

## CONGRESS URGED TO BOLSTER ECONOMY THROUGH INVESTMENT IN WORKERS & INFRASTRUCTURE

### Bernstein testifies that out-of-balance economy shortchanges most Americans



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In [testimony](#) today before a House subcommittee, Economic Policy Institute Senior Economist Jared Bernstein told Congress, “Over the last few decades, broadly shared prosperity has been the exception, not the rule.” He urged Congress to move quickly to correct failed policies that “incapacitate working families’ ability to get ahead.”

Bernstein’s testimony before the Subcommittee on Labor, Health and Human Services, Education, and Related Agencies describes the breakdown of the mechanisms that have historically ensured that the fruits of economic growth were fairly shared. The benefits of growth in the nation’s economy, which used to produce rising wages for working people, increasingly flow to the well-off. Bernstein said that this shift has meant that most families have significantly less income than they would have had without it. Just from 2003 to 2005, he said, the 109 million households in the bottom 95 percent of the income scale lost, on average, \$3,660 that went instead as a windfall to the top five percent.

While more of the wealth is flowing upward, Bernstein noted, more risk is flowing downward as employer-provided health care and pensions decline, leaving working people to try to fend for themselves.

Bernstein described an economy that reinforces the public’s view that the nation is on the wrong track, one characterized by growing inequality, widespread wage stagnation, and a growing squeeze on families in the middle. He noted that we may be entering – or are already in – a new recession without ever having fully recovered the ground lost in the last one. Unless something changes, this will be the first time on record that median family income failed to regain its prior peak.

He concluded his testimony with a detailed set of recommendations for policy changes to help restore the historic connection between growth and prosperity. His recommendations included four categories of needed action:

1. Strengthen workers’ ability to help themselves through collective bargaining and unionization by enacting the Employee Free Choice Act.
2. Commit to full employment, which also increases workers’ bargaining power, as a matter of national economic policy.
3. Reform health care and pension systems to rebuild workers’ health and retirement security.
4. Increase investment in human capital and infrastructure.

*The Economic Policy Institute (EPI) is an independent, nonprofit, nonpartisan think tank that researches the impact of economic trends and policies on working people in the United States and around the world. EPI’s mission is to inform people and empower them to seek solutions that will ensure broadly shared prosperity and opportunity.*