New studies show growth of poverty, class tensions in US

Kate Randall
14 January 2012

Two new studies document the growth of poverty in America and heightened awareness of the social tensions arising from the conflict between the rich and poor. Both deal with the impact of the recession and reflect rapid changes in both the economic conditions and consciousness of wide layers of the population.

"At Risk: America's Poor During and After the Great Recession," published by the School of Public and Environmental Affairs at Indiana University Bloomington, focuses on the growth of poverty as a result of the economic downturn, and the performance of the US "safety net" in response.

The Pew Research Center survey, "Rising Share of Americans See Conflict Between Rich and Poor," reveals that "the issue of class conflict has captured a growing share of the national consciousness," and that increasing numbers say there are "very strong conflicts" between the wealthy and those at the bottom.

The Indiana University study shows how the extended duration and severity of the economic downturn has "inflicted long-lasting damage to individuals, families, and communities." In particular, the authors point to the growth of the "near poor" and "new poor" as a result of the recession.

The study cites long-term unemployment as one of the major factors contributing to the growth of poverty. Over 4 million Americans report that they have been unemployed for more than 12 months—the largest number since records were first kept in 1948. If the long-term jobless lose their unemployment benefits before the economy turns around, the study warns, the ranks of the so-called new poor will swell between now and 2017.

The authors note that the growing ranks of the newly poor come under conditions where large numbers of Americans are already impoverished. According to official government measures, 46.2 million Americans—about 15 percent of the population—were living in poverty in 2010. This number rises to about 16 percent when using a new "Supplemental Measure," which accounts for shortcomings in the official measurement.

While economists designate June 2009 as the official end of the recession, the Indiana University study notes that the number of people living in poverty is still expected to rise, due to the slow pace of the recovery. Between the years 2006 and 2010 the proportion of people living in poverty has increased by a staggering 27 percent, a trend that is highly likely to continue. This recent increase in poverty has hit young people between the ages of 18 and 34 particularly hard.

The performance of the American "safety net" under these economic conditions has been inadequate and uneven. So-called entitlement programs, including food stamps (SNAP), Medicaid and Unemployment Insurance, which operate with mandatory (if insufficient) funding, have been more responsive as jobs are lost and incomes fall.

By contrast, programs such as Temporary Assistance for Needy Families (TANF), which replaced traditional welfare beginning in 1996, and federal housing assistance have lagged behind need. The study notes that moves under way in Congress to cut the federal budget deficit are likely to result in significant cutbacks to these programs.

Initiatives such as the 2009 federal stimulus package, which somewhat cushioned the blow of poverty in the recession, are also unlikely to be renewed. Additionally, while poverty continues to deepen, many cash-strapped states are making cuts to programs such as unemployment insurance, temporary cash assistance, Medicaid, TANF and other services for low-income individuals and families.

The Pew Research Center Survey finds that the growth of poverty and the inability of federal and state programs to respond to it are having a dramatic impact on the way wide layers of American society view growing social inequality.

The study of 2,048 adults found that about two-thirds of Americans (66 percent) believe that there are either “strong” or “very strong” conflicts between the rich and the poor. This is an increase of 19 percentage points over views studied in 2009. Three in ten Americans, or 30 percent, now feel that there are “very strong conflicts” between rich and poor—double the proportion compared to 2009, and the largest percentage holding this opinion since the question was first asked in 1987.

When evaluating the divisions within US society, survey respondents ranked the conflicts between rich and poor ahead of three other potential sources of tensions: between immigrants and native born, between blacks and whites, and between young and old. In a 2009 survey, respondents cited the tensions between immigrants and native born as the greatest source of conflicts.

The perception that class conflict was the leading source of tension was held across virtually all demographic groups, with younger adults, women, Democrats and African Americans somewhat more likely to hold this view.

The Pew researchers note that this dramatic change in attitudes “may reflect the income and wealth inequality message conveyed by Occupy Wall Street protesters across the country in late 2011 that led to a spike in media attention to the topic.” The study points to growing public awareness of the shift in wealth distribution in America that was reflected in the Occupy movement and popular sympathy for the protests.

The authors cite US Census Bureau data showing that the proportion of overall wealth—a measure including home equity, stocks and bonds, and other personal possessions—held by the top 10 percent of the population increased from 49 percent in 2005 to 56 percent in 2009, a 7 percent rise in just four years.

The Pew survey, alongside the data on poverty presented in the Indiana University study, indicates how such indices of social inequality are finding expression in the sentiments of wider layers of the US population as this economic turmoil deepens and persists.