Census reports highlight inequality, stagnating living standards

44 million Americans lack health insurance

Jerry White
7 October 1999

The number of people lacking health insurance in the US rose to an estimated 44.3 million last year, up nearly 1 million from 1997, according to new figures released by the US Census Bureau Monday. One out of every six Americans, or 16.3 percent of the population, have no medical coverage. In California, the country's most populous state, 22 percent of residents were uninsured in 1998.

Census Bureau officials report that those most likely to lack health coverage include young adults, Hispanics, part-time workers, immigrants, and those with lower levels of education. Among the uninsured are 11.1 million children younger than 18, up from 10.7 million the year before.

Advocates for greater access to healthcare cite the Clinton administration's 1996 welfare “reform” as one of the major reasons for the increase in the number of uninsured Americans. Together with the elimination of guaranteed welfare benefits, millions have been driven out of the Medicaid program, which provides health insurance for the poor. Welfare recipients have been forced to take low-paying jobs that offer no health insurance, or require premiums which they cannot afford. Among full-time workers who earn less than the official poverty level, nearly half—47.5 percent—lacked health insurance in 1998, according to the Census Bureau.

The statistics on health insurance provide one of the most telling indices of the economic distress affecting tens of millions of Americans, as highlighted in an earlier report by the Census Bureau on household income. That report, released on October 1, showed that while the nine-year expansion of the US economy has raised median incomes to an all-time high and reduced the official poverty rate, the level of economic inequality and poverty is far worse today than in the early 1970s, at the end of America's last prolonged expansion.

The media generally presented the Census Bureau's findings as an indication that the booming economy is showering benefits across all regions of the country and all segments of the population. A *New York Times* article on the report, entitled “Rising Incomes Lift 1.1 Million Out of Poverty,” began, “Lifted by the strong economy, American households are climbing out of the stagnation that has plagued them for years.”

Commenting on the statistics, President Clinton declared, “Finally we have stemmed the tide of rising inequality and this report documents strong income growth among all groups of people.”

An objective examination of the census figures, however, presents a very different picture. The report showed that income inequality, which rose sharply through the 1980s and early 1990s, remained at an all-time high in 1998. The top 20 percent of households took in 49.2 percent of all income, while the bottom 20 percent of households accounted for only 3.6 percent. The richest 5 percent of households last year—those making $132,199 or more—had 21.4 percent of all income, well above the 17.5 percent earned by the top 5 percent in 1967.

The top 5 percent of households earned eight times more than a family at the poverty line of $16,655 for a four-person household. That has been the ratio since 1993. Moreover, since 1990 only the top fifth of households have seen their share of the national income rise, while the bottom four-fifths of have suffered declines.

The Census Bureau reported that the percentage of Americans living under the poverty rate fell to 12.7 percent last year, from 13.3 percent in 1997. Leaving aside the abysmally low figure the government uses as a measure of poverty, the moderate change last year is chiefly attributable to the expansion of the low-wage economy that has resulted in the lowest official unemployment rate in a generation. However, even though the unemployment rate is lower than in the early 1970s, poverty remains more widespread. The 1998 poverty rate was 1.6 percent higher than in 1973.

More than 34 million people, including 13.5 million children, are poor. Though poverty rates among children fell a percentage point in 1998, to 18.9 percent, that level is well above the rate of the 1970s, and higher than in Canada or Western Europe.

The Census Bureau noted that the decline in national poverty rates was almost entirely the result of a sharp drop in the Southern states. Everywhere else, there was no change to speak of. Over the last decade companies have moved millions of jobs into the South to take advantage of lower wages.

In addition, a big percentage of the population earns the minimum wage and thus benefited from small increases in 1997 and 1998 that have raised the minimum wage to $5.15 an hour. Poverty in the Western states, by contrast, has risen during the decade, partly because of the influx of immigrant workers.

Even the figures on rising median income cannot be taken at face value. Though median incomes rose by 3.5 percent last year, the fastest pace in three years, wages have remained virtually stagnant throughout the decade. The pre-tax median income in 1998 was just $1,001 higher than it was in 1989. That translates into an average annual raise in the 1990s, adjusted for inflation, of $111.22, or 0.3 percent.

Moreover, the rise in median income has corresponded to an increase in the number of hours worked per household. Working hours for the average family rose by about 2 percent from 1989 to 1998, reaching 3,149 last year, or 60 hours a week, according to the Economic Policy Institute.

The Census Bureau report on household income, far from heralding a new period of prosperity and rising living standards for the broad masses of people, underscores profound changes in the structure of the US economy over the past two decades that have skewed the workings of the capitalist system even more immediately and overtly to the advantage of the wealthy and the disadvantage of the working class. As a result, a record-breaking economic expansion, both from the standpoint of the levels of wealth produced and the duration of the boom, has been accompanied by ever more grotesque levels of social inequality.

In the decades following World War II economic expansions led to a certain diminution of social inequality, or even, as in the 1940s, a modest downward redistribution of wealth. The operative phrase among bourgeois politicians and trade union officials during the postwar boom was “a rising tide lifts all boats,” and, to a limited extent, economic growth and increased business profits were accompanied by improved living standards for working class and middle class families.

This is no longer the case. The booming stock market, record corporate profits and the amassing of vast personal fortunes have come at the direct expense of working people, who suffer from increasing economic insecurity.

Although the media pundits and politicians declare that the US economy is the greatest in history, the vast majority of the population are experiencing stagnating or falling living standards, a loss of social benefits such as healthcare, and an ever-lengthening work day. Most are managing to make ends meet only by working longer hours and piling up ever greater debts. When the inevitable economic downturn occurs, tens of millions of working people will face the threat of impoverishment.