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FOR MANY MEN WORKING YEAR ROUND FULL TIME THE U.S. ECONOMY HAS BEEN STAGNANT FOR THE LAST 35 YEARS

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In 1960 presidential candidate John Kennedy used "a rising tide lifts all boats" as a metaphor for the effects of an economic stimulus package that would benefit everyone. That metaphor helped carry him through to an election victory on a razor-thin margin. Ronald Reagan in the 1980s used "trickle down" to justify cutting corporate and personal tax rates. Running for president in 1992 Bill Clinton resorted to "it's the economy, stupid" to underscore troubling economic conditions and to eventually wrestle control of the White House from a president seeking a second term.

Today both Democrats seeking the party's presidential nomination are hitting on the same economic issues though they tend to cast their arguments in terms of something having gone terribly wrong over the last seven years for which a Republican White House is held responsible.

It is true, according to the Census Bureau, that real median family income was lower in 2006 than in 2000 for all U.S. families (-$955). However, disaggregating that data by type of family reveals a much different picture. Real median family income increased for married-couple families (+$208) between 2000 and 2006 and for married-couple families with the wife in the paid labor force (+$1677). At the same time, female-headed families, no spouse present, are struggling to make ends meet on much lower incomes than married-couple families and on incomes lower (-$1237) in 2006 than in 2000. This problem is even more serious than the income figures suggest because there are 1.5 million more female-headed households in 2006 compared to 2000.

These data are drawn from the Census Bureau's *Current Population Survey, Annual Social and Economic Supplement* (various years) and represent the most recent data available from that source. The Bureau used the Consumer Price Index Research Series (CPI-U-RS) to convert all income data to 2005 dollars.

The overall decline in median family income is not absolutely new and unique to the last seven years. Real median income also declined for all three family types between 1989 and 1996 when a Democrat followed a Republican in the White House and between 1979 and 1986 when a Republican president replaced a Democrat. For female-headed families median income also fell in 1947-1955 (Dem to Rep), 1956-1961 (Rep to Dem), 1970-1973 (Rep), and 1974-1977 (Rep to Dem). Notwithstanding the current political rhetoric, movements in family income cut across party lines.

What deserves much greater attention is the difference in income between married-couple families and female-headed families. In 1947 when these data first became available, median family income of all married couple families was 47 percent higher than for female-headed families. In 2006 that difference had widened such that married couple families had income that was 2.4 times greater than the income of female-headed families. If one focuses on married-couple families where the wife is working, the difference balloons to 2.9 times greater. This income gap is becoming ever more serious as a social issue because since 1947 there has been a 284 percent increase in the number of female-headed families.

One other income statistic, however, is largely unnoticed and unreported. The number of men working at year-round, full-time jobs rose from 38.2 million in 1972 to 63.1 million in 2006. In 1972 real median earnings for men working that extensively was $42,970. In 2006 men with the same commitment to work had constant-dollar annual earnings of $42,261. There are, in other words, an estimated 31.5 million men in the United States today working all year at full time jobs and earning less than $42,261 per year. Put differently, of the 24.9 million increase in the number men working year round full time in 2006 versus 1972, in constant-dollar terms one of every two of those men had annual earnings on average below what men were earning in 1972.

How, then, to account for the overall improvement in family living standards over the last 35 years? The answer is that women working year round, full time increased from 16.7 million in 1972 to 44.7 million in 2006, and their real earnings rose over that period from $24,863 to $32,515.

Addressing the following questions might help us determine why in the wake of the booming economy of the 1980s and the 1990s, leaving aside the recession in the early 1990s, the hard-core of the American labor force – men working year round, full time – are no better off today than 35 years ago. With labor productivity improving over the last 35 years, why are so many men hard at work today not sharing in those gains? Has their earnings growth been stifled by a secular shift from a goods-producing economy to a service-producing economy? Are they the silent victims of economic globalization that has made it possible for employers to replace them with low-wage workers in other countries? Are they feeling the effects of a huge increase in workers entering the United States from Mexico and other Latin American countries? Are they competing with women for the available jobs in the new economy? Are their employers using the gains achieved by their increased productivity to keep prices low in order to compete in a global economy? Are those employers applying the gains to the company bottom line or boosting their own compensation and the pay of their senior managers?

The new economic reality is that for the last 35 years too many American families have been forced to work longer and harder just to cope with the stress and strain of economic conditions beyond their control. Clearly, the old slogans do not work any longer. For millions who constitute the hard core of the American labor force "a rising tide *does not* lift all boats," "economic gains *do not* trickle down," and "*it's not* the economy, stupid." Most fundamentally, the issue today is how to share the gains from economic growth so that

every hard-working American family is able to choose between more time at work and more time at home.

Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute. Since completing his doctorate in economics at Saint Louis University more than 35 years ago, Dr. O'Boyle has specialized in economic research and analysis increasingly from the perspective of the human person engaged in everyday activities both as a unique individual and as a community member. In January 2004 the Association for Social Economics conferred on Dr. O'Boyle its prestigious Thomas Divine Award for lifetime contributions to social economics and the social economy. He taught economics at a state university in Louisiana for 30 years prior to his retirement in 2007.

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