Inequality Trends — 1993–1997

Clinton Administration (First Term)

Metrics and Measured Outcomes

Metric	Observed Change	Score	Interpretation
Real median household income	▲ improving, especially late in term	-1	Sustained economic expansion pushed unemployment from roughly 7.3% in early 1993 to about 5.3% by 1996, with broad-based income gains accelerating toward the end of the term.
Income share of bottom 50%	▼ continued gradual decline	+1	The long-running divergence continued, though at a somewhat slower pace than the 1980s as labor markets tightened.
Wealth share of top 10%	▲ rising with the bull market	+1	A sustained equity bull market through the mid-1990s further concentrated financial wealth among existing asset holders.
Homeownership by age cohort	▲ modest improvement	-1	The 1995 National Homeownership Strategy and relatively low mortgage rates supported a gradual rise in homeownership, including modest gains among younger buyers.
Labor share of national income	~mixed	+0	Trade-exposed manufacturing wages faced new competitive pressure, but tightening labor markets by 1996-97 began translating into real wage gains for the first time in years.
Intergenerational mobility indicators	~neutral (short horizon)	+0	No major structural shift is observable within a single term; these indicators respond to cumulative, multi-decade conditions.

Raw metric total: +0 **External adjustment:** +0 **Net score:** +0

Policy Levers and Their Effects on Inequality

This term contains two of the most consequential and distributionally opposite domestic actions in the entire 1977-2025 period, occurring within the same four years. The Omnibus Budget Reconciliation Act of 1993 raised the top individual tax rate from 31% to 39.6%, added a new top bracket, and nearly doubled the Earned Income Tax Credit for low-income working families — a clearly progressive shift. Three years later, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ended the federal AFDC entitlement, replaced it with time-limited TANF block grants, and imposed strict work requirements, reducing direct cash support available to the poorest households even as overall welfare caseloads fell sharply during the concurrent economic expansion.

Trade policy also cut in a genuinely mixed direction: NAFTA's implementation (1994) and the creation of the World Trade Organization lowered consumer prices and expanded export opportunities, while adding competitive pressure on trade-exposed manufacturing wages. No external adjustment is applied this term; the progressive tax shift of 1993 and the welfare retrenchment of 1996 substantially offset one another within the same four-year window, and the six core metrics already reflect a genuinely balanced net picture rather than a one-sided trend requiring correction.

Placement on the Wealthy ↔ Common Man Scale

With a net score of **+0**, this period is classified as described below.

Classification: Baseline (Neutral)