

US poverty rate hits 11-year high

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Poverty in the United States climbed to 13.2 percent in 2008, up from 12.5 percent in 2007, the highest level since 1997. The increase came as millions of workers lost their jobs in the first year of the worst economic slump since the Great Depression. Meanwhile, median household income hit its lowest level since 1997, while the number of people without health insurance rose. The data was contained in the Census Bureau's Current Population Survey released on Thursday.

In 2008, 39.8 million people were living in poverty, up from 37.3 million in 2007. The government defines poverty as a family of four with an annual income of less than \$22,025. By this measure, the poverty rate for children under the age of 18 rose from 18 percent in 2007 to 19 percent in 2009. There were 14.1 million children living in poverty in 2008. The family poverty rate rose to 10.3 percent in 2008, with 8.1 million families in poverty. As the government's official poverty threshold is woefully low, these figures drastically understate the true picture.

The US Midwest and West showed increases in both the poverty rate and the number living in poverty. The Midwest, hard hit by job losses in manufacturing, saw an increase in the poverty rate to 12.4 percent in 2008, up from 11.1 percent in 2007, an increase of 900,000 people living in poverty. The poverty rate in the West, battered by the collapse of the housing bubble, rose from 12 percent to 13.5 percent, an increase of 1.2 million additional people.

The poverty rate for whites rose to 8.6 percent, up from 8.2 percent in 2007. Poverty among Hispanics rose to 23.2 percent, up from 21.5 percent in 2007. Meanwhile, poverty among African American remained unchanged at 24.7 percent. According to the report, 31 percent of Americans fell into poverty for at least two months between 2004 and 2007. In 2008, 17.1 million people had income below one-half of their poverty threshold, in other words were living in

extreme poverty. Of this number, 36.8 percent were children.

According to the report, median household income fell 3.6 percent between 2007 and 2008. The drop in median income was the largest annual decline since 1991, and means that in inflation adjusted dollars median income stands lower than in 1998. This is the first time in the 40 years that the Census Bureau has tracked household income that there has been a 10-year period in which median income did not increase. In all likelihood this is the first such decline since the Depression decade of the 1930s, as the 1940s and 1950s generally saw rising incomes.

The largest drop in income, 5.4 percent, occurred among wage earners in the 45 to 54 year age-range. The second greatest decline, 3.9 percent, came for workers in the 55-64 age bracket.

While the percentage of people without health coverage remained unchanged in 2008, the number of uninsured increased to 46.3 million, up from 45.7 million in 2008. Among children under the age of 18, 15.9 percent lacked health coverage. The number of people covered by employment-based health insurance fell from 177.4 million to 176.3 million, reflecting the impact of job losses and employers dropping health coverage for employees. For the eighth straight year, 2008 saw a drop the percentage of people covered by employer-based health insurance.

Meanwhile, the number covered by government-based health insurance rose from 83 million to 87.4 million, as a number of states expanded Medicaid and health insurance programs for children.

Texas had the highest rate of uninsured, a staggering 25 percent, up from 24.1 percent in 2007. New Mexico came in second with an uninsured rate of 23 percent. California had the largest number of uninsured, with 6.7 million people lacking coverage.

These figures present a pale reflection of the present

situation, since they do not reflect the impact of continuing mass layoffs and cuts in social services. Based on the continuing job losses, the real number of uninsured is probably closer to 50 million, the figure used by the Congressional Budget Office.

The official unemployment rate in August stood at 9.7 percent. Some 7 million people have lost their jobs since the start of the recession, 3.8 million so far this year, and the toll is growing.

An economist with the Economic Policy Institute told Reuters that by their estimate “a quarter of all children in this country will be living in poverty” by the end of this year.

A press release issued by the American Public Health Association states, “Disturbingly, the uninsured numbers from the U.S. Census Bureau represent the tip of the problem,” adding, “There are another 25 million underinsured people who also receive inadequate access to care and are at risk of many of the same outcomes as those with no coverage at all.”

Inflation adjusted median income was \$50,303 in 2008, a 3.6 percent drop from \$52,163 in 2007. Sheldon Danziger of the Population Studies Center at the University of Michigan said he expects another 5 percent decline in 2009. If this were in fact the case, it would push median income to its lowest level since at least 1995.

The increase in the number living in poverty, and falling incomes for the vast majority, stand in contrast to the continued rise in incomes for the richest 1 percent. Payouts to Wall Street bankers and financial traders are set to reach new heights in 2009. The Census Bureau figures provide one more indication of the enormous social tensions building up within the United States.

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