

Census data show impact of Wall Street boom

# Working poor on the increase in New York City

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A new report by the non-profit Community Service Society of New York reveals an increase in poverty among families with children during the record boom years of the late 1990s.

The report is based on a comparison of official census data for 1998, 1997 and 1996, the last three years for which poverty data are available, with figures from 1989, 1988 and 1987, during a comparable boom period, before the recession in the early part of the last decade.

The figures show that poverty has increased at a time of skyrocketing wealth for the top 10 percent of the population, but they also demonstrate that more education and lower unemployment have not meant more opportunity. The subtitle of the report—"More Work, More School,...More Poverty? The Changing Face of Poor Families in New York City"—sums this up.

Between the late 1980s and the late 1990s the city's poverty rate for families with children rose from 29.3 percent to 32.3 percent. The poverty rate for the city population as a whole hovers close to 25 percent, but children are, as has historically been the case, disproportionately affected.

Poverty rates have been increasing for the families that have in the past been least likely to fall below the poverty line. These include those in which at least one member is working, as well as families headed by persons with at least some college education. As the report states, there has been "a dramatic transformation in the conditions of the city's poor families. In addition to an 'old' poor—made up of families who are outside the economic and social mainstream—we find an emerging 'new' poor—made up of families who are impoverished despite their participation in the mainstream."

Over the past decade the ratio of all New York City families headed by someone with less than a high school education has fallen from 32.7 to 29.5 percent. During this same period the number of families whose household head

had at least some college has increased substantially, from 16.4 to 22.8 percent, and the proportion of families headed by someone with a bachelor's degree or more has jumped from 16.8 to 19.3 percent.

Meanwhile, however, the poverty rate for families headed by persons with some post-secondary education rose by 10.6 percentage points, and the rate for families headed by someone with a bachelors degree or more jumped by 4.0 points. Poverty rates during this period also rose by 8.2 percent for families that included at least one worker, while actually falling 6.9 percent for families with no worker present. Poverty rose by 6.7 percent for two-parent households while declining 5.1 percent for female-headed families.

While the majority of poor families are still ones in which there is no worker (52.7 percent), and are headed by someone with less than a high school degree (52.4 percent) or by a single mother (70.7 percent), these majorities have fallen drastically in the past decade. The proportion of poor families headed by someone with at least some college has nearly doubled, from about 12 percent to 23 percent. Poor families including at least one worker have soared from 28.9 to 47.3 percent of the total during this period.

The old stereotype of the welfare poor, consisting simply of single women who have never held a job, along with their large families, is largely demolished by these figures. The latest CSS report documents what many critics of the Clinton administration's welfare "reform" legislation of 1996 pointed out at the time: in the absence of decent-paying jobs the demagogic slogan of eliminating "welfare as we know it" would simply pit those on welfare, the increasing immigrant population and millions of other workers into a deadly competition for low-wage jobs. Indeed, as the *World Socialist Web Site* has explained on numerous occasions, that was a major aim of this legislation.

"Reform has cast much of the former welfare poor and the working poor in the same boat," the CSS report states.

“They are now fellow competitors in the low-wage labor market.”

Youth and older workers have been told that education is the key to success in the current job market, but the frenzied competition for the relatively few higher-paying jobs completely undercuts that claim. It is also significant that the increasing poverty for families headed by college-educated people has been accompanied by steady cutbacks in funding for higher education. Enrollment at the 20 campuses of the City University has fallen in the last two years by about 7 percent, to 186,000. Twenty-first century capitalism may require certain specific skills, but this does not at all mean that higher education guarantees a rewarding and good-paying job.

The report also indicates that the claim that increasing poverty in New York is simply a reflection of the growing immigrant population is not correct. Immigrant and non-immigrant sections of the working class are equally affected by the disappearance of many good-paying jobs and their replacement by low-wage employment in restaurants, hotels, shops, sweatshops and as personal servants for the wealthy.

When considering these statistics, based on official census data, it is always necessary to keep in mind that the official poverty thresholds are, to put it mildly, somewhat unrealistic: \$13,133 annual income for a family of three, \$16,665 for a family of four. If a more realistic figure of at least \$20,000 were used (under conditions where rent for even roach-infested and crowded apartments usually amounts to 40 percent or more of this latter income figure), the share of families with children living in poverty in New York today would approach 50 percent.

The official figure of nearly one-third of families with children living in poverty is staggering enough, when compared to the explosion of millionaires, soaring real estate prices and the proliferation of expensive restaurants and other forms of entertainment completely beyond the reach of the vast majority.

There are two additional factors, however, that must be considered in connection with the increase in poverty during the current boom. First and most obviously, if this is the situation at a time when unemployment has fallen to its lowest levels in almost 30 years, the inevitable bursting of the Wall Street bubble and the rapid growth of unemployment will have devastating consequences for the entire working class, and especially for those who are already under the poverty line.

There is also the December 2001 deadline, when welfare benefits will begin to expire under the five-year lifetime limit on public assistance enacted under the 1996 federal law. Hundreds of thousands of people in New York City alone will begin to be affected by this in the next several

years.

Mark Levitan, the author of the CSS report, told the WWSWS that the increasingly volatile nature of the economy as well as the five-year lifetime welfare limit are “storm clouds out there.” He added that Article 27 of the New York State Constitution would also complicate social and public policy in the near future.

“Article 27 obligates the state government to care for the poor,” Levitan said. “It is a New Deal measure, which has served as a hook for changing social policy via lawsuit.” The obligation for New York City to provide shelter for the homeless, for instance, stems from a successful lawsuit brought by legal advocates for the poor.

The federal welfare program now goes under the name of Temporary Assistance for Needy Families. In New York this is entitled Family Assistance, and the block grant system from the federal government pays one half its cost. With the state constitution currently obligating care for the poor, the New York legislature and the administration of Governor George Pataki enacted a law in 1997 that established the Safety Net Assistance program, a fully state-funded program superseding Home Relief. It is this program that many thousands of families will have to turn to after they have exhausted their welfare benefits, beginning in December of next year. Even with the much-publicized cuts in the welfare rolls, hundreds of thousands remain, and they will undoubtedly be joined by others when the next recession strikes.

“These people will move from a 50 percent federal-funded program to one that is 100 percent state- and local-funded,” said Levitan. “There will be a huge liability, a huge cost which the state and city will have to honor. The current budget surpluses will turn into huge deficits.” The days of New York’s brush with bankruptcy in the 1970s, which many if not most current New Yorkers do not personally remember, can very rapidly return under these circumstances.

For the full text of the Community Service Society report, go to:

[http://www.cssny.org/reports/databrief/databrief4\\_7\\_00.htm](http://www.cssny.org/reports/databrief/databrief4_7_00.htm)



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