

THE LOST DECADE

CENSUS DATA OUTLINES BUSH ERA SETBACKS IN POVERTY, INCOME, AND HEALTH COVERAGE

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EXECUTIVE SUMMARY

During the 1990s, Japan suffered through an economic bust that erased much of the growth derived from its economic boom during the 1980s. The decade-long drought has come to be known as “The Lost Decade.” This report reveals data suggesting that the United States is now coming to what we hope will be the end of its own Lost Decade.

In September of last year, the Census Bureau released its latest update of the Annual Population Survey, offering new statistics on income, poverty, and health coverage. With the last year of George W. Bush’s presidency firmly on the books, the numbers are clear: America is worse off today than it was in 2000.

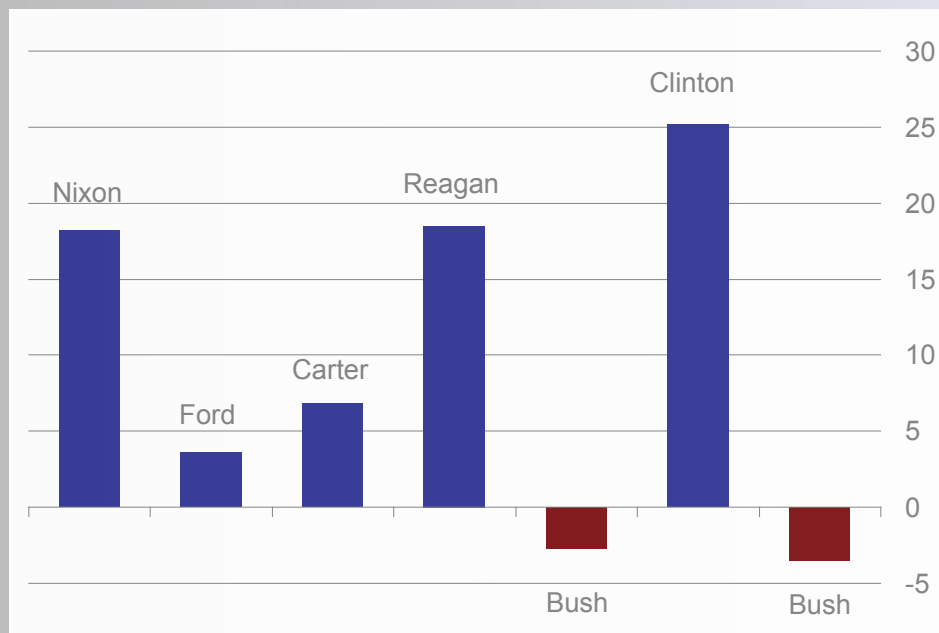
In the 1990s, the country’s poverty rate fell, its incomes soared, and the population of uninsured dropped considerably. But since 2000, each of those indicators has turned in the wrong direction.

- **Income and Jobs:** Inflation-adjusted incomes fell further under George W. Bush than under any president since reporting began. Unemployment rose 81 percent.
- **Poverty:** The poverty rate jumped 17 percent from 2000 to 2008, with over 8 million more Americans living below the poverty line.
- **Health Coverage:** The number of uninsured Americans increased over 20 percent to an all-time high of 46.3 million, including a dramatic 157 percent increase in the population of uninsured Americans over the age of 65.

The Obama administration is working hard to reverse these trends by restarting the engines of job creation and economic growth. This report details the state of the economy President Obama inherited at the end of America’s Lost Decade.

INCOME

FIG. 1: PERCENT CHANGE IN MEDIAN PER CAPITA INCOME BY PRESIDENCY



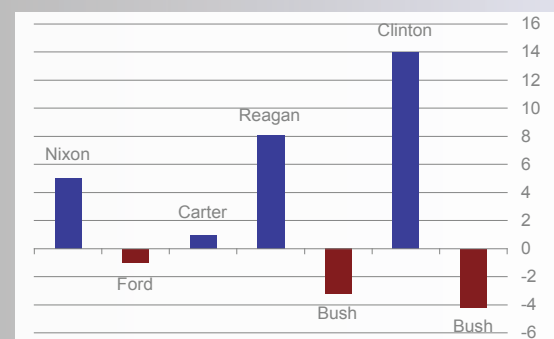
Source: U.S. Census Bureau, Annual Population Survey, 1968-2008.

Over the last 40 years, inflation-adjusted incomes¹ in the United States have generally increased. During the tenures of five of the last seven U.S. presidents, median per capita income has grown, and under four, median household income has grown, according to Census data shown in Fig. 1 and 2.

Dating back to Nixon, only George W. Bush and George H.W. Bush presided over periods of diminishing median per capita income. Income levels dropped the most during the George W. Bush presidency, losing \$2,197, or 4.2 percent, per household and \$975, or 3.5 percent, per capita. Median income dropped \$1,550, or 3.3 percent, per household and \$627, or 2.7 percent, per capita during the George H.W. Bush presidency.

Under President Clinton, America experienced its longest economic expansion, as well as the largest peacetime economic expansion in its history. The median per capita annual income jumped from \$22,323 in 1992 to \$27,939 in 2000 – a 25 percent increase. Household income grew 14 percent from \$46,063 to \$52,500 over that same period – over 70 percent faster than under Reagan.

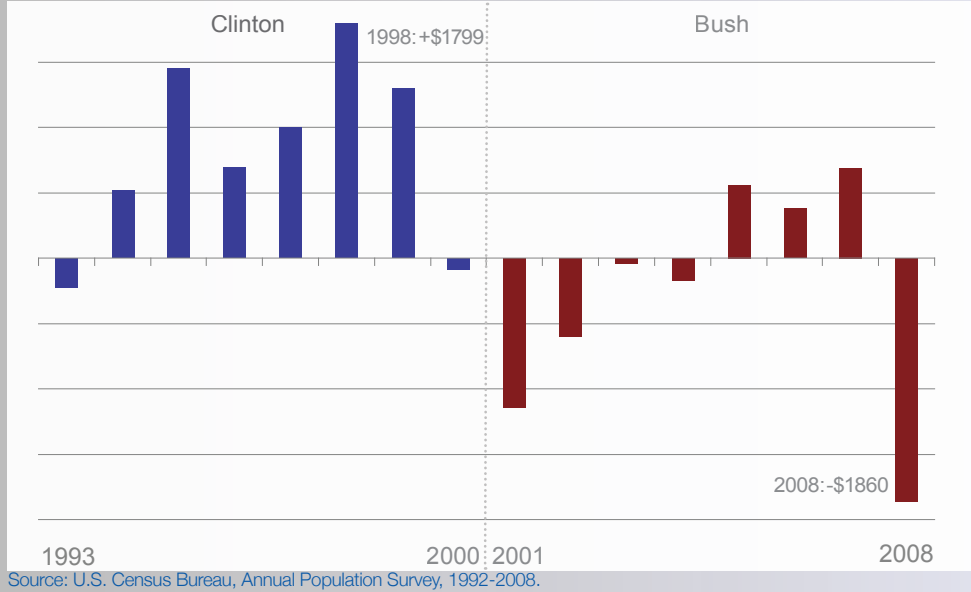
FIG. 2: PERCENT CHANGE IN MEDIAN HOUSEHOLD INCOME BY PRESIDENCY



Source: U.S. Census Bureau, Annual Population Survey, 1992-2008.

¹ All income numbers are listed in inflation-adjusted 2008 dollars.

FIG. 3: YEARLY CHANGE IN MEDIAN HOUSEHOLD INCOME IN DOLLARS, 1992-2008



As shown in Fig. 3, both income measurements turned slightly upward from 2005 through 2007. However, due to the significant effect of 2008's economic recession, median incomes took a sharp turn for the worse in 2008, erasing the entire income gain since 1998.

To compound losses in incomes, job creation slowed in the last decade while unemployment increased.² As shown in Fig. 4, from January 1993 when President Clinton took office to January 2001 when President Bush took office, 22.7 million new jobs were created. From January 2001 to January 2009 when President Obama took office, only 1.9 million jobs were created. As shown in Fig. 5, the unemployment rate steadily decreased from 7.3 percent in January 1993 to 4.2 percent in January 2001. During President Bush's tenure, the unemployment rate went up. When President Obama took office in January 2009, the rate was 7.6 percent – 81 percent higher than when Bush's presidency began.

FIG. 4: JOB CREATION, 1993-2001 AND 2001-2009

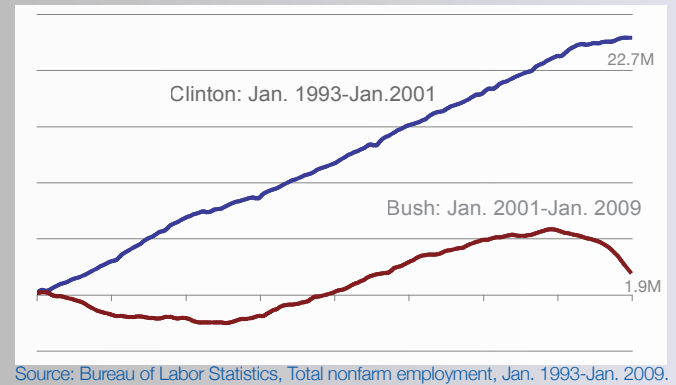
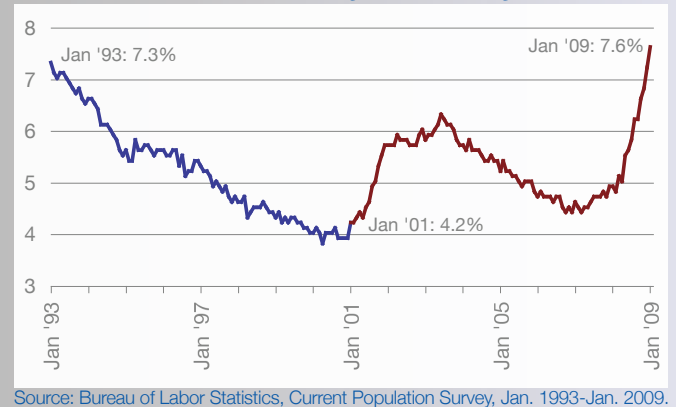
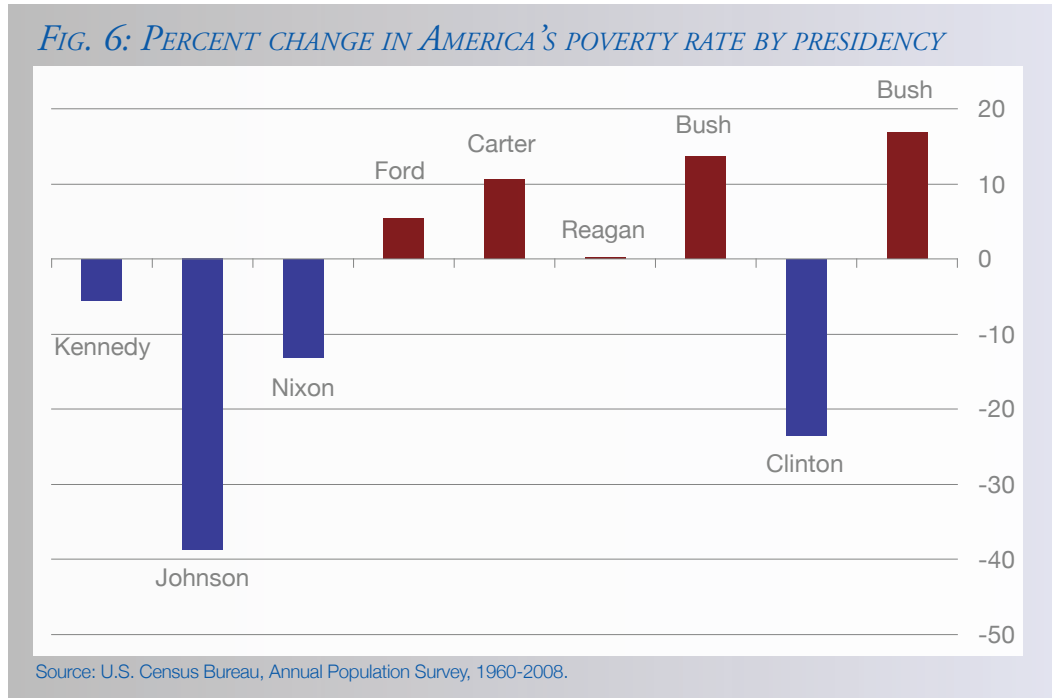


FIG. 5: UNEMPLOYMENT, JAN. 1993-JAN. 2009



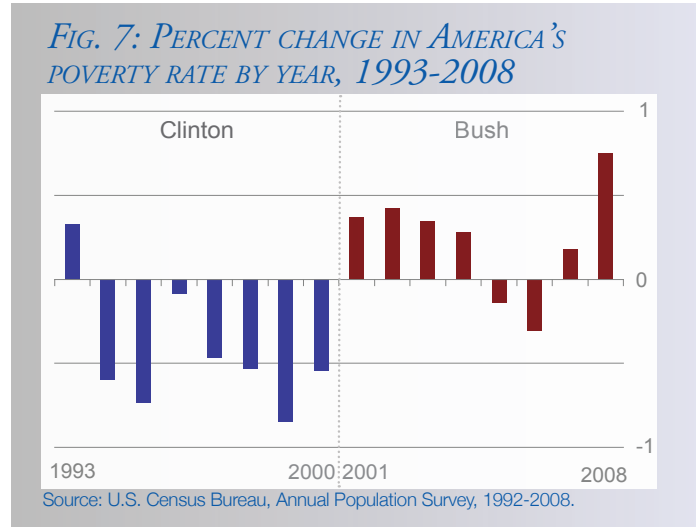
² Bureau of Labor Statistics, Current Population Survey, Jan. 2001-Jan. 2009.

POVERTY



While the Clinton years saw an enormous drop in poverty, the Bush presidency saw the poverty rate spike. In fact, 2008 marked the largest single-year increase in the poverty rate in the last 25 years.

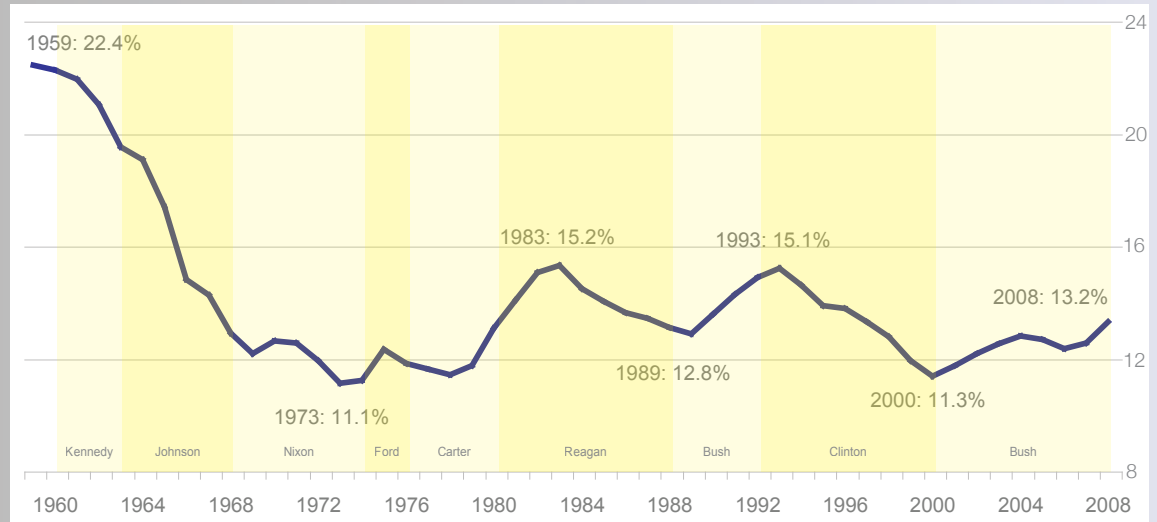
While this single-year spike was driven by the recent economic recession, it follows a trend of increases in the poverty rate seen under President Bush. As shown in Fig. 7, the poverty rate in America increased six out of the eight years President Bush was in office – this after seven straight years of declining poverty under President Clinton. Poverty went down 24 percent between 1993 and 2000 only to see a subsequent jump of 17 percent, as shown in Fig. 6.



In the 1960s, Presidents Kennedy and Johnson began what we now think of as the war on poverty. In 1961, when Kennedy took office, the poverty rate was 22 percent. At the time of Kennedy's death in 1963, the poverty rate had already declined to 19 percent, and by the time Johnson left office in 1969, the rate had plummeted to 13 percent – a 42 percent decrease over eight years, pulling 14 million Americans out of poverty.

But by the mid-1970s, things took a turn for the worse, and although we have not seen poverty rates climb back into the 20 percent range, they hit 15 percent in 1982, 1983, and 1993, as shown in Fig. 8. Under President Reagan, poverty remained flat even though incomes increased. Rates

FIG. 8: POVERTY RATE IN AMERICA, 1960-2008



Source: U.S. Census Bureau, Annual Population Survey, 1959-2008.

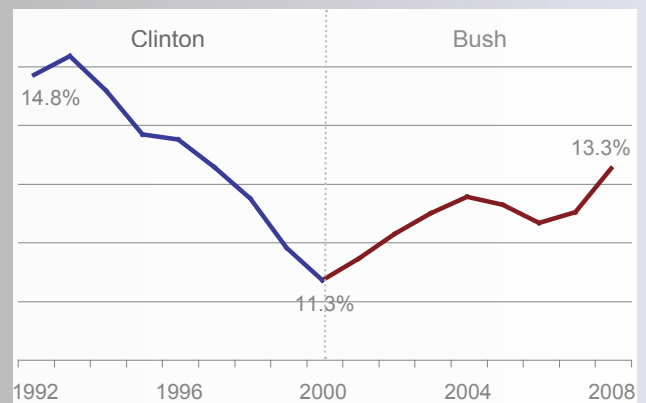
increased steadily during George H.W. Bush's presidency, leaving the country with the worst poverty rate since the mid-1960s.

But aided by progress on welfare reform, the Children's Health Insurance Program, and the Clinton economic boom, poverty dropped for seven consecutive years through the end of Clinton's second term. It bottomed out at 11 percent – matching the lowest recorded rate since statistics became available in 1959.

Clinton was the first president in 25 years to manage consistent, substantial, long-term decreases in the poverty level. By the time he left office, the country had 6.4 million fewer poor Americans, decreasing the poverty rate by 24 percent.

Since Clinton's departure, rates have been on the rise, as seen in Fig. 9. Poverty grew every year during Bush's presidency, save two, contributing to a 17 percent increase over the last eight years. Because of the sharp drop in the 1990s, however, the poverty rate in America is still at a lower level now than it was during much of the 1980s and early 1990s.

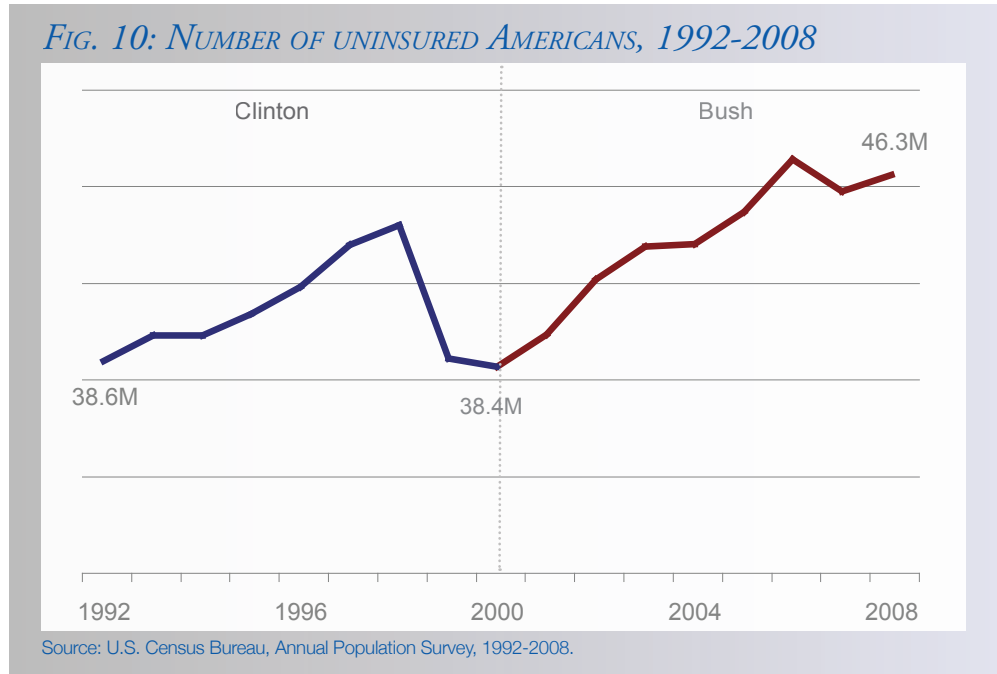
FIG. 9: POVERTY RATE IN AMERICA, 1992-2008



Source: U.S. Census Bureau, Annual Population Survey, 1992-2008.

HEALTH COVERAGE

FIG. 10: NUMBER OF UNINSURED AMERICANS, 1992-2008



During the Clinton presidency, the percent of Americans without health insurance fell 9 percent from 15.0 to 13.7 percent, as shown in Fig. 10 and 11. But after eight years under George W. Bush, the rate climbed back to 15.4 percent, and the number of uninsured rose by 8 million to 46 million. Today, more than 15 percent of the country lacks health coverage.

The number of Americans over the age of 65 who are uninsured has increased as well, from 251,000 in 2000 to 646,000 in 2008 – a 157 percent increase. The number of Americans covered by Medicaid rose from 30 million in 2000 to 43 million in 2008.

Conversely, the number of Americans covered by an employer-based health plan has decreased since 2000 despite the growing population, contributing to the lowest proportion of Americans on some type of private health insurance (67 percent) since reporting began in 1987.

Despite the burgeoning ranks of uninsured Americans, the percentage of American children without coverage has reached a twenty-year low. According to Census Bureau statistics for 2008, the rate and number of children under 18 who lack coverage was the lowest since reporting began in 1987. The rate stands now at 9.9 percent – a far cry from the high of 15.4 percent. Every year from 1987 through the late '90s, one out of every four uninsured Americans was under the age of 18. Today, that rate is under 16 percent.

FIG. 11: CHANGES IN THE UNINSURED RATE BY PRESIDENCY

George H.W. Bush		
	Total	Rate
1988	32.7 million	13.4%
1992	38.6 million	15.0%
Change	+6.0 million	+1.6%
Bill Clinton		
	Total	Rate
1992	38.6 million	15.0%
2000	38.4 million	13.7%
Change	-0.2 million	-1.3%
George W. Bush		
	Total	Rate
2000	38.4 million	13.7%
2008	46.3 million	15.4%
Change	+7.9 million	+1.6%

Source: U.S. Census Bureau, Annual Population Survey, 1988, 1992, 2000, 2008.

The decrease in uninsured children is due in large part to the creation of the Children's Health Insurance Program (CHIP) on President Clinton's watch in 1997. CHIP offers coverage to children whose families have too much income to be eligible for Medicaid but are unable to afford private insurance. CHIP's success also helps to explain the sharp decline in the rate of uninsured Americans that marked the end of the Clinton presidency.

But the decreasing number of children without coverage only makes the increasing number of uninsured Americans more drastic. Uninsured rates have increased for every other major age demographic, including the jumps in the population of uninsured Americans over 65.

CONCLUSION

After a decade in which the United States saw positive change across a whole series of social indicators, the 2000s have tested the country's mettle. Because of the Great Recession, poverty has undoubtedly continued to go up in 2009, while incomes have likely gone down.

The Obama administration's economic agenda can turn those trends around. The economic recovery package has staved off what would have been much higher unemployment. As the recovery picks up steam, incomes and job creation will rise again and poverty will fall.

That's good news for America. After suffering through the Lost Decade, Americans never want to have to live through one again.

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