US: More than 1 million more in poverty in 2002

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Nearly 1.3 million more people fell below the official poverty level in 2002, swelling the number of poor in the US to nearly 35 million, according to a September report from the Census Bureau. The results of the American Community Survey (ACS) indicate that the recession hit the hardest among children and their families.

Nearly half the 1.3 million increase—600,000 people—were children. The total number of people under 18 in US families designated poor has now reached 12.2 million. Poverty among children under age five increased by a full percentage point, from 18.8 percent in 2001 to 19.8 percent in 2002. A total of 7 million US families fell below the official poverty level in 2002, an increase of 300,000 families in just one year.

That one in five young children in the US lives below the official poverty level is an indictment of the welfare reform changes of 1996, which pulled the safety net out from underneath the most vulnerable among the US population. Despite this dire statistic, Congress remains adamant in continuing the draconian measures of the welfare-to-work legislation signed by then-President Bill Clinton in 1996. Even in the face of persistent and growing unemployment, there is no debate anywhere in the US government on restoring a welfare entitlement to protect children from want.

In July, a report from the US Census Bureau showed that more than 35 percent of people in the US were poor for at least two months between 1996 and 1999. The data was taken from the bureau's Survey of Income and Program Participation (SIPP), which looks at individual income in a sample of the population over several years. That report's findings indicate that a significant portion of the US population, even during the boom of the late 1990s, could not even make it from paycheck to paycheck. The report also pierces the myth of a US "underclass" in finding only 2 percent were poor in every single month of the four years.

Unlike most industrial countries, which peg their poverty level at a percentage of the median income, such as 60 percent in Great Britain, the US government keeps its official poverty level artificially low. The original poverty thresholds were developed in the early 1960s by determining the minimal cost of food for a family and multiplying that number by three. The Census Bureau updates the thresholds for inflation each year using the consumer price index.

The Economic Policy Institute (EPI), a union-sponsored Washington think tank, estimates that when the poverty thresholds were first introduced in the early 1960s the threshold for a family of four was 42 percent of the median income for that family size. By 1998, because of real growth in the median family income, that value had fallen to 35.4 percent. Because federal and state benefits are pegged to the official poverty level, this resulted in millions in need being deprived of government help.

Current policy concerning support for the poor harks back to the bitter days of early capitalism and capital accumulation in Britain, when the rising bourgeoisie demanded the removal of all fetters on capitalist profits, including supports for the poor. Today, low-income families have been demonized, with the US Congress now demanding that single mothers on welfare be forced to work 40 hours a week, rather than the current requirement of 30, in order to receive any income.

Most states have given up any guarantee of cash aid to childless adults even as rising unemployment is rendering families penniless that until recently had been considered "middle class." Record numbers of jobless are being turned down for unemployment benefits. Low

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wages and part-time work, along with tightened eligibility requirements, are used by state and federal agencies to deny benefits to the lowest-income workers. Laid-off workers who do get unemployment benefits are exhausting them without finding a new job at rates not seen since the Great Depression.

The US Congress is expected to grant another $87 billion for the predatory wars in Iraq and Afghanistan demanded by the Bush administration for the next year alone. Yet, members of the US House and Senate are deadlocked over whether the federal government will increase the miserably inadequate funding for child care for low-income families by $1 billion or $5 billion over the next *five* years.

According to last year's Census Bureau Current Population Survey (CPS), poverty began to climb again in 2001, after declining from as high as 15 percent in the 1980s, to 11.3 percent. The official poverty rate was the lowest it had been since 1973 and 1979. After falling for four consecutive years in the late 1990s, the poverty rate began to climb from 11.3 percent in 2000 to 11.7 percent in 2001. A new CPS report will be issued later this month for March 2003.

However, what was most essential in the final decades of the last century was the unprecedented increase in income inequality in the US. The EPI used Congressional Budget Office (CBO) data that, unlike the Census Bureau's, takes into account near-cash benefits like food stamps for people at the bottom end of the income scale, and windfall from capital gains at the other. They found inequality growth much higher over the past two decades than accounted for by the Census Bureau.

From 1979 to 2000, the income of the lowest fifth of households rose 6.6 percent pre-tax and 8.7 percent after taxes were taken into account. The increase in income for those at the bottom of the income scale occurred during the stock market boom of the late 1990s, and is quickly being erased with the growing levels of unemployment.

During the same period, the income of the top 1 percent leaped 184.3 percent. The income of this top layer in the US grew even more when the effect of taxes was taken into account, a whopping 201.3 percent. Even the inequality level measured under the truncated Census Bureau figures continued to rise right into the recession of 2001.

According to the EPI, the ratio of incomes in the upper 1 percent to that of the lowest fifth nearly tripled, rising from 22.7 in 1979 to 63.0 in 2000. The income of the upper fifth as a whole rose nearly 70 percent before and after taxes.

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