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Compensation is compensation and wages are only a part of it [1]

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One of the oft used statistics these days is that US incomes have pretty much stood still over recent decades. Sometimes this is refined to median incomes: Joe Sixpack hasn't been doing any better and isn't that a telling indictment of the neoliberalismgrindingthefacesofthepoorintothedustofthepast30years.

The problem with the contention is that such claims always use household incomes and wages and salaries. Households have changed in size (got smaller) so incomes per capita have indeed risen. The other one is that using wages and salaries doesn't show compensation. Especially in the US where a major part of one's compensation for a job, but not of wages or salary, is health care insurance. Now some seem to think that this is free to the worker in some manner: that the employer pays it and it doesn't change wages. Not so [3]:

> Using our model, we characterize the compensating differential for employer-sponsored health insurance (ESHI) -- the causal change in wages associated with gaining ESHI. We also characterize
> the welfare impact of the labor market distortion induced by health reform. We show that the welfare impact depends on a small number of ?sufficient statistics" that can be recovered from labor market outcomes. Relying on the reform implemented in Massachusetts in 2006, we estimate the empirical analog of our model. We find that jobs with ESHI pay wages that are lower by an average of $6,058 annually, indicating that the compensating differential for ESHI is only slightly smaller in magnitude than the average cost of ESHI to employers.

In short, even if not quite perfectly accurately, if you get $6k's worth of health care insurance from your employer then you don't get $6k's worth of wages from your employer. Which brings us back to those stagnant wages. Yes, health care insurance is usually an employer provided benefit in the US. Health care costs have been rising strongly in recent decades. From some 8 or 9 % of GDP to what is it now, 17%? Worker wages and salaries may have stayed constant but worker compensation hasn't: the extra that employers are paying is going on those rising health care insurance costs.

We've our own fools and propagandists over here who try to blind us with these sorts of numbers. One that comes to mind is the TUC's claim that since the labour share of income has fallen therefore the profit share must have risen. Either not realising or not letting on that the profit share hasn't changed much over the last 30 years either. It's the other two components of national income, mixed income and taxes minus subsidies, which have risen.

All of which leads to a conclusion. It's worth you learning some of these basic numbers and statistics about the economy. Not so that you can do anything about them you understand, just so that you'll recognise when you're being lied to.

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