Nearly a quarter of Californians live in poverty, according to modified Census figures

Dan Conway
11 December 2013

A deepening social crisis plagues the US state of California, a reflection of a broader national crisis more than five years after the economic crash of 2008.

According to the US Census Bureau's Supplemental Poverty Measure (SPM), updated last month, a shocking 8.9 million people in the state live in poverty, more than twice as many as in any other state in the country. Nearly a quarter (23.8 percent) of all Californians live in poverty based on this measures, which is designed to create a more accurate picture of poverty than the official poverty statistics.

The current official poverty measure, which has changed little since its adoption in 1963, is calculated at three times the cost of minimum food purchases. SPM, by contrast, calculates the poverty threshold based on a basic set of goods including food, shelter, clothing and utilities, along with a small additional amount for other expenses. The measure also allows for geographical variations. It does not take into account other significant expenditures, including medical costs, retirement saving and debt servicing.

On a national level, 46.7 million individuals were in poverty in 2012 using the official measure, while 49.4 million were considered to be in poverty using the supplemental measure. In California, 6.2 million were officially poor, compared to the 8.9 million based on the SPM.

The October Labor Market Review published by the Employment Development Department also points to a continuing employment crisis within the state, including high long term joblessness. While the official unemployment rate in the state has declined by almost two and half percentage points, from 10.1 percent to 8.7 percent, the unemployment rate is still 3 percentage points higher than the immediate pre-recession peak of December 2007.

As with the national figures, the fall in the official unemployment rate is due primarily to the departure of hundreds of thousands of people from the labor force after giving up hope of finding a job. During the period of so-called recovery, October 2010 to October 2013, the labor force participation rate in the state has decreased from 63.9 percent to 62.5 percent.

Long-term joblessness has also continued to rise. As of October, 28.9 percent of the officially unemployed have been out of work for 52 weeks or more. This would be even higher if those who have given up looking for work were included.

Moreover, some portions of the state are experiencing third-world level unemployment rates. In Imperial County in the state's southeast, 25.2 percent of the population is officially unemployed.

The BLS report also shows that conditions for those who are employed have worsened dramatically. The percentage of those who work part time involuntarily has more than doubled since before the recession to 8 percent, higher than the national average of 5.6 percent.

Inflation-adjusted earnings for the top 20th income percentile have returned to pre-recession levels, while those of the bottom eightieth have declined. The bottom twentieth has seen its income fall by 5.9 percent compared pre-recession levels.

The EDD report also notes that the state's unemployment fund has operated at a greater than $8 billion negative balance since October of 2008. There can be no doubt that as the state's fiscal crisis reemerges, attempts will be made to pare down and wipe out certain aspects of unemployment insurance. This is fully in line with Democratic Party Governor Jerry Brown's proposals to not be indebted to the federal government for unemployment insurance.

The Brown administration has exhibited indifference to the plight of the state's poor and unemployed, in line with the national policy led by the Obama administration.

The governor, a darling of the state's liberal establishment, trade unions and pseudo-left organizations, began his first term with the pledge that "if you want frugality, I'm your man." Since then, he has crafted each year, in partnership with the Democratically-led state legislature, budgets that have cut billions from vitally needed social services. As a result, the state's general fund is operating in the black for the first time in several years. The state's credit rating has improved as wealthy municipal bondholders have been enriched at the expense of the working class.

Despite the fact that the state has the highest number of people in poverty, the governor has earned high praise for his services on behalf of the wealthy and privileged. *Business Week* magazine recently praised the Governor for proving that "unsentimental, grown-up leadership can solve an economy's most intractable problems."

In an interview with the *Los Angeles Times*, the governor boasted that his agenda could be used as a "template for the nation."

While the social situation for the majority of Californians becomes progressively worse, additional attacks against the state's working class are being prepared, particularly in the area of pensions. The recent ruling by Detroit bankruptcy judge Steven Rhodes allowing for pension obligations to be part of the city's bankruptcy filing will be used as a precedent by several California cities that are in or are considering bankruptcy.

Like their counterparts in Michigan, California municipal workers have pensions nominally protected by the state's constitution. Pat Morris, mayor of San Bernardino, the largest California city to file for bankruptcy thus far, called the Detroit ruling "another arrow in the quiver of cities who are in desperate circumstances."

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact