Millions languish in poverty, US report shows

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26 September 1998

In its just released annual report, the Census Bureau documents continued pervasive poverty in the United States despite a growing economy. The number of Americans living in poverty remained virtually unchanged between 1996 and 1997, with 35.6 million people officially counted as poor. None of the four regions of the country (Northeast, Midwest, South and West) showed a statistically significant change in poverty from 1996.

There was a small decline in the percentage of families living below the poverty level, now set at $16,400 for a family of four. However this reduction was limited exclusively to black and Hispanic families. Further, there was no statistically significant change in the overall child poverty rate.

Median family income rose 1.9 percent to $37,005 last year, returning to the approximate level of 1989, the high point before the last recession. But the census report showed a further increase in the gap between rich and poor. Average income of the richest 5 per cent of households rose 4.7 percent in 1997. There was only a 2.4 percent gain for the middle 20 percent and a 0.9 percent increase for the poorest 20 percent. Remarking on this fact Robert D Reischauer, former director of the Congressional Budget Office, stated, 'income inequality has not been reduced after two years in which we've enjoyed the healthiest economy in more than three decades.'

The latest Census Bureau survey, which was based on a random sample of 50,000 households, may understate the level of inequality, since the homeless were underrepresented. In addition the survey counted families reporting more than $1 million annual income as earning only $1 million. This certainly understates the vast amounts being raked in by the top one percent of US society.

Clinton seized on the report, claiming it demonstrated of the success of his economic program. 'Our growing economy is giving more and more families a chance to work their way out of poverty,' he asserted. In truth this has been the slowest economic recovery in the post-World War II period. With mounting signs of a new recession income levels are only now reaching the peak before the most recent downturn.

The small reported gains in income for the poor are misleading since they exclude the impact of the Clinton administration's cuts in welfare and other social programs. In compiling its annual income report, the Census Bureau does not count benefits such as food stamps, Medicaid and housing assistance. If the impact of these cuts were taken into account the stated poverty rate would probably be considerably greater.

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