

Real Earnings – February 2009

Every month, the Bureau of Labor Statistics releases data on real earnings for production or nonsupervisory workers in the private sector. Real earnings reflect the value of workers' paychecks adjusted for inflation. They indicate whether or not wage increases have actually translated into an improved standard of living.

Real Earnings Stats at a Glance - February

Year	Private Sector		Manufacturing	
	Average Hourly Earnings	Earnings Adjusted for Inflation (Feb. 2009 dollars)	Average Hourly Earnings	Earnings Adjusted for Inflation (Feb. 2009 dollars)
2003	\$15.29	\$17.67	\$15.62	\$18.05
2004	\$15.52	\$17.67	\$15.97	\$18.18
2005	\$15.94	\$17.62	\$16.44	\$18.17
2006	\$16.50	\$17.57	\$16.70	\$17.79
2007	\$17.18	\$17.90	\$17.05	\$17.77
2008	\$17.83	\$17.78	\$17.58	\$17.53
2009	\$18.47		\$18.10	

- Growth in purchasing power, or real earnings, is dependent on price inflation and wage growth. In recent months, real earnings have been held up by falling prices. In February, thanks to the recession, inflation outpaced wage growth leading to a decline in purchasing power.
- Real earnings in the private sector fell five cents over the month, but are up 69 cents over the year.
- In manufacturing, real earnings bucked the trend in the private sector by posting a three cent increase in February as earnings growth outpaced inflation. Over the year, real earnings are up 57 cents.
- Although rising prices can erode purchasing power, mild inflation is better for the economy and, therefore, workers than deflation.

The Bureau of Labor Statistics report can be found at:
<http://www.bls.gov/news.release/pdf/realer.pdf>

Next release: April 15, 2009

UAW Research Department
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