

# ***PERSONALLY SPEAKING***

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## ***WORK & EARNINGS, INCOME INEQUALITY & POVERTY: 1980 - 2010***

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Success in America typically is measured in terms of work and earnings. Failure, on the other hand, often is gauged in terms of income inequality and poverty. Census Bureau data released earlier this month provide insight into the success/failure of the American dream since the Reagan revolution.

**WORK.** Over the last 30 years, there has been an enormous increase in the number of persons with substantial work experience. According to the Census Bureau, between 1980 and 2010 the number of men with some work experience during the year has risen from 64.9 million to 81.2 million. Among women the increase was even greater, from 52.0 million to 72.2 million.

Most of this increase has involved persons working year round, full time (YR-FT). Among men in 2010 there were 56.4 million with YR-FT jobs, a gain of approximately 14.5 million since 1980. For women the number with YR-FT work climbed by 19.8 million to 42.8 million.

*Significance:* notwithstanding the gloom and doom associated with the Great Recession, the U.S. economy has produced millions of additional jobs for both men and women since the Reagan Revolution.

**EARNINGS.** The earnings improvement record is vastly different for men than for women. Among women with some work experience, *real* median annual earnings over the last 30 years have risen by 59.1 percent. For men the increase has been only 3.9 percent. Among those working YR-FT, the *price-adjusted* advance among men was only 1.8 percent. For women, it was 30.9 percent.

*Significance:* even though women still earn less than men, the real annual earnings gap has narrowed for YR-FT workers from \$18,681 in 1980 to \$10,784 in 2010.

There is a substantial difference in annual earnings for government vs. private-sector YR-FT workers. Among men with YR-FT jobs in 2010, working for the government amounted to an additional *price-adjusted* \$7,047. For women the gap was \$7,988. Comparing men who work YR-FT in the private sector and women with YR-FT jobs in the government sector, the gap shrinks to \$2,281.

**Significance:** both in terms of job security and earnings, it pays to work for the government.

**INCOME INEQUALITY.** The Gini index of income inequality is a commonly used measure that takes on a value between 0.0 for total income equality and 1.0 for total income inequality. According to this measure as applied to household income and reported by the Census Bureau, inequality has risen from 0.403 in 1980 to 0.469 in 2010.

Some of that overall movement toward greater inequality occurred during the Clinton years, rising from 0.454 in 1993 to 0.462 in 2000. The Gini index in both 2001 and 2008 stood at exactly 0.466 and, notwithstanding the current political rhetoric to the contrary, was *lower* in six of the eight Bush years than in 2010.

**Significance:** recalling the words of the late Senator Daniel Patrick Moynihan, you're entitled to your own opinion but not your own facts.

**POVERTY.** Since 1980 the population of persons living in poverty has climbed from 29.3 million to 46.2 million, pushing up the poverty rate over the last 30 years from 13.0 percent to 15.1 percent. Seventy-one percent of this surge has taken place in families headed by a female and among unrelated individuals, even though in 2010 they accounted for only 33 percent of the overall U.S. population.

Though largely overlooked by the media, the annual *price-adjusted* income gap between poor and nonpoor families has risen from \$68,500 in 1988 when these data first were made available to \$78,401 in 2010. Put differently, persons living in nonpoor families have on average \$6,533 per month more to spend on their material needs and desires. For persons living in married-couple families above the poverty compared to persons in female-headed families below the poverty threshold, the gap widens to \$7,264 every month.

**Significance:** escaping poverty in America depends on finding a good paying job and a steadfast spouse, both requiring a willingness to make a commitment that in a world of a hard-nose, bottom-line calculus and changing sexual mores increasingly is seen as old-fashioned and out-of-date.

Is America still the land of opportunity? For the many who are committed and faithful the American dream is a reality or within reach. Countless others, however, do not understand the connection between commitment and fidelity on the one hand and success and the American dream on the other hand. They see success and the American dream as social entitlements rather than personal opportunities. Even as they struggle with failure, they do not see the wisdom of the traditional values re-affirmed in the Reagan revolution that point the way to success.

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