

Macro Roundup Article

Headline: [Introducing the Low-Wage Index: A Compositionally-Adjusted Look at Low-Wage Workers Since 1979](#)

Article Link: <https://www.briefingbook.info/p/introducing-the-low-wage-index-a>

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Tweet: [@ernietedeschi](#) creates a Low Wage Index, holding the labor force mix of sex, age, industry, occupation, and education constant from 1979, and finds that workers at the bottom 25th percentile saw earnings rise 20% from 1997-2007 and 25% from 2014-23.

Summary: Real wage pressure at the bottom has not stagnated over the last 50 years. But neither has it been steady and consistent. [Constructing] a Low Wage Index [LWI], holding the labor force mix of sex, age, industry, occupation, and education constant from 1979, [I find that] a worker at the bottom quartile with a 2023 profile would have made roughly the same in 1997 each week as 1979, about \$450 a week in 2023 dollars. But then in the hot economy of the dot-com boom, real wages at the bottom finally grew. The Low Wage Index goes from barely budging for twenty years to growing 20% over the 1997-2007 period. The Great Recession hit, and for a time, low-wage workers saw wage pressure cool. In 2014, it began a second acceleration that, interestingly, continued throughout the pandemic. The low-wage index has grown by 25% over the last 10 years, an even stronger growth record than in the wake of the dot-com boom. The LWI suggests recent wage compression since 2014 has been extraordinary. The ratio of the 75th-to-25th percentile wage has steadily fallen since 2014, from 2.9x to 2.5x, the lowest level since data began in the late 1970s.

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Primary Topic: Wages/Income

Topics: Business Cycle, Database, GDP, Growth, Inequality, Op-Ed/Blog Post, Wages/Income, Weekly, Workforce

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