

# Twenty-five percent increase in poverty in Michigan

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The *Detroit News* recently reported a 25 percent increase in poverty in Michigan in 2002, and predicts that conditions will worsen before they improve. Michigan's leading conservative newspaper adds that the growing numbers of poverty-level citizens are straining the resources of food assistance and shelter programs.

A continuing loss of decent-paying manufacturing jobs, resulting in either unemployment or the acceptance of lower-paying positions, fuels the skyrocketing increase in poverty. At the same time, losses in the skilled trades and professions belie the notion that the US is merely undergoing an economic cycle, or that job losses during the present economic "recovery" will be limited to the manufacturing sector.

Michigan's poverty rate for 2002 was 11.6 percent, with 1,152,000 people counted as living below the poverty line, up from 9.4 percent in 2001. Even if one accepts the federal government's definition of poverty, which grossly underestimates the real level of poverty—last year, the official poverty line for a family of four was \$18,224—Michigan's figures are shocking.

While poverty figures for 2003 are incomplete, Michigan's unemployment rate increased during 2003, indicating that when the final numbers are compiled and released, Michigan's poverty rate for the year just ended will be even higher.

Another sign that 2003 was even worse than 2002 is the report by providers of food assistance and other social services that "they are helping more people now than they did in 2002" (*Detroit News*, December 28). Roberta Trzos, director of human resources and development at the Food Bank of Oakland County, states that many among this growing number of poverty victims are employed, but at wages which cannot sustain a family.

"People are now working for \$6 an hour—and that doesn't make ends meet when you have a family," she told the *News*. She added that those who have jobs "are not making the money they made a year ago, even six months ago," underscoring the increasingly bleak prospects for working women and men in Michigan.

Academics are divided on whether the increase in poverty is merely cyclical or a sign of a deeper, structural problem in the economy. University of Michigan demographer William Frey claims, "You're going to see the poverty numbers bump up and down for a while until we see where the economy lands," and concludes that the problem is "cyclical." His colleague at the University of Michigan, public policy professor Sheldon H. Danziger, disagrees: "There's more than a cycle going on here. There are long-run changes that have reduced the demand for manufacturing workers."

Buttressing Professor Danziger's viewpoint are the reported job losses in skilled trades, which produce the tools and machines necessary for manufacturing, and whose loss signals a more permanent shrinkage of the manufacturing base. Toolmakers and machinists, descendents of the artisans who came from Europe in the nineteenth century, were considered so important to American manufacturing that they were declared exempt from the draft during World War II. During the dot.com bubble of the mid- to late-1990s, shipments of tools and machines grew by 85.5 percent and employment by 16 percent, creating a situation of overcapacity when the bubble burst in 2000.

Already hurt by China's low wages, America's standing as a source of tools and machinists was further damaged by the increasing quality of China's tool-making, with the result that today, thousands of American toolmakers have lost their jobs. In Michigan alone, according to the December 30 *Detroit Free*

*Press*, “about 34,000 tooling jobs have vanished since 1998.”

Peter Morici, former chief economist for the US International Trade Commission, told the *Free Press* that the loss of tool-making jobs “undermines the whole manufacturing base in the long term.” According to Morici, there’s good reason to believe that these jobs will not be returning: “When all these ... toolmakers go away, they don’t re-open. Their sons do something else and that skill is lost. The decline of tool-making is like the growth of a desert. Once it starts, it’s tough to stop from spreading.”

Predicted losses in the professions argue against the idea that current job cuts will be limited to the manufacturing sector. According to *New York Times* op-ed columnist Bob Herbert, IBM is planning to send thousands of high-paying professional jobs to China and India. At Microsoft, an executive ordered his department heads to “think India” and “pick something to move offshore today” (*New York Times*, December 29). The implications of these job losses for American working people are, according to Thea Lee, economist with the AFL-CIO union federation, “terrifying.”



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