

“Working Poor” report: Nearly 30 percent of US families subsist on poverty wages

Tom Eley
16 October 2008

A report released Tuesday by the Working Poor Families Project reveals that more than 28 percent of American families with one or both parents employed are living in poverty.

The report, "Still Working Hard, Still Falling Short," is based on data for the period from 2004 through 2006 gathered from the US Bureau of Labor Statistics, the US Census Bureau's American Community Survey and the Census Bureau's Current Population Survey.

The report finds that 9.6 million households can be described as low-income or "working poor"—defined as families that earn less than 200 percent of the official poverty level. There were 350,000 more such families in 2006 than in 2002. More than 21 million children now live in low-income working families—an increase of 800,000 in four years.

In 2006 there were more than 29 million jobs in the US that paid below the official poverty level—defined as \$9.91 an hour for full-time labor—an increase of nearly 5 million poverty-wage jobs from 2002.

Family income inequality also increased rapidly between 2002 and 2006, the report says. In 2006, the top 20 percent of US households earned on average 9.2 times as much as the bottom quintile.

The report notes that working poor families "lack the earnings necessary to meet their basic needs—a struggle exacerbated by soaring prices for food, gas, health and education." About 60 percent of low-income working families are forced to spend more than one-third of their income on housing, and nearly 40 percent lack health insurance for one or both parents.

These families struggle under poverty conditions despite parents working long hours. According to the report, "Adults in low-income working families worked on average 2,552 hours per year in 2006, the equivalent of almost one-and-a-quarter full-time workers."

This total is about one third of all the hours that pass in a year. It is nearly twice the total yearly work hours of the average German worker, who works 1,362 hours per year, and 162 hours more per year than the average South Korean worker, according to statistics from the Organization for Economic Cooperation and Development.

The report documents the sharp decline in living standards for wide layers of the working class, the result of decades of corporate downsizing and wage-cutting presided over by Democratic and well as Republican administrations. It shows that poverty-level jobs are increasingly common and are held by broad sections of the population. Contrary to certain stereotypes promoted by the media, the majority of families living on poverty wages are neither immigrants, minorities or families with a single parent.

Some 72 percent of poor families, according to the report, hold jobs. More than half are headed by married couples, 69 percent have only American-born parents, 89 percent have a parent between the ages of 25 and 54, and 43 percent have white non-Hispanic parents. Only 25 percent receive food stamp assistance.

The study breaks its statistics down to the state level. In general, the conditions of working families are worst in the South and the non-Pacific West. Texas, for example, has the fourth highest number of working families defined as low-income, the second lowest percentage of low-income families who have a high school diploma or its equivalent, the second highest number with no post-secondary school experience, the fewest with health insurance, and the third highest family income inequality.

New York has the highest family income inequality in the nation, California the fourth highest.

The impoverishment of ever-larger sections of the

working class population is the outcome of a number of processes: the dismantling of large sections of basic industry, the wave of union-busting and strike-breaking in the 1980s, the gutting of social welfare programs, the betrayal of the working class by the trade union organizations.

The other side of this process is the vast enrichment of the top 10 percent of the US population and the ever-greater concentration of wealth in the hands of the financial elite.

A survey carried out in March by Equilar and reported by the *New York Times* revealed that the CEOs of the 200 largest publicly traded companies earned an average of \$11.7 million in 2007.

In 2005, the top 1 percent of US households accounted for 21.8 percent of all pre-tax income, twice the figure in 1970s. This represented the greatest concentration of income since the year before the onset of the Great Depression, 1928, when about 24 percent of national income went to the top percentile.

It should be noted that the "Still Working Hard, Still Falling Short" report reflects conditions that existed prior to the eruption of the financial crisis in August of 2007 and the subsequent slide into recession.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact