

# Minnesota leads US in falling living conditions

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Five years after the crash of Lehman Brothers in September 2008, Minnesota's Democratic and Republican politicians have proclaimed that the economy is resurgent, and that Minnesotans are benefiting from the so-called economic recovery. In reality, the last five years have seen a massive transfer of wealth from the working class into the hands of the financial aristocrats, as living conditions for the working class in the state sink to levels not seen in decades.

A new report from Growth and Justice published in August shows that Minnesota's median household income has fallen by \$13,000 since the mid-2000s. The 18 percent decline was the largest income drop in all 50 states.

The drastic decline in living conditions facing the vast majority of Americans lies in stark contrast to the enrichment of a tiny section of the ruling elite. A University of California study published last week showed that between 2009 and 2012, the top 1 percent captured 95 percent of all national income growth. A *Forbes* magazine report showed that the 400 richest people in the US increased their wealth by 17 percent to a total of \$2 trillion.

At the same time, poverty and inequality in Minnesota remain at the highest levels in decades. The Growth and Justice report indicates that "the number of Minnesotans living in poverty now exceeds half a million. These numbers represent a tremendous amount of aggregate misery and anxiety across the state." In addition, Minnesota's Gini coefficient—an algorithmic measure of inequality—now parallels those of Uganda, Madagascar, and the Philippines.

The extreme polarization of American society is also expressed in the restructuring of the Minnesota job market. Those new jobs that have been added are mostly low-wage and/or part-time. Job data from the Minnesota Department of Employment and Economic

Development shows that the median pay offered to new hires in 2012 fell to an abysmal \$12.50 an hour.

Most job openings are in minimum-wage sectors: vacancy rates are highest for waiters, waitresses, retail workers, cashiers, and landscape workers—all of which offer an average wage of less than \$8.50 an hour.

The situation shows no sign of improving. Target Corporation announced on September 20 that it would hire 20 percent fewer temporary workers for the holiday season. Jodee Kolzak, Target's executive vice president of human resources, told NBC news that after the decision to cut 18,000 seasonal jobs, retail hires will be glad to leave their families to work extra hours over the holidays because "they enjoy helping out during the busy holiday season."

In another indication of the social crisis in Minnesota, homeless shelters and food banks are reporting major increases in demand over the past year.

"We've been around for 40 years and we've never seen the numbers that we've been seeing," said Bloomington food bank manager Nathan Rust in an interview with the *Minnesota Post*. Rust's food bank, Volunteers Enlisted to Assist People (VEAP), has seen an 8 percent increase in meal service in the past year.

"Nearly half the people we serve are working," Rust said. In addition, 45 percent of those served are children.

At the Emergency Food Shelf Network, a New Hope-based food bank distributor, demand for food has gone up. Marketing director Peg McQuillin told the *Post* that there is "certainly no dip" in demand this year, despite "murmurs of recovery" in previous years. "Maybe for someone like you and me our 401(k) has bounced back," McQuillin told a reporter, "but for a lot of the working poor and the poor," the so-called recovery has not been felt.

Overnight stays at Salvation Army homeless shelters increased from 350,000 in 2011 to 463,000 in 2012, the

last year for which data is available. Many homeless people freeze to death in Minnesota's harsh winters, where nighttime temperatures in Minneapolis average between 7 and 12 degrees Fahrenheit.

The number of homeless in Minnesota has tripled since the early 1990s to over 10,000 on a given day, including over 3,500 children. The number of people using emergency shelters rose 27 percent from 2009 to 2012 in the Twin Cities metro area.

Poverty rates remain at their highest rates in decades. According to Census Bureau data, 11.4 percent of the state's population lives below the poverty line. Though this number is lower than the national average, poverty figures in Minnesota have increased at rates that far surpass the national average. Before the financial crash, Minnesota had the third lowest poverty rate nationally. Its rate has worsened to the eleventh lowest. The poverty rate for children is higher—one in six Minnesota children now live below the poverty line.



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