



The Daily Dish

July 14th Edition

DOUGLAS HOLTZ-EAKIN | JULY 14, 2015

A [new report](#) from the Veterans Affairs Department has found that about one third of those waiting to see a doctor have already died. This revelation comes on the heels of congressional testimony from the agency requesting an additional \$3 billion to fill a gap to have hospitals operating at 100 percent.

Don't forget to RSVP for tomorrow's AAF event "Rising to the Challenge: The Need To Fix Entitlement Programs." The event starts at noon and features a keynote by House Budget Committee Chairman Tom Price followed by an expert panel. [Click here to RSVP and get more details.](#)

The nation has now exceeded 45 million food stamp beneficiaries for 48 straight months. According to the [Washington Free Beacon](#), since May of 2011, the number of people on food stamps has never fallen below 45 million. The peak during this period came in December of 2012 with nearly 48 million participating in the SNAP program.

House Republicans have proposed legislation to fund the Highway Trust Fund through the end of the year. According to [The Hill](#), the \$8 billion "...bill relies on \$3 billion worth of savings from Transportation Security Administration fees, and \$5 billion in tax compliance measures."

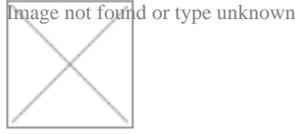
Eakinomics: 2 Graphs on Inequality

Candidate Clinton's speech today was another progressive salvo regarding the importance of addressing income inequality; ostensibly through a higher minimum wage, banning innovative business models like Uber and AirBNB, being tougher on Wall Street, taxing carried interest, and a host of other progressive favorites. The speech on "middle class economics" also featured attacks on the putative economic policies of conservative rivals.

This raised (at least for me) the question: what is the record on inequality. To find out, I went to the Census Bureau data on household income and downloaded the data on the Gini coefficient. (You can find the data [here](#).)

The Gini coefficient is one of the most widely used measures of income inequality. A Gini coefficient ranges from zero to one, with a value of zero indicating perfect equality (i.e., where everyone has the same income). At the other extreme, a Gini of one indicates perfect inequality; that is, when one person has all of the income.

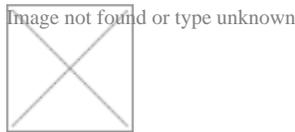
As inequality shifts, the Gini coefficient changes. Increases in the Gini document rising inequality, while decreases reflected a more equal distribution of household income. To focus on the supposed differences in policy philosophy, I computed the (percent) changes over 1989-1992 (the term of George H.W. Bush), 1993-2000 (Bill Clinton), 2001-2008 (George W. Bush), and 2009-2013 (the data available for Barack Obama). The results are displayed in the graph below.



The facts belie the rhetoric. Inequality rose most under the more progressive presidents and least under the conservative ones.

How does this happen? The economic lifeblood of the middle class is labor earnings and the central tenet of raising middle-class incomes – the number one priority at the moment – is increases in (inflation-adjusted) earnings.

On this front, the record is not promising either. The next graph shows the average annual growth rate of real (inflation-adjusted) average hourly earnings. While the performance under George H.W. Bush probably explains why he is the only 1-term president in these data, the remainder of the comparisons is decidedly bad news for the most progressively oriented policies (Obama) versus conservative approaches (Bush). Bill Clinton falls in between in philosophy and performance.



This straight reading of the record raises the fundamental question: if the core of progressive policies did not succeed in raising wages and lowering inequality for the past six years, why should the voters have any interest in suffering for another four to eight?

From the Forum

[The 5-5-5s of Dodd-Frank at 5: Episode 2](#) by Meghan Milloy, AAF Director of Financial Services

[Medicaid: A Review of the Program after 50 Years](#) by Tara O’Neil, AAF Health Care Policy Analyst

[Grading “Middle Class Economics”](#) by Doug Hochberg, AAF Press Secretary

[“White Collar” Overtime Expansion](#) by Dan Goldbeck, AAF Research Analyst

Fact of the Day

[In 2011, small- and medium-sized U.S. businesses did \\$247 billion of export business with TPP nations.](#)