US Census report: Record numbers in poverty and widening inequality

Barry Grey
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The United States Census Bureau released its latest survey of poverty in America on Wednesday, revealing that the ranks of those classified by the government as poor remained at record highs in 2011, while the gap between the rich and everyone else widened further.

The annual Census report recorded a decline in median income for the second year in a row, a fall in workers' wages, and a sharp increase in the number of workers holding down full-time jobs at near-poverty wages.

It presented a nightmarish picture of social conditions in the US as of the end of last year, more than three years after the Wall Street crash and three full years after the coming to power of the Obama administration.

The administration seized on the fact that the poverty rate, at 15 percent, remained essentially unchanged from 2010 to hail the report as a vindication of its policies. "It is clear that had President Obama not taken swift and aggressive action to grow our economy and create jobs, today's report would have shown much higher poverty rates, lower incomes, and a greater share of the population without health insurance," Rebecca Blank, the acting US secretary of commerce, said in a statement.

One would be hard pressed to conjure up a more disgusting expression of indifference to the suffering of tens of millions of people in the US due to the failure of the capitalist system and the right-wing, pro-corporate policies of the Obama White House.

Roughly 46.2 million people remained below the official poverty line in 2011, the highest number in more than half a century. The 15.0 percent poverty rate, statistically unchanged from 2010, was the highest since 1983.

One in five children was poor. The nation's capital, Washington DC, had the third highest poverty rate, ranked by states, after New Mexico and Louisiana. Obama and the millionaire's club in Congress work only a few blocks from some of the most impoverished ghettos in the country.

The fraud of the so-called "recovery" is underscored by the government's own poverty figures. The supposed recovery from 2001 to 2007 was the first ever to see an increase in the poverty rate, from 11.7 percent to 12.5 percent. The Obama "recovery" from 2009 through 2011 brought the rate to 15.0 percent. Poverty, according to official figures, has risen since 2000 by 3.7 percentage points.

This is because the tepid economic expansions following recessions over the past decade have been entirely skewed to benefit the rich, with minimal job growth and stagnant or declining wages on the one side, and massive tax breaks and government bailouts for the corporations and the wealthy on the other.

Certain statistics highlighted the particularly devastating impact of the economic crisis and the government's right-wing policies on young workers. In the spring of 2007, there were 19.7 million "shared households," defined as households including at least one additional adult (18 or older) not enrolled in school. By the spring of 2012, the number had jumped to 22.3 million, an increase of 2.6 million. This reflects in large part the growing number of post-high school and post-college youth forced by economic duress to move in with their parents.

The poverty rate of young adults age 25-34 living with their parents, measured by their own income only, was 43.7 percent, according to the Census report.

All of these figures grossly underestimate the real level of poverty, since the government's poverty threshold, set at an annual income of $23,021 for a family of four, is absurdly low.

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The growth of poverty is by no means the result simply of impersonal economic forces. It is bound up with a definite agenda carried out by the government to defend the interests of the corporate elite at the expense of the working class. The rejection by Obama of any serious measures to create jobs—such as public works—or to provide relief for the victims of the crisis has played a key role.

The Center for Budget and Policy Priorities (CBPP) in its review of the Census report estimated that a $36 billion decline in unemployment benefits in 2011 added 0.3 percentage points to the poverty rate. The destruction of 386,000 public-sector jobs, including 110,000 jobs for teachers and school employees, further increased the ranks of the poor.

Government policy has likewise played an immense role in the further growth of social inequality. The Census Bureau reported that, based on the Gini index, income inequality rose by 1.6 percent between 2010 and 2011. (The Gini index is a measure of household inequality in which zero represents perfect income equality and 1 perfect inequality). This was the first time the Gini index showed an annual increase since 1993, the earliest year for such estimates of income inequality.

The aggregate share of income declined for the middle and fourth quintiles of US households. It increased 1.6 percent for the highest quintile, and within that quintile, the share of aggregate income for the top 5 percent increased 4.9 percent. The top 1 percent of earners saw a 6 percent rise in income.

Reflecting the ongoing plundering of society by the very richest of Americans, David Johnson, chief of the Census Bureau's social, economic and housing statistics division, told the press, "A lot of the increase in inequality from 2010 to 2011 is driven by changes at the very top of the distribution."

Tim Smeedling, the director of the Institute for Research on Poverty at the University of Wisconsin-Madison, noted that the second and third quintile of Americans now account for only 23.8 percent of the nation's income, the lowest since the Johnson administration in the 1960s.

Real median household income in 2011 was $50,054, a decline of 1.5 percent from the previous year. The figure was 8.1 percent lower than in 2007 and 8.9 percent lower than its peak in 1999.

Average weekly wages for non-supervisory workers fell 0.3 percent after adjusting for inflation. The impact of wage-cutting in every sector of the economy was indicated by a 17.3 percent jump in the number of workers in the lowest income group holding down full-time jobs.

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