

# One-quarter of New York City's population lives below the poverty threshold

Fred Mazelis  
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A report released early this month by the Community Service Society of New York shows that nearly one-quarter of the city's population is living on income below the federal government's poverty threshold. The percentage of the poor in New York has nearly doubled in the past 30 years, and is also more than twice the rate for the US as a whole.

The CSS, an advocacy group that promotes more government spending for programs such as childcare, transportation and education, has been issuing reports on the city's social crisis for decades. The latest figures are the most recent evidence of the growing gulf between the rich and poor in the US, nowhere greater than in New York City.

The poverty level is defined by federal authorities as an income of \$16,665 a year for a household of four. This figure is adjusted up or down for smaller or larger families. For a single individual, for instance, the threshold is \$8,316. In New York City, where the boom in Wall Street has filled the city's coffers with tax revenues and led to the gentrification of many neighborhoods and a huge growth in luxury goods spending, 1.8 million people, or 24.3 percent of the city's population, remain "officially" poor. This figure is about the same as during the early 1990s, in the depths of the last economic recession, when the unemployment rate in the city was well over 10 percent, compared to a jobless figure of 6.9 percent today.

The report also indicates that the poverty rate among families with children is about 30 percent, but that the percentage of these families who receive benefits like Medicaid and food stamps has sharply declined. Poor families covered by Medicaid for even part of the year in 1998 was 55.9 percent, down from 69.9 percent in 1996. Many of those who are removed from welfare are

either not aware of their continuing eligibility for other benefits, or are discouraged from applying.

The crisis in New York was acknowledged, if somewhat grudgingly, by a regional economist with the Federal Reserve Bank of New York, who commented in response to the CSS report, "I would agree that there are a group of people at the very bottom that have been bypassed by this economy that has been pretty robust."

The increasing social polarization is closely connected to the specific character of the New York City economy, which has become increasingly based on Wall Street, luxury goods and tourism. Large numbers of immigrants have been attracted to New York—2 million in the last two decades—because the economic misery in their own countries is worse. For the vast majority of these immigrants, the only opportunities are in low-wage service employment, or jobs directly serving the very wealthy. The \$16,000 annual income figure works out to \$7.50 an hour for a 40-hour week. Even this paltry wage is unavailable for many unskilled workers who work for the minimum of \$5.15 an hour, and in some cases less. The only jobs available are often low-paid retail positions in the fast food industry or small shops, or as security guards.

The steady stream of immigrant labor, including that of undocumented workers, has been a major ingredient in New York's vaunted prosperity. While the upper middle class and the super-rich have flaunted their wealth and congratulated Mayor Rudolph Giuliani for making New York so much more "livable", millions of workers face a daily struggle to put food on the table and a roof over their heads.

Wall Street deal-makers and their political representatives have smugly convinced themselves that, since many new immigrants previously managed on only the barest subsistence, they neither need nor

deserve anything more. This is the mindset revealed in the arrogant recent comments of City University Chancellor and former Deputy Mayor Herman Badillo on the supposedly ineducable Mexicans and other new arrivals from Latin America.

At the same time, the exploitation of immigrants has been used to bring down the living standard of every other section of workers. The bipartisan welfare cutbacks legislated by the Clinton administration and Congress have also been used to increase competition for jobs and hold down wages. Giuliani has used the cuts to throw hundreds of thousands of the poor back onto the job market. The city has also used the workfare program to force those on welfare to do work formerly carried out by city workers, saving hundreds of millions of dollars and creating a class of virtual slave laborers.

An article on the Community Service Society report in the *New York Times* suggests that New York is somehow out of step with the rest of country. However, the idea that poverty is not a problem elsewhere is quite misleading. First of all, official figures show that the poverty rate across the country has not significantly changed in the past generation, fluctuating between 12 and about 16 percent. The rate in the New York-New Jersey metropolitan area is higher than that in other major cities, with the exception of Houston, where it is 28.1 percent.

In most major urban areas, however, including Los Angeles, Detroit, Washington and Boston, it remains over 20 percent. The poverty figures explode the myth of the rising prosperity in the 1990s. After nearly a decade of Wall Street boom and the enrichment of the top 10 to 20 percent of the population, the middle 50-60 percent is struggling to stay even and the bottom 20-25 percent is falling behind.

Furthermore, the poverty rate is defined arbitrarily at an income level that could more appropriately be termed "extreme poverty." The government has never bothered to explain how a family of four can live on \$16,000 a year when the cost of housing alone is generally at least half of this amount.

Mark Levitan of the CSS told the *World Socialist Web Site* that census figures showing the percentage of the population living on 150 percent of the federal poverty threshold would give a somewhat more accurate picture of the number of the poor. For New

York, this would immediately raise the rate to nearly 36 percent, or more than one in three residents of the city.

As the CSS spokesman told the press, "This is the best economy the country has seen since the late 60s. It's not going to get any better than this. And we're still in a situation where a quarter of the city's population is in poverty."

David Jones, president of the Community Service Society, stated that the census figures suggested that even if the economy continues on current trends there would be no place for the hundreds of thousands of workers whose welfare benefits begin to expire in December 2001, under the five-year lifetime limit on public assistance established by Clinton's welfare legislation. Jones said that the 2001 deadline "raises some serious concerns for New York City, more perhaps than any other part of the country, because we're talking about hundreds of thousands rather than handfuls, and because we're already running such high rates of unemployment." An increase in the jobless rate of even a few percentage points would create an even more immediate and serious crisis.

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