New Year in America: A portrait of social misery

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The new decade finds the US working class suffering a level of social misery not seen since the Great Depression. Unemployment, poverty, hunger, utility cutoffs, homelessness, foreclosures and bankruptcies have become common experiences for millions.

But unlike in the Great Depression, when limited reforms were put in place in response to the crisis, the Obama administration, Congress, and state and local governments are taking no serious measures to provide relief. On the contrary, the two parties of big business are exacerbating the crisis through budget cuts at the state and local level and the federal government is preparing new austerity measures.

Unemployment: At over 10 percent, the official US jobless rate reached in October and November was the highest since June of 1983. A broader measure of unemployment, taking into account those who have fallen out of the official workforce, reveals that something approaching one in five workers is unemployed or underemployed.

The economy has not added jobs since December 2007, and in that same time span has lost 7.2 million jobs overall. Coupling these losses with population growth—the economy must add about 150,000 jobs per month to break even—the net jobs deficit in the period is well over 10.5 million.

It is widely acknowledged that most of the jobs lost will not return for years, if ever. Even by the optimistic forecast of the Federal Reserve Board, the jobless rate will remain above 7 percent through 2011. Those without jobs face long periods of unemployment, the most recent figures showing that 38.3 percent of the unemployed have been without work for 27 weeks or longer.

Data for November show that all 50 states have witnessed an increase in unemployment since the end of 2008. Michigan continued to have the highest official jobless rate at 14.7 percent. Detroit, its principal city and the longtime hub of US auto production, had an official unemployment rate of 27 percent. The real rate approaches 50 percent, a number in line with the worst levels of big city unemployment during the Great Depression.

In California, 12.3 percent of the official workforce was unemployed in November. The most populous US state had by itself shed 617,000 jobs over the previous year.

What remains of the US social safety net is woefully unprepared to meet this crisis, with jobless benefits reaching well under half of unemployed workers. In December nearly ten million workers in the US were receiving jobless benefits, not quite half of these in the form of extended or emergency relief. There were some 5.6 million workers who had both exhausted their unemployment benefits and given up looking up for work.

Those fortunate enough to keep their jobs in 2009 saw their hours, wages and benefits cut, even as employers drove up their productivity. In real terms, average weekly wages fell by 1 percent last year, while worker productivity was ratcheted up by 8.1 percent in the third quarter and 6.4 percent in the second.

Foreclosures and bankruptcies: Increasing numbers of unemployed and financially stressed workers have been unable to meet their mortgage payments. During the third quarter, the number of US homes in foreclosure surpassed one million. In October, a survey by the Mortgage Bankers Association found that about one in ten mortgages was at least one payment behind, while 4.47 percent were in the process of foreclosure.

Most of the recent increase in foreclosures has occurred outside of the subprime loan market, among households that had previously qualified for loans based on stable employment and income.

The *Wall Street Journal* reported on Monday that filings for personal bankruptcy rose to 1.41 million in 2009, up by almost one third. The newspaper called the increase “a surge largely driven by foreclosures and job losses.”

Poverty and hunger: Poverty and hunger, already on the rise in 2008 before the brunt of the economic crisis hit, have intensified.

Analysis of the 2008 US census using criteria favored by the National Academy of Sciences shows that 47.4 million Americans, 15.8 percent of the population, were living below the official poverty line. The official government tally recorded 39.8 million people in poverty in 2008, or 13.2 percent of the population. One in five US children was living in poverty in 2008, according to the official data.

The real poverty rate is far higher, since the income threshold set by the government—$22,000 for a family of four—is absurdly low.

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Judy Putnam, a spokesperson for the Michigan League for Human Services, discussed with the *World Socialist Web Site* her organization's new study "Michigan by the Numbers: Hard Times Continue." According to Putnam, 22 percent of the state's children under five are growing up in poverty. For African American children, the figure is 45 percent, with half the children in Detroit growing up poor.

"Many of those who would have received cash assistance in past recessions are not getting it now," Putnam said. "Only a third are getting cash assistance compared with two-thirds before 'welfare reform' in 1996. All of these folks who need assistance have been squeezed off the safety net. People in Michigan are heavily dependent on food stamps and, if they qualify, for unemployment benefits. But unlike previous recessions only the very, very poor qualify for cash assistance."

The evidence of widespread hunger in the US is unmistakable. In December, the National Conference of Mayors released a study of 27 major cities conducted between October 2008 and September 2009. The report revealed the largest increase in those seeking food assistance since 1991.

In November, the United States Department of Agriculture reported that a record 49.1 million Americans, one sixth of the population, lacked dependable access to adequate food in 2008.

Also in November, Feeding America, a national food assistance organization, released details of an economic impact survey of some of its 63,000 member food charities. It found that between summer 2008 and summer 2009, demand for food charity rose by over 30 percent nationally.

Many of those reliant on food assistance have no other source of income, a new analysis of state data by the *New York Times* reveals. Six million Americans, or 1 in 50, report no income beyond what they receive in food stamps through the joint federal-state Supplemental Nutrition Assistance Program (SNAP).

According to a recent study published in the *Archives of Pediatrics and Adolescent Medicine*, about half of US children will rely on food stamps at some point during their childhood. The figure is 90 percent for black children.

Homelessness and utility cutoffs: With a bitter cold snap settling over much of the nation last week, those suffering homelessness and utility cutoffs found themselves in dangerous conditions.

The caseload of the government's Low-Income Home Energy Assistance Program (LIHEAP) increased by 25 percent in 2009, and is projected to increase by another 20 percent in 2010.

Among the 27 major cities surveyed by the US Conference of Mayors report, 19 reported an increase in family homelessness between the autumns of 2008 and 2009. The largest increases were in Dallas (20 percent), Boston and Kansas City (22 percent each), and Charleston (41 percent).

Across the US, shantytowns reminiscent of the "Hoovervilles" of the 1930s have emerged. People in these encampments live in tents or shacks built of old wood, scrap metal, cardboard and other waste, with no running water, electricity, plumbing, or garbage removal.

An indelible scene took place in Detroit on October 5, when an estimated 50,000 city residents formed a long line stretching around the Cobo Hall convention center after hearing rumors that the city was dispensing assistance for utility bills and housing payments. City officials said only a tiny fraction of those seeking assistance would receive help.

Conditions of the youth: The economic crisis has exacted perhaps its greatest toll on the youth. All of the data related to hunger, homelessness and unemployment show that young people are disproportionately affected.

A study by the Pew Research Center published in November shows that one in ten adults under the age of 35 has moved back to his parents' home as a result of the recession. Overall, half of those aged 18 to 24 now live with their parents. Only about half of young people have jobs, the lowest figure on record dating back to 1948.

A recent study showed that less than half of students graduate on schedule after signing up for a two- or four-year college program, and that most who quit or delay their studies do so on account of economic hardship.

Those who do graduate enter the worst market for degree holders in 30 years, and with record levels of student debt. The average college graduate in 2008 carried a burden of $23,000 in student loan debt, while the unemployment rate for college graduates aged 20 to 24 reached 10.6 percent in the third quarter.

Meanwhile, one in ten male high school dropouts, ages 16 to 24, is currently either in prison or juvenile detention. Among black male high school dropouts, more than a fifth are incarcerated, a study by researchers at Northeastern University shows. For the population as a whole, the Justice Department recently reported that 1 in 31 US adults is behind bars or on probation or parole.

The response of the government: The response of state and local governments to this social catastrophe is drastic reductions in social services and job cuts, under conditions where the Obama administration refuses to provide emergency aid to help cover budget deficits.

The total deficit of the states from 2009 to 2012 is now estimated at $460 billion, a figure that is likely to grow as more state capitals adjust estimates for rapidly declining tax revenue.

"Anything and everything's on the table," said Todd Haggerty, a policy associate with the National Conference of State Legislators. States have "cut the fat, cut the muscle and are now cutting bone. The easy decisions have already been made."

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The fiscal situation confronting the states is expected to deteriorate sharply next year when funds from the federal economic stimulus package, the American Recovery and Reinvestment Act, are exhausted.

Like the states, the federal government faces a fiscal catastrophe, with cumulative US budget deficits expected to top $10 trillion by the end of the new decade, according to the Obama administration's rather optimistic forecast. Cuts in spending must be put in place, in part, to convince creditors, especially China, that the US "can get its finances back in order," the *Wall Street Journal* wrote Monday in a feature on the annual gathering of the American Economic Association.

The response of the Obama administration is to call for an unprecedented program of fiscal austerity and sharp cuts in social spending, to be announced in his State of the Union address early next month and outlined in the new federal budget proposal shortly thereafter. Obama's repeated insistence on the need for Americans to reduce their consumption—even as trillions more are allocated for the banks and for ever-expanding wars in Central Asia and the Middle East—is code language for a deepening of the assault on the working class.

The discussion of possible deficit reduction measures includes regressive taxes such as a national sales tax and sweeping cuts in entitlement programs on which millions of people rely, such as Medicare and Social Security.

Such measures are on top of the administration's health care overhaul, which will reduce costs for corporations and the government while slashing benefits and increasing out-of-pocket expenses for millions of working people.

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