Inequality Trends — 2001–2005

Bush (W.) Administration (First Term)

Metrics and Measured Outcomes

Metric	Observed Change	Score	Interpretation
Real median household income	▼ stagnant through the jobless recovery	+1	The 2001 recession and an unusually slow 'jobless recovery' through 2003 left median household income essentially flat, even as corporate profits and top incomes recovered more quickly.
Income share of bottom 50%	▼ continued decline	+1	The weak labor-market recovery deepened the multi-decade divergence rather than interrupting it, reversing the brief late-1990s narrowing.
Wealth share of top 10%	▼▲ dot-com crash, then rising with housing	+1	The dot-com stock collapse briefly reduced financial wealth concentration in 2001-02, but a rapidly inflating housing market and recovering equities restored and extended top wealth shares by 2004.
Homeownership by age cohort	▲ rising, aided by loosening credit standards	-1	Low post-9/11 interest rates and expanding mortgage credit access, including to marginal borrowers, pushed homeownership to new highs across most age cohorts during this term.
Labor share of national income	▼ falling sharply	+1	The jobless recovery produced strong productivity growth without proportional wage or employment gains, shifting a larger share of output toward corporate profits.
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: +3 **External adjustment:** +1 **Net score:** +4

Policy Levers and Their Effects on Inequality

Tax policy dominated the domestic agenda: the Economic Growth and Tax Relief Reconciliation Act (2001) cut marginal rates across the board, increased the Child Tax Credit, and began a phase-out of the estate tax, while the Jobs and Growth Tax Relief Reconciliation Act (2003) accelerated those cuts and reduced the tax rate on dividends and capital gains to 15%. Analyses by the Congressional Budget Office, the Tax Policy Center, and the Center on Budget and Policy Priorities consistently find that these two laws delivered their largest dollar and percentage benefits to the highest-income households, with the top 1% receiving a disproportionate share of the total tax reduction.

Economic conditions compounded the tax policy's distributional tilt: the 2001 recession and the unusually slow jobless recovery that followed left wage growth stagnant through most of the term even as corporate profits and asset prices recovered. Medicare Part D (2003) and No Child Left Behind (2002) partially offset this pattern for specific populations (seniors and students), while Sarbanes-Oxley (2002) strengthened investor protections following the Enron and WorldCom collapses. An external adjustment of +1 reflects that EGTRRA and JGTRRA together constitute the largest tax-cut package since the Reagan era, with a top-heavy distributional design well documented across multiple independent analyses.

Placement on the Wealthy ↔ Common Man Scale

With a net score of **+4**, this period is classified as described below.

Classification: Plus For Wealthy