Using new formula, Census Bureau ups estimate of US poverty rate to 15.7 percent

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There are over 4 million more Americans living in poverty than previously reported and poor people make up 15.7 percent of the population instead of 14.3 percent, according to new figures for 2009 released by the US Census Bureau on Wednesday.

Utilizing a different formula than that employed to generate the official poverty statistics—one that takes into account living costs such as medical expenses, transportation and child care as well as non-cash benefits including Medicare, food stamps and low-income tax subsidies—the Census Bureau estimated there were 47.8 million people living in poverty in the US in 2009.

The official estimate, released last September, was 43.6 million. The earlier report put the poverty rate for working-age Americans, those aged 18 to 64, at 12.9 percent—already the highest since the 1960s levels that sparked Lyndon Johnson's "War on Poverty" programs. Using the alternate formula, the percentage of working-age poor rises to 14.8 percent.

Most staggering is the increase under the revised formula for the elderly. According to the official poverty figures, 8.9 percent of those 65 and older were living in poverty in 2009. But when out-of-pocket medical costs and other expenses are taken into account, the elderly poverty rate nearly doubles to 16.1 percent.

The highest poverty rate is among children, 18 percent of whom are poor, according to the new Census figures.

Under the revised formula, the West had the worst poverty rate in the country at 19.2 percent. It was followed by the South (16.1 percent), the Northeast (14.3 percent) and the Midwest (12.5 percent).

Kathleen S. Short, a Census Bureau researcher and author of the report released Wednesday, wrote that the "new group of poor would consist of a larger population of elderly people, working families and married-couple families than are identified in the official poverty measure."

The government is not replacing the official figures with those generated by the revised formula, but rather plans to publish the new measure alongside the traditional rate this fall as a "supplement" for the benefit of federal agencies and state governments.

Both the traditional and the revised formulas vastly underestimate the real level of poverty in the US, since they both use an income threshold that is absurdly low. The official 2009 poverty threshold was an annual income of $14,570 for a family of two and $22,050 for a family of four.

The new Census figures were not even reported in Thursday's print editions of the *New York Times*, the *Washington Post* or the *Wall Street Journal*. This reflects the indifference of the political and media establishment to the acute and worsening social distress in the country and the vast chasm separating the ruling elite from the people.

Statistics providing some insight into the scale of poverty, exacerbated by the highest levels of unemployment since the Great Depression, are inconvenient at a time when the major media, the Obama administration and the Republicans are waging a common campaign to justify slashing spending on social programs and reducing taxes and regulations on corporations.

The Obama administration is spearheading the attack on the working class, in the name of "creating jobs." Following the bailout of the banks with trillions of tax-payer dollars and the launching of a nationwide assault on private-sector wages with the Obama Auto Task Force's 50 percent cut in the wages of newly hired auto workers, Democratic and Republican officials alike are demanding savage cuts in the pay, benefits and pensions of public employees.

That "creating jobs" is a euphemism for driving up corporate profits at the expense of workers and society as a whole was underscored by a report in Thursday's *Wall Street Journal* on plans to slash corporate taxes by as much as 15 percent. "But President Barack Obama and Republican congressional leaders are separately sounding the same broad theme that corporate tax rates should be lower," the *Journal* wrote.

This follows last month's extension of the Bush-era tax cuts for the rich, which will funnel some $70 billion a year into the coffers of the wealthiest 2 percent of the population, and the lowering of the estate tax, which will award some 6,600 families an estimated $23 billion in tax breaks.

As part of the administration's efforts to improve relations with big business, the *Journal* noted, the White House on Wednesday announced that Obama will address the US Chamber of Commerce next month.

The Obama administration is intensifying the pro-corporate policies that have led to a massive growth of social inequality over the past three decades. The Economic Policy Institute (EPI) reported last month that the wealth of the richest 1 percent of US households in 2009 was 225 times greater than the median family net worth in America.

The record figure underscores how the ruling elite has used the financial crisis and recession to further plunder the social wealth. The ratio of the wealthiest 1 percent to median wealth last year was nearly twice the ratio of 125 in 1960.

Another report published in November by the EPI highlighted the degree to which the financial elite has monopolized income growth over the past quarter century. The report showed that between 1979 and 2005, households at the bottom fifth of the income scale saw an average, inflation-adjusted income growth of just $200 over the entire 26-year period. Households at the top 0.1 percent of the income scale had an average income growth of almost $6 million over the same period, an average yearly increase of $231,000.

At the other end, according to an EPI report from last September, 2009 saw a record 6.3 percent of Americans living in so-called deep poverty, earning less than half the official poverty threshold. To fall below half the poverty line, a family of four would have an annual income of less than $11,000.

The 2009 deep poverty rate is the highest since the Census Bureau started keeping records in 1975 and is nearly double the low point of 3.3 percent in 1976.

At the same time, growing numbers of workers are falling into the low-income category, earning less than twice the official poverty rate. Nearly a third of all working families are officially low-income, meaning they are actually living in poverty conditions.

Wednesday's Census report, which took into account non-cash benefits in supplementing family income, provided an indication of the devastating social impact the cuts that are being prepared in Social Security, Medicare, Medicaid and other welfare programs will have. The report concluded that without the earned income tax credit, the poverty rate under the revised formula would rise from 15.7 percent to 17.7 percent. The absence of food stamps would increase the poverty rate to 17.2 percent.