

Majority in US earn near-poverty wages

Patrick Martin
22 October 2011

According to figures published by the Social Security Administration Thursday, the median income for American workers in 2010 was \$26,364, just slightly above the official poverty level of \$22,025 for a family of four.

Median income is the point at which half of all workers make less and half make more. The 50 percent of all workers who earn less than the median income are either living in poverty or escaping it only by virtue of having two or more full-time workers in the household—meaning that a layoff that reduces the family to a single income puts them perilously close to impoverishment.

The median income figure gives a much truer picture of the real social conditions in the United States than the more widely publicized average income, which was \$39,959 in 2010. This figure is considerably higher than median income because the distribution of income is so unequal—a relative handful of ultra-high income individuals pulls up the average.

While income for most working people stagnated or declined, the number of people with annual incomes of \$1 million or more rocketed upward, rising 18 percent in 2010 compared to 2009. In other words, 2010 saw a full-scale recovery for the super-rich, while the working class experienced another year of unrelenting economic slump.

The Social Security Administration said that median income has fallen from 72 percent of average income in 1980 to only 66 percent last year, a gap that is the product of the fact that “the distribution of workers by wage level is highly skewed.” The ratio of median to average income fell by 1.2 percent in 2010, the largest decline in at least 20 years.

The agency calculates both a median and an average income from W-2 tax forms submitted by employers to the Internal Revenue Service. Based on W-2 forms, the number of Americans with jobs fell from 155.6 million

in 2007 to 155.4 million in 2008, 150.9 million in 2009 and 150.4 million in 2010. The total drop over the four years of recession and official “recovery” is 5.2 million, and there has been no year-on-year increase in jobs during that time.

The stagnation in incomes is largely a byproduct of this persistence of unemployment. Some 14 million are out of work and another 11 million have either stopped looking for jobs or are working only part-time when they need full-time work.

The US median wage rose by a miserable 0.4 percent in 2010, far below the rate of inflation, after declining a full percentage point in 2009, the biggest decline since such statistical series began more than two decades ago.

The report on median income came out on the same day that a Census Bureau report found that the poverty rate increased in nearly every US city and state in 2010. Twelve states had poverty rates above 17 percent, up from five in 2009, while ten metropolitan areas had poverty rates over 18 percent.

Nine of the ten cities with the highest poverty rates were in the south and southwest: McAllen-Edinburg-Mission, Texas had the highest poverty rate, at 33.4 percent, followed by Fresno, California, at 26.8 percent. The other worst metropolitan areas included Bakersfield, Modesto and Stockton, California; Augusta, Georgia; Memphis, Tennessee; and Durham and Greensboro, North Carolina.

The numbers of people relying on food stamps, Medicaid and other forms of public assistance reached a new high in 2010, breaking the previous record set in 2009.

While the mass of impoverished workers continues to swell, the income and wealth of the super-rich grows even more rapidly. Figures published by the Economic Policy Institute show that the top one percent of households saw their income rise by 224 percent from 1979 to 2007, while those in the top one-tenth of one

percent saw incomes rise by 390 percent. Meanwhile incomes for the bottom 90 percent rose only 5 percent from 1979 to 2007, and actually fell from 2000 on.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact