

Macro Roundup Article

Headline: [The Myth of Income Stagnation](#)

Article Link: <https://www.project-syndicate.org/commentary/myth-of-us-income-stagnation-by-michael-r-strain-2022-12>

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Tweet: Citing CBO data, @MichaelRStrain finds that market income for the median household grew by 26% from 1990 through 2019 after adjusting for inflation. Including transfer payments and federal taxes, real median household income grew 55%. @AElecon

Summary: Median household income from market activities – labor, business, and capital income, as well as retirement income from past services – was not stagnant from 1990 to 2019. Instead, after adjusting for inflation, it grew by 26%. This is in line with wage growth. By my calculations using Bureau of Labor Statistics (BLS) data, inflation-adjusted average wages for nonsupervisory workers grew by around one-third over this period. After factoring in social insurance benefits (from Social Security and unemployment insurance, for example), government safety-net benefits (such as food stamps), and federal taxes, the CBO finds that median household income increased by 55% from 1990 to 2019, which is significantly faster than wage growth and certainly not stagnate. The bottom 20% of households enjoyed even greater gains, with market income growth of 51% and after-tax-and-transfer income growth of 74%.

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Primary Topic: Wages/Income

Topics: Database, Wages/Income

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