

One third of working families in US struggling to meet basic needs

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Nearly one in three working families in the United States are struggling to meet their most basic needs, according to a new analysis of US Census data by the Working Poor Families Project. Between 2007 and 2009, the share of working families that were low-income—earning less than 200 percent of the official threshold—increased from 28 percent to 30 percent.

The new report was issued as the Obama administration and Congressional Republicans agreed to a range of tax cuts that will further enrich the wealthiest two percent of the American population. In the face of staggering levels of unemployment, poverty and social need, the politicians of both corporate-backed parties in Washington have pledged that 2011 will be the year for making “tough choices” to slash vitally necessary social programs.

The ranks of the working poor swelled by another 1.7 million as corporations used the economic downturn to wipe out full-time positions and force ever-larger numbers of workers to take part-time, temporary and low-paying jobs.

The authors of the new report note, “The plight of these families now challenges a fundamental assumption in America, work pays.”

In 2009—the last year looked at by the study—there were more than 10 million low-income working families in the US, affecting about 45 million people, including 22 million children. In just one year, from 2008 to 2009, the number of children in low-income working families increased by more than 700,000. More than one out of every three children in working families is low income.

Citing the recent findings by the Pew Research Center, the report says more than half of the US labor force (55 percent) has “suffered a spell of unemployment, a cut in pay, a reduction in hours or have become involuntary part-time workers” since the recession began in December 2007.

The misery for millions of working class families

coincides with record corporate profits, a year-end bonus orgy on Wall Street and more tax breaks for the wealthy.

As *Fortune* magazine noted on its web site yesterday, “The super-rich got an early Christmas gift in the \$858 billion tax package that President Obama signed into law on Friday. On top of a two-year extension of Bush-era income tax rates, the wealthiest Americans dodged an estate tax that was set to jump up from zero to 55% for individuals worth more than \$1 million. Instead, under a deal Senate Republicans negotiated with the White House, individuals can exempt estates up to \$5 million and pay 35% beyond that. The exemption for couples is \$10 million.”

The campaign to repeal the estate tax altogether was spearheaded by a “small band of the richest Americans [who] have acted as their own secret Santas,” the magazine reported. The push was led by 18 families—whose net worth was at least \$185 billion—including the Gallos (E&J Gallo Winery), the Kochs (Koch Industries), the Mars family (Mars Inc.), the Waltons (Wal-Mart), and the Wegmans (Wegmans Food Markets).

Coming on the heels of the multi-trillion dollar bailout of the Wall Street banks, the new tax giveaway to the rich will drive up the federal budget deficit and be used by both parties to impose deep cuts in entitlement programs, including Medicare, Medicaid and Social Security. In its lead editorial Monday, entitled, “Enough conversation,” the *Washington Post* insists that 2011 must be the year that Obama acts on what the president “might call the fierce urgency of deficit reduction and tax reform.”

Other reports document the disastrous situation facing the working class. In the 18 months preceding the fall of 2009, 93 percent of households experienced at least one substantial economic shock, according to a new report on economic insecurity by the Rockefeller Foundation and Yale University Political Science Professor Jacob Hacker.

Food stamp usage increased by 16 percent over the past year, according to CNNMoney.com, with one in seven Americans now depending on the federal program. Idaho saw the biggest increase in its food stamp program, with a spike of 39 percent compared to last year, followed by Nevada, at 29 percent, and New Jersey, at 27 percent. In the nation's capital—Washington, DC—21.5 percent of the population currently receives food stamps, the highest rate in the country.

The average recipient receives a miserly \$133 in food stamps per month. If Congress does not extend the stimulus funding beyond the 2013 cutoff, then a family of three could see a drop of \$49 a month in food stamp benefits, or \$59 for a family of four.

While politicians and the media have hailed the rebound in sales and profits for US automakers, residents of Michigan remain mired in Depression-like conditions, with the unemployment rate and underemployment rate reaching over 17 percent. According to the Michigan League of Human Services, several large counties saw increases of more than 25 percent in Food Assistance Program cases, including Oakland (38.1 percent), Livingston (35.8 percent), Macomb (30.5 percent), Washtenaw (30.1 percent), Ottawa (28.9 percent) and Ingham (27.5 percent).

The Midwestern state—which has been devastated by the decades-long downsizing of the auto industry—was the only one in the nation to see a population decline over the last decade, according to the US Census report. The loss of population will impact funding for 140 federal programs that use census data to distribute funds, including cash assistance, education, child care and health care.

“Over the last few days I’ve been getting phone calls about evictions, utility shutoffs and foreclosures,” Lou, a worker at a Detroit area non-profit housing agency told the WSW. “I’ve had people crying, saying this is the first time this has ever happened to them, and they’ve asked for help. A lot of people have exhausted their unemployment benefits; others have had their hours cut or are out of seasonal work like landscaping and construction. A GM worker said because of all the problems in the auto industry, the layoffs and plant closings, he lost a good paying job and is earning next to nothing now.

“I had a woman who said she couldn’t afford Christmas gifts for her kids and was getting an eviction notice,” Lou added. “People are struggling with rent increases. Another

sells metal scrap for a living and receives \$200 in food stamps. Michigan’s Department of Human Services told her she made too much last month because she sold \$300 worth of scrap. So they cut her food stamps down to \$65 a month. Her furnace went out in her mobile home, and she was using an electric space heater to stay warm. Another had been living without heat for 12 days and had to give her infant daughter to a relative because it was so cold in the house.

“We try to help people with housing, furniture, clothing and food banks, but we’re running out of money from the federal Homeless Prevention Rapid Re-Housing program. Pontiac and Macomb County are already out, and even the Salvation Army is low on food because their donations are down.”

Tens of millions confront a holiday season filled with economic distress and anxiety over what the next year has in store for their families. At the same time, Wall Street analysts are forecasting the New Year will bring even more good fortune, as rising corporate profits, the Federal Reserve’s easy money policy and increased spending on mergers and acquisitions, dividends and stock buybacks combine to push share values up.

This is the face of American capitalism: the piling up of wealth at one pole of society and the creation of social misery at the other. The only answer to this is the development of a political movement of the working class, independent of both big business parties, which will fight for socialism and the reorganization of society to meet human needs, not private profit.

The Socialist Equality Party urges workers to study our program and make the decision to join the SEP.



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