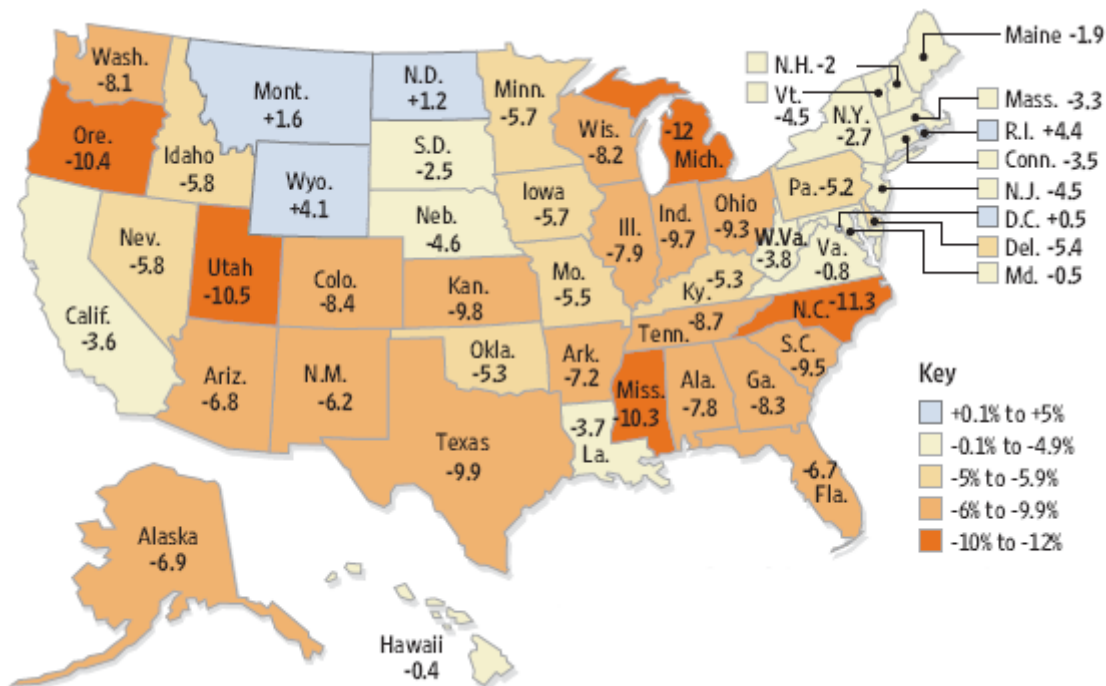
By Kevir Drum

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http://www.washingtonmonthly.com/archives/individual/2006_09/009444.php

Courtesy of the *Detroit Free Press*, here's a handy map showing how far median incomes have dropped over the past six years. And it's good news for most of you: Compared to Michigan and North Carolina you're not doing so badly after all. So stop your sniveling.

UPDATE: This map is wrong. Median incomes *have* dropped over the past six years, but not by this much. **Corrected data is below map.**



MEDIAN INCOME UPDATE....A few days ago I posted a map from the *Detroit Free Press* showing that median household incomes had dropped in nearly every state between 1999 and 2005. Via [Asymmetrical Information](#), I see that the *Free Press* screwed up: they used a different measure for the 1999 figures than for the 2005 numbers, and that made the decline look worse than it was.

Census figures are [here](#), and while they aren't perfect, they *do* use the same methodology over time. This doesn't change the main conclusion of the original post, namely that median incomes have dropped even though the economy has been growing, but the drop wasn't quite as bad as it looked. The census figures are below.

	1999	2005	Change
Alabama	\$42,465	\$37,150	-12.5%
Alaska	\$60,206	\$55,891	-7.2%
Arizona	\$43,336	\$45,245	4.41%
Arkansas	\$34,770	\$36,658	5.43%
California	\$51,107	\$51,755	1.27%
Colorado	\$56,435	\$50,449	-10.6%
Connecticut	\$59,265	\$56,835	-4.1%
Delaware	\$54,620	\$51,235	-6.2%
D.C.	\$45,298	\$44,993	-0.7%
Florida	\$41,973	\$42,990	2.42%
Georgia	\$46,183	\$45,926	-0.6%
Hawaii	\$52,132	\$59,586	14.30%
Idaho	\$41,936	\$44,176	5.34%
Illinois	\$54,271	\$48,398	-10.8%
Indiana	\$47,838	\$42,437	-11.3%
Iowa	\$48,142	\$46,500	-3.4%
Kansas	\$43,750	\$42,027	-3.9%
Kentucky	\$39,521	\$36,699	-7.1%
Louisiana	\$38,251	\$37,236	-2.7%
Maine	\$45,523	\$43,923	-3.5%
Maryland	\$61,153	\$60,512	-1.0%
Massachusetts	\$51,548	\$56,017	8.67%
Michigan	\$53,989	\$45,933	-14.9%
Minnesota	\$55,101	\$54,215	-1.6%
Mississippi	\$38,045	\$32,875	-13.6%
Missouri	\$48,476	\$42,986	-11.3%

	1999	2005	Change
Montana	\$36,358	\$37,313	2.63%
Nebraska	\$45,247	\$47,923	5.91%
Nevada	\$48,568	\$48,209	-0.7%
New Hampshire	\$53,949	\$56,984	5.63%
New Jersey	\$58,259	\$63,368	8.77%
New Mexico	\$38,157	\$38,947	2.07%
New York	\$46,843	\$47,176	0.71%
North Carolina	\$43,640	\$42,056	-3.6%
North Dakota	\$38,262	\$42,192	10.27%
Ohio	\$46,258	\$44,203	-4.4%
Oklahoma	\$38,285	\$37,645	-1.7%
Oregon	\$47,581	\$44,159	-7.2%
Pennsylvania	\$44,230	\$46,300	4.68%
Rhode Island	\$50,041	\$49,484	-1.1%
South Carolina	\$42,712	\$40,230	-5.8%
South Dakota	\$41,969	\$43,151	2.82%
Tennessee	\$42,782	\$39,406	-7.9%
Texas	\$45,319	\$41,422	-8.6%
Utah	\$53,943	\$54,813	1.61%
Vermont	\$48,712	\$50,704	4.09%
Virginia	\$53,525	\$51,914	-3.0%
Washington	\$53,267	\$50,646	-4.9%
West Virginia	\$34,319	\$36,445	6.19%
Wisconsin	\$53,495	\$44,650	-16.5%
Wyoming	\$43,632	\$44,718	2.49%
United States	\$47,671	\$46,326	-2.8%

Wages, Benefits Grew in Spring

By Nell Henderson

Washington Post Staff Writer

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<http://www.washingtonpost.com/wp-dyn/content/article/2006/09/06/AR2006090600407.html>

Wages and benefits rose strongly in the spring, the government reported yesterday, providing a bit of good news for some workers -- and fresh concern about inflation.

The statistic known as labor compensation, which includes wages and employment benefits, rose at a robust 6.6 percent annual rate from April to June, the Labor Department said, revising its earlier, incomplete estimate of 5.4 percent growth.

For workers, the gain, significant as it may sound on first blush, barely exceeded surging prices for gasoline and many other items. After adjusting for inflation, compensation rose at a more modest 1.6 percent annual rate.

ANALYSIS OF THE DATA

Just because median wages (middle wage in the range, not the average wage) are down does not mean the economy is bad or good. It also does not tell us much about wages. We need to know the mean and mode as well. For example in the following sample range of yearly wages—16,000; 35,000; 3.75million—we do not know how many people make what (mode) and the mean of these three is 1.35 million.

Now we know that average wages are up but median wages are down in 32 states. If the median wage (\$35,000) declines but the average increases, the increase in average wages is most likely due to a rise in the highest wages. Without the mode, it seems thus far that wages at the higher end of the sample are rising as they skew the average more than the middle and lower wages.

The Washington Post article falsely concludes that the rise of average wages is good for some workers. Thus far it is most likely good for the CEO, not the middle or lower class worker (until we learn the mode). Additionally, we need to know why wages increased; for example, was the increase due to cost of living raises or cuts in benefits thereby less coming out of the pay check, or a combination of many factors?

With the publication of the *Forbes 400* list we now know that CEO income is rising thereby skewing the mean national wage. We also know that median wages are falling; in other words, wealth is being

redistributed to the top. The GOP believes those on the *Forbes 400* list need an estate tax cut while the minimum wage (\$10,712 a year pretax) is fine as it is!

According to *Time*, worker productivity is up 18.4% while corporate profits are up 72%; which means for every 1% increase in productivity the company earns 4% in profits (which is above operating costs). CEO income is up, worker productivity is up, corporate profits are up, but median household income is down. Money is no longer trickling down at all; money is now trickling up.

While the stock market soars reaching new records, while Big Oil rakes in record profits every quarter, middle class America slowly shrinks and lower class America slowly grows.