

Half of Americans in households receiving government aid

Andre Damon
7 June 2012

As states slash billions in funding to key social services and the federal government prepares unprecedented cuts to Medicaid and Social Security, a growing number of US families are relying on government assistance to survive.

Nearly half (49.1 percent) of the American population lives in households that received some form of government benefit in the first quarter of 2011, the *Wall Street Journal* reported last month, citing US Census data.

This number has grown steadily since 1983, when it was 30 percent, and has jumped drastically since the start of the recession in 2008, rising 5 percentage points in only three years.

Programs such as Medicaid, Medicare, unemployment benefits and food stamps are a last resort for the millions of families in the United States that live on the edge of poverty. While the US poverty rate is 16 percent, according to the Census Bureau, nearly half of the population is considered “low income,” with incomes less than twice the official poverty level. (That threshold—\$22,350 for a family of four—is absurdly low).

If these social programs were withdrawn, the official poverty rate in the United States would nearly double, to 28.6 percent, according to a report last year by the Center on Budget and Policy Priorities. Yet both major parties, the Democrats as well as the Republicans, are intent on severely cutting and ultimately dismantling these programs.

Last month, California’s Democratic governor, Jerry Brown, unveiled a budget that will slash \$8 billion from essential social services in the country’s most populous state. Nearly \$2.5 billion will be cut from Health and Human Services, including \$1.2 billion from Medicaid and \$879 million from the state welfare

program. An additional \$224.5 million will be cut from home services for the elderly and disabled.

Also in May, the Illinois state legislature approved \$1.6 billion in cuts to Medicaid, the health insurance program for low-income people, for the upcoming budget year. The cut amounts to 10 percent of the state’s spending on the program.

In addition to throwing people off of the Medicaid rolls, these bills will reduce reimbursement rates to hospitals and nursing homes, prompting more health care providers to stop serving Medicaid recipients. A survey published by Jackson Healthcare showed that 36 percent of physicians have stopped accepting new Medicaid patients, claiming the government has slashed reimbursement rates to the point where they no longer cover their costs.

Among specialized doctors, the rejection rates are even higher. Fifty percent of orthopedic surgeons are not accepting new Medicaid patients, together with 45 percent of family practitioners, 43 percent of neurologists and 39 percent of cardiologists. The number of people seeking Medicaid coverage, meanwhile, is expected to grow by 26 million by 2020.

In the first quarter of 2011, 26 percent of the population lived in a household where someone was on Medicaid, as well as 16 percent for Social Security, 15 percent for Medicare, and 15 percent for food stamps, the *Wall Street Journal* reported.

Demand for food stamps has grown dramatically as a result of the economic crisis. The Congressional Budget office said in April that 45 million people received food stamps in 2011, a 70 percent increase since 2007.

While the ranks of the long-term unemployed continue to swell, more and more jobless people are being stripped of unemployment benefits by the federal

and state governments following a bipartisan bill passed by Congress and signed by President Obama earlier this year reducing the duration of federally-funded extended benefits. This month, 70,000 people will be cut off of extended unemployment benefits, bringing the total number of people who have lost unemployment benefits earlier than they would have without the new law to nearly half a million.

Barack Obama already has the dubious distinction of being the only president in postwar history to reduce government jobs during a recession, an achievement about which he has boasted. But that is just the beginning.

Obama and the Republicans have already agreed to \$1.2 trillion in federal budget cuts starting next year. The Congressional Budget Office warned in May that these cuts, together with the scheduled expiration of Bush-era tax cuts, are likely to cause the US economy to contract by 1.3 percent in the first half of 2013.

Even deeper cuts will follow the election, regardless of who wins. Earlier this year, the Senate Budget Committee, headed by Democrat Kent Conrad, announced that it would postpone a vote on the 2013 budget until after the elections. This move was an obvious attempt to prevent any public debate during the election campaign of the biggest cuts in social spending in the post-World War II period, thereby depriving voters of any opportunity to express their views at the ballot box.

Conrad said, however, that the committee would in the meantime draft a budget along the lines of the recommendations of the Obama-appointed Bowles-Simpson deficit-reduction commission, which include slashing \$5.4 trillion from the deficit over ten years, mainly by cutting social programs.

Meanwhile, corporate profits and executive pay continue to climb. CEO compensation hit a new record last year, growing 6 percent over the year before, according to the Associated Press. The typical chief executive at a publicly traded company took in \$9.6 million in 2011.

Wall Street profits likewise hit a new record. Bank profits have risen for 11 consecutive quarters and reached \$35.3 billion in the January-March period, up from \$28.7 billion in the fourth quarter of 2011. This is the highest quarterly total since 2007.

The drive by both political parties to slash social

programs in the midst of the worst economic crisis since the Great Depression is not a socially-neutral response to a budget crisis, but rather the implementation of a class-war policy carried out in behalf of the corporate-financial oligarchy that runs the United States.

The US ruling elite has used the financial crash of 2008 and subsequent global slump to boost profits by slashing wages and permanently cutting payrolls, resulting in the highest levels of poverty and social deprivation since the 1930s. Millions have been forced to seek government assistance. Now the ruling class is cutting the lifeline that keeps these millions from falling into the abyss of destitution.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact