Inequality Trends — 1997–2001

Clinton Administration (Second Term)

Metrics and Measured Outcomes

Metric	Observed Change	Score	Interpretation
Real median household income	▲▲ strong, broad-based growth	-2	Unemployment fell to roughly 4% by 1999-2000, the tightest labor market in three decades, producing across-the-board hourly wage growth documented by multiple independent analyses.
Income share of bottom 50%	~stabilized, modest improvement	-1	Research finds wage growth in this window was fastest for the bottom 40% of earners, the only sustained interruption to the bottom half's declining income share between 1979 and 2013.
Wealth share of top 10%	▲▲ accelerating sharply	+1	The dot-com stock market boom drove a rapid run-up in equity valuations, concentrating financial wealth gains among households that held significant stock market assets.
Homeownership by age cohort	▲ record highs, broad-based	-1	The national homeownership rate reached a record high of roughly 67% by 2000, with gains occurring across most age cohorts amid low unemployment and favorable credit conditions.
Labor share of national income	▲ modest improvement	-1	Sustained full employment gave workers unusual bargaining leverage for this era, temporarily stabilizing and modestly improving labor's share of national income.
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: -4 **External adjustment:** -1 **Net score:** -5

Policy Levers and Their Effects on Inequality

This term is distinguished less by any single redistributive law than by a labor-market condition: sustained full employment, driven by the information-technology investment boom, produced the only sustained period between 1979 and the early 2010s in which wage growth was both strong and broadly shared across the distribution, with the bottom 40% of earners gaining the most. The Balanced Budget Act of 1997 created the State Children's Health Insurance Program (SCHIP), a substantial new source of coverage for children in moderate-income families, while the accompanying Taxpayer Relief Act of 1997 cut the capital gains rate from 28% to 20% and created the Child Tax Credit and Roth IRA — a genuinely mixed tax package benefiting both investors and middle-income families.

Financial deregulation accelerated sharply at the end of the term: the Gramm-Leach-Bliley Act (1999) repealed the Depression-era Glass-Steagall separation of commercial and investment banking, and the Commodity Futures Modernization Act (2000) exempted most over-the-counter derivatives, including credit default swaps, from federal regulation. Neither law's distributional costs were visible within this term, but both are widely cited as structural preconditions for the 2008 financial crisis. An external adjustment of -1 credits this term for a well-documented, if temporary, macroeconomic condition (sustained full employment) that measurably narrowed wage dispersion — a benefit to the common household larger than the six metrics alone convey, even as it seeded financial-sector risks that would not be paid until later terms.

Placement on the Wealthy ↔ Common Man Scale

With a net score of **-5**, this period is classified as described below.

Classification: Good For Common Man