

**OPENING STATEMENT OF CHAIRWOMAN LYNN WOOLSEY
“THE GROWING INCOME GAP IN THE AMERICAN MIDDLE CLASS.”
SUBCOMMITTEE ON WORKFORCE PROTECTIONS
HOUSE COMMITTEE ON EDUCATION & LABOR
July 31, 2008**

I want to welcome you all to this hearing on “*The Growing Income Gap in the American Middle Class.*” But before I proceed with my opening statement, I want to wish Ranking Member Wilson a very happy birthday.

Income equality between the top income earners and those in the middle class has been growing rapidly over the last 3 decades. For frame of reference, the top 1% includes those making \$450,000 or more; in 2006 that consisted of about 1.4 million tax filers.

The gap has grown so wide that some compare the era we live in to the Gilded Age, a period between 1870 and 1900 that was distinguished by the excesses of the rich.

In the 1960s and 1970s the top 1 percent of earners took in 10 percent of the total income in this Country.

By 2006 the top 1 percent of earners took in over 20 percent of the total income pie. The last time the top had this much of total income was in 1928.

In addition, the average tax rate for these top earners has fallen to its lowest levels in 18 years. CEOs are making record salaries, irrespective of performance, and these outrageous amounts affect the growing gap directly.

In 2006, the average Fortune 250 CEO was paid over 600 times the average worker. That is a staggering number.

And this past Monday, the Washington Post published its annual survey of executive compensation at large public companies and found that in 2007, the average annual pay of the top 100 highest-paid executives was \$6.6 million.

While those at the top of the income scale are prospering, since the 1990s, income has actually declined for workers at the bottom rung, and increased only slightly for middle class workers.

We know that Americans are very tolerant of differences in pay, and in general, choose to focus on opportunity instead.

This is vastly different than the attitudes of European workers who see fairness in equal outcomes, not in the potential for equal outcomes.

But opportunity is slipping away for those in the middle class as wages remain stagnant and consumer goods, such as food and gas, have skyrocketed.

Many are losing their homes and their health care.

This in turn affects the ability of hard-working Americans to save for retirement and put their kids through college.

How important is the middle class anyway?

They are the glue that holds this country together; otherwise we are just scraping by.

This hearing will examine the causes and extent of the gap and how this inequality affects American workers.

Nell Minow of the Corporate Library is also here to fill us in on the issue of “excessive executive pay.”

This ever widening pay disparity is bad for workers; it is bad for their health; and it is bad for their families.

And there is even evidence that the rich in this Country have shorter life spans than wealthy people who live in countries where the income gap is not as great as ours.

This ever-widening gap also has broad implications for society as a whole, and if not dealt with, will threaten our democracy.

I look forward to hearing from our witnesses and yield the floor to Ranking Member Wilson for his opening statement.

Closing Statement of Chairwoman Lynn Woolsey

Thank you all for attending this hearing today and again happy birthday wishes for Ranking Member Wilson.

I also want to thank our witnesses for being available to testify on this very important subject. What we have heard today makes it clear that the current income gap is unsustainable.

It threatens the stability of the middle class... It hurts the economy...It hurts our society.

And excessive executive compensation is a major contributor to the problem and needs to be addressed.

The problem of income inequality will not go away on its own.

We need a national policy or set of policies devoted to reducing the gap.

This includes finding ways to protect our workers by passing the Employee Free Choice Act to strengthen unions and increase workers' bargaining powers.

And this also includes a renewed commitment to training.

We need to devote more resources to training and we need to use these resources wisely on programs that really work.

I have named only a few of the solutions that our witnesses have outlined today.

We need to use all the tools at our disposal to turn things around.

Again thank you all for coming to the hearing today.

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