Inequality Trends — 1977–1981

Carter Administration

Metrics and Measured Outcomes

Metric	Observed Change	Score	Interpretation
Real median household income	~flat (modest gains 1977-79, erased 1980-81)	+0	Real income rose modestly through 1978-79, then declined sharply in 1980-81 as stagflation and the Volcker disinflation took hold, leaving the term roughly flat overall.
Income share of bottom 50%	~stable	-1	This term falls at the tail end of the postwar “Great Compression”; the bottom-half income share remained near its historic high before the divergence of the 1980s began.
Wealth share of top 10%	~stable	+0	Wealth concentration had not yet begun the sustained climb seen after 1980; asset markets were subdued by high inflation and interest rates.
Homeownership by age cohort	flat, then falling access for younger buyers	+1	Mortgage rates surged in 1979-1981 as the Federal Reserve tightened policy, sharply raising the entry cost of homebuying for younger and first-time households while existing owners were unaffected.
Labor share of national income	modestly favorable to labor	-1	Union coverage remained relatively high and cost-of-living wage clauses helped many workers keep pace with inflation, supporting labor's share despite weak productivity growth.
Intergenerational mobility indicators	~neutral	+0	No major structural shift in mobility is observable over this short horizon; these indicators move on multi-decade lags.

Raw metric total: -1   **External adjustment:** -1   **Net score:** -2

Policy Levers and Their Effects on Inequality

The 1977-1981 period sits at the closing edge of the postwar “Great Compression,” the roughly three-decade span of historically low U.S. income inequality that began reversing around 1980. Fiscal policy was constrained by rising deficits and inflation; monetary policy shifted decisively in 1979 when Federal Reserve Chairman Paul Volcker began sharply raising interest rates to break double-digit inflation, a move whose recessionary costs would not be fully felt until 1981-82, just after the term ended.

Energy policy and financial deregulation were the two domestic levers with the clearest distributional stakes. The National Energy Act's regressive cost pressures were partly offset by conservation subsidies, while the Depository Institutions Deregulation and Monetary Control Act (1980) began dismantling interest-rate ceilings and thrift-industry restrictions — a structural change that would compound into the asset-price dynamics of the following decade. External adjustment of -1 reflects that this term sits at the historic trough of post-war inequality, the final years of the Great Compression before the trend reversal began under successor administrations.

Placement on the Wealthy ↔ Common Man Scale

With a net score of **-2**, this period is classified as described below.

Classification: Plus For Common Man