Census report shows rising poverty in US

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The Census Bureau reported Tuesday that the official poverty rate in the United States rose in 2007 to 12.5 percent, compared to 12.3 percent the previous year. According to the bureau's American Community Survey, last year 37.3 million Americans were living below the income level, which, according to the government, signifies poverty.

This is an increase of 800,000, or 2 percent, over the official poverty level for 2006. As damning as the official figures are, the real scale of poverty in the US is much higher. The government set the poverty cut-off point for a family of four in 2007 at $21,203. Such an income means outright destitution. Millions more Americans live in conditions that by any objective standard amount to poverty.

The number of children living below the official poverty line increased much more sharply in 2007, rising to 13.3 million from 12.8 million in 2006, an increase of 3.9 percent. According to the government's figures, 17.4 percent of American children were in poverty last year.

The poverty level for Latinos and foreign-born Americans also rose more sharply than the overall increase.

The official poverty rates for both adults and children are considerably higher than their low points in the 1990s. Between 2001 (when the official poverty rate was 11.3 percent) and 2007—a period of economic expansion marked by a massive accumulation of wealth at the very top of American society—the poverty rate rose by 10.6 percent. The rate for 2007 marked the biggest jump in poverty during an economic recovery in US history.

These figures constitute an indictment of American capitalism and both of its major political parties, which have carried out a ruthless policy of tax cuts for the rich, reductions in social programs, and deregulation of big business for the purpose of redistributing the national wealth from the working class to the financial elite and facilitating an orgy of corporate speculation and profiteering.

The result of these "free market" policies is the current financial crisis and recession, which are having a devastating impact on working class living standards. The Census Bureau report issued Tuesday does not take into account the collapse of the housing market and wave of home foreclosures, the sharp rise in inflation, and the jump in unemployment, all of which have gathered steam since the beginning of 2008.

"Things are a lot worse than these numbers show," said Douglas Besharov, resident scholar at the American Enterprise Institute. "If you measured poverty today, it would probably be much higher than the report said."

Detroit is the most impoverished large city in the United States, according to the Census Bureau report. Approximately one in three Detroiters lives below the official poverty level. Cleveland, Buffalo, El Paso, Memphis, Miami, Milwaukee, Newark, Philadelphia and Cincinnati round out the top 10 most impoverished cities with populations of 250,000 or more.

Income levels in Michigan give an indication of the immense growth of economic disparities, which has accelerated over the past decade. The township of West Bloomfield, a half-hour's drive from Detroit, is on the list of places with populations of 65,000 to 250,000 that have the highest median household income at $99,000. The social devastation wrought by waves of auto plant closures is reflected in the median household income figure for Flint, once the center of the General Motors manufacturing empire. It hovers near the official poverty level for a family of five at $26,000.

According to the Census report, overall median household income in the US, adjusted for inflation, rose 1.3 percent in 2007 from the year before, to $50,233. However, inflation-adjusted income for working people

has declined sharply since the beginning of the last economic expansion in 2001.

"For poverty and median income, this was the worst economic expansion on record," said Robert Greenstein, executive director of the Center on Budget and Policy Priorities. "The gains from the expansion that started at the end of '01 were concentrated among higher-income Americans."

According to Jared Bernstein, senior economist at the Economic Policy Institute, had workers continued to receive the income increases they obtained in the 1990s, they would have seen a jump in earnings of $2,600 between 2001 and 2007. Instead, income decreased by $300.

Moreover, the real income of American workers has dropped sharply this year. The most recent Bureau of Labor statistics report found that real average weekly earnings fell by 0.8 percent from June to July. Over the past year, weekly earnings fell by 3.1 percent. Thus, the average household now earns $1,500 less than it would if wages had kept pace with inflation over the past 12 months.

The Census report noted that the median income gap between women and men working full-time closed to its smallest level ever in 2007. Women averaged 78 percent of what men earned. But the Census found that a major reason the gap is shrinking is that men's earnings have been flat.

On health insurance, the report showed a small decrease in the number of uninsured Americans from 2006 to 2007. The Census Bureau said some 45.7 million people, or 15.3 percent, had no coverage, down from 47 million, or 15.8 percent, in 2006. However, the number and rate of uninsured are higher today than they were at the outset of the Bush administration in 2001. That year, 39.8 million people, or 14.1 percent, were uninsured.

And the share of Americans with employer-based coverage fell for the seventh year in a row. It is now down to 59.3 percent, from 62.6 percent in 2001.

Other economic news reported this week points to a further growth of recession, promising to fuel a sharper increase in poverty. According to the S&P/Case-Shiller index, home prices continued to fall in June, declining 0.6 percent from May. In the second quarter of this, home prices plummeted by 15.4 percent. In 10 major metropolitan areas, they were down 17 percent in June from the year before.

Moreover, the banking crisis that is fueling the recession is assuming ever-larger dimensions. In its latest quarterly report on the banking industry, the Federal Deposit Insurance Corporation on Tuesday raised the number of banks on its list of "problem" lenders to 117, up from 90 at the end of March.

On Friday, state and federal regulators closed another regional bank, Columbian Bank and Trust of Topeka, Kansas, the ninth bank to fail so far this year and the fifth since mid-July.