

One in six Americans in poverty in 2008

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A revised analysis of 2008 US census data shows that 47.4 million Americans, 15.8 percent of the population, lived below the official poverty line. The figure is markedly higher than the official government tally, which recorded 39.8 million people in poverty, or 13.2 percent of the population.

The Census Bureau released the data on Tuesday, which is based on the National Academy of Sciences (NAS) method for measuring poverty, for consideration by Congress and the White House. The Obama administration is reportedly considering altering the traditional method for measuring poverty in the US, which grossly underestimates the true level of social misery.

In arriving at the higher figure, the method recommended by the NAS took into account certain factors that the US Census Bureau typically ignores, including increasing costs related to health care, child care, and transportation, as well as regional variations in the cost of living.

Among its most striking findings, the NAS method reveals that nearly one fifth of elderly Americans live in poverty. At 18.7 percent of the population age 65 and up, this is almost double the official census figure.

Around 14.3 percent of the population aged 18 to 64 is poor, a figure almost 3 percentage points higher than the official tally.

By taking into account the high cost of living in cities such as San Francisco, Boston, and New York City, the NAS figure also reveals much greater concentrations of poverty on the West Coast and the Northeast than official data suggests.

Currently, the official poverty level for a family of four is \$21,203. Established in 1955, the formula for determining the poverty threshold multiplies by three the estimated annual cost of groceries.

Such official estimates, many experts and advocacy groups point out, are absurdly low.

If anything, however, the NAS data also underestimates poverty in the US. The method, for example, counts food stamps and other forms of assistance to the poor in total income. This results in a slightly lower assessment of the number of children living in poverty in the US, at 17 percent as opposed to the Census Bureau statistic of 19 percent.

According to statistical analysis by the Economic Policy Institute in 2007, a family of four in Peoria, Illinois, required \$42,324 to be above poverty. In Chicago, the figure was nearly \$49,000, and on Long Island in New York City, almost \$72,000—more than three times the official poverty level.

Last October, a study by the Working Poor Families Project found that 30 percent of US households were in poverty. The survey, based on statistical analysis from census and labor data from 2004 through 2006, defined poverty as a condition of households unable to meet their basic needs. (See “‘Working Poor’ report: Nearly 30 percent of US families subsist on poverty wages”)

The social catastrophe resulting from the financial collapse of 2008 does not yet register in any of these statistics. With official unemployment at nearly 10 percent, and the real rate far higher, the unemployment crisis is the worst the nation has experienced since the Great Depression. Hundreds of thousands of workers are exhausting their modest unemployment benefits.

Meanwhile, for those fortunate enough to have jobs, wages have fallen at a rate not seen in nearly two decades, and the workweek has shrunk to its shortest on records dating back to 1960. At the same time, productivity is increasing—by a 6.6 percent annualized rate in the second quarter. And working class Americans have seen the two largest sources of their personal wealth—home values and retirement plans—decline sharply.

For these reasons, there can be little doubt that when statistical analysis is carried out for 2009, it will reveal a sharp increase in poverty.

There is little in the way of a social safety net in the US to ameliorate this misery, after decades of cuts to welfare and other social programs. On the contrary, state and city governments are responding to unprecedented budget crises by further reducing outlays for social services.



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