

RESEARCH SUMMARY

## Globalization and Technology: Raising Wages and Quality of Life for Even More US Workers

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The conventional narrative states that most American workers are falling behind and that trade and technology share most of the blame. To address this situation, some policymakers on the right and on the left are calling for increased taxes, tariffs, and regulation. Daniel Griswold rejects both the conventional narrative and the proposed solutions. In “[Fail or Flourish: American Workers, Globalization, and Automation](#),” he argues that (1) most workers are getting ahead and (2) there are better ways to help those who are not.

### **RISING WORKER WAGES AND LIVING STANDARDS IN A CHANGING ECONOMY**

Despite claims that their wages are stagnating, the majority of American workers is better off today than in previous decades. Trade and technological innovation have increased US productivity, driving up wages and living standards for most workers.

- Real median household income has increased from \$53,251 in 1973 to \$63,179 in 2018.
- Real hourly compensation for US workers has risen by more than 50 percent between 1973 and 2018.
- Technology and global trade have made goods more affordable. This has increased living standards for workers.
- There has been a rise in workplace safety. Between 1991 and 2017, workplace deaths have decreased by 30 percent and workplace injury and illness by 69 percent.
- The US economy has created large numbers of new jobs in the service sector that pay higher wages than many of the manufacturing jobs that have been lost. This job creation includes almost 20 million net new jobs in higher-paying service sectors such as business and financial services, management, construction, healthcare, and education.

### **HELPING WORKERS LEFT BEHIND IN TODAY’S LABOR MARKET**

US economic policy should not seek to regulate or slow the underlying market forces that have delivered higher living standards and job opportunities for the majority of workers. Instead, it should help extend the benefits of a dynamic labor market to a significant minority of working-age Americans who have become detached from the labor market as well as those whose real wages have declined.

Helping US workers who are not getting ahead in today’s economy will require reform in a range of areas, including the following:

- Encouraging and enabling workers to fill the jobs that are being created through changes in unemployment insurance, job training, and income-support programs
- Enacting sentencing reform to decrease rates of incarceration
- Deregulating occupational licensing to reduce barriers to employment
- Relaxing land use regulations that may hinder the ability of displaced workers to relocate to areas with more opportunities
- Expanding educational and job-retraining opportunities, including alternatives to four-year colleges