US: 2008 census figures show severe impact of recession on workers

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The US Census Bureau's 2008 American Community Survey Data, released yesterday, provides a statistical picture of the growing levels of social distress in the United States. The survey, which covers the year following the official start of the recession in December 2007, shows a year-to-year decline in median household income, a rise in the number of people without medical insurance, declining home values and other indices of the social crisis.

Real median income fell 1.2 percent nationally between 2007 and 2008, with stagnant or declining incomes in 40 of the 50 US states and the District of Columbia and Puerto Rico, the data showed. The sharpest falls were in states most affected by the collapse of manufacturing and construction and the housing bust.

Florida had the steepest decline in the nation, with median household incomes falling by $1,860 to $47,800—or by 3.9 percent—followed by Montana (-3 percent), Indiana (-2.8 percent), Maine (-2.5 percent), Michigan (-2.5 percent), Arkansas (-2.1 percent) and California (-2 percent).

Only five states—Kansas, Louisiana, New Jersey, New York and Texas—had a statistically significant increase in median household income last year, ranging from 1 to 3.7 percent. In 2007, 33 states saw an increase.

California lost 462,000 jobs last year, the most of any state, according to the Labor Department. Florida came next with 375,000 job cuts in 2008, followed by Michigan with 204,000. Construction accounted for 29 percent of the job losses in California and Florida in 2008, while manufacturing contributed to 31 percent of the job cuts in Michigan.

Michigan's household income fell from $49,807 in 2007 to $48,591 in 2008, the Census Bureau reported. The present situation is even worse since this figure does not take into account the forced bankruptcies of General Motors and Chrysler earlier this year and the massive job cuts and wage and benefit reductions imposed by the Obama administration. At 15.2 percent, Michigan continued to lead the country in unemployment last month, with Detroit reporting a staggering 28.9 percent jobless rate in July.

The states with the lowest median household incomes in 2008 continued to be in the Deep South, including Mississippi ($37,790), Arkansas ($38,815) and Alabama ($42,666). The depressed coal state of West Virginia had the second lowest income at $37,989, the Census Bureau reported. The highest median household income—$70,545—was in Maryland, which includes the affluent suburbs of Washington, DC. The highest levels of income inequality were in the New York City area.

Housing, health care

For the first time the American Community Survey included the percentage of state residents without health insurance. Texas led the nation with 24.1 percent of its residents lacking health care coverage in 2008.

An earlier census report showed that the number of uninsured Americans increased by about 600,000 in 2008, reaching 46.3 million or 15.4 percent of the population. Particularly hard hit were part-time workers, 1.1 million of whom lost their health insurance in 2008. Another 1.1 million workers in the 35 to 45 age bracket became uninsured due to layoffs and the continuing trend of companies abandoning employer-paid benefits. The number of people in Medicare, Medicaid and the Children's Health Insurance Program and other government plans increased by 1.2 million in 2008, while those with private coverage fell by 1 million.

Meanwhile, plunging home values continued to decimate household wealth. Home values fell 2 percent nationally between 2007 and 2008, with 22 states reporting declines. The biggest falloffs were in Nevada, where housing values fell 16 percent, California (15.5 percent) and Florida (8.6 percent). The share of the population that owned a home fell to 66.6 percent, the lowest rate since 2002 and down from 67.2 percent in 2007, according to an analysis of the census figures by the *Wall Street Journal.* African Americans—who were disproportionately hit by subprime mortgages and other predatory lending practices—saw home ownership rates fall even sharper, to 45.6 percent from 46.5 percent.

At the same time, the Census Bureau reported, renters faced higher housing costs, with gross rents rising from $817 to $824 in 2008. More renters were also spending more than 35 percent of their household income on their dwellings—a figure that reached 40.6 percent in 2008.

As a result of the wave of home foreclosures and job losses, the number of Americans moving in with family members also greatly increased. The Census Bureau reported that there were 3.8 million multigenerational households in 2008.

This was only one of many changes in living arrangements produced by the economic crisis. The census reported that an increased number of couples were putting off marriage, with the percentage of women who never married rising to 28.1 percent in 2008, up from 27.6 percent in 2007 and 27.3 percent in 2006.

In an effort to cut expenses, an increased percentage of people were also carpooling or taking public transportation, although the latter figure had risen to only 5.0 percent due to the general lack of public transport in the US.

Perhaps most significantly, the number of immigrant workers seeking employment in the US has declined after significantly increasing throughout this decade. About 38 million foreign-born people lived in the US in 2008, the Census Bureau reported, some 100,000 fewer than the previous year. Between 2000 and 2006, the immigrant population increased by about 1 million people a year. In 2007, the increase was cut in half, particularly as the number of construction jobs collapsed, and fewer immigrants, especially from Mexico, could find work and send money home to their families.

Social inequality

The staggering decline in living standards recorded in the 2008 census figures are the product of a fundamental restructuring of class relations in America, which began with the Bush administration and is now being accelerated by the Obama White House.

The decades-long assault on the working class, carried out under Republican and Democratic administrations alike, has produced staggering levels of inequality in the US. In 2007, the richest one ten-thousandth of households took home 6 percent of the nation's income, up from 0.9 percent in 1977, the highest level since the Internal Revenue Service began collecting data in 1913. The top 1 percent of earners took home 23.5 percent of income, up from 9 percent three decades earlier.

The bursting of the housing bubble and the decline in stock dividends and share values, however, caused a significant decline in the income of the wealthiest Americans, whose reckless and destructive speculative activities were chiefly responsible for producing the worst economic crisis since the Great Depression.

The Bush administration, and then Obama, responded by emptying the public treasury to cover the bad gambling debts of the Wall Street investors and help the biggest banks consolidate their monopoly. At the same time, taking Obama's assault on auto workers as a signal, corporate America has used the threat of unemployment to slash wages and benefits and impose speed-ups to drastically increase productivity. These measures have led to a significant "recovery" for the corporate and financial elite.

Since March, Standard & Poor's 500-stock index has risen 49 percent. Goldman Sachs, JPMorgan Chase and other Wall Street firms plan to hand out billions in end-of-year bonuses to top executives and traders.

Meanwhile, conditions for working people have only worsened. Since the slump began 21 months ago, the US economy has lost nearly 7 million jobs. There is already talk of a "jobless recovery," where millions of decent paying jobs, with health care and retirement benefits, will never return and the next generation of workers will be condemned to poverty-level jobs.

The cost of the bailout of Wall Street, the Obama administration insists, will be borne by the working class through the gutting of Medicare, Medicaid, public education and other vitally needed social programs, as well as a severe and permanent reduction in workers' living standards. This is the motive behind the president's demand for reducing health care and other costs and ending the days when ordinary Americans supposedly lived "beyond their means."