

# The collapse of household income in the US

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9 September 2014

The US Federal Reserve's latest Survey of Consumer Finances, released last Thursday, documents a devastating decline in economic conditions for a large majority of the population during the so-called economic recovery.

The report reveals that between 2007 and 2013, the income of a typical US household fell 12 percent. The median American household now earns \$6,400 less per year than it did in 2007.

Much of the decline occurred during the "recovery" presided over by the Obama administration. In the three years between 2010 and 2013, the annual income of a typical household fell by an additional 5 percent.

The report also shows that wealth has become even more concentrated in the topmost economic layers. The wealth share of the top 3 percent climbed from 44.8 percent in 1989 to 54.4 percent in 2013. The share of wealth held by the bottom 90 percent fell from 33.2 percent in 1989 to 24.7 percent in 2013.

Disparities in income have increased along with the growing monopolization of wealth. While the annual income of a typical household plunged 5 percent between 2010 and 2013, the income of the top tenth of income earners grew by 10 percent, with even bigger gains for the wealthiest households.

The report presents other indicators of social regression. It notes that the percentage of the population that owns homes fell from 67.3 percent to 65.2 percent between 2010 and 2013.

Between 2001 and 2013, the share of young families burdened by education debt nearly doubled, from 22.4 percent to 38.8 percent. Over the same years, the percentage of these families with more than \$100,000 in debt grew nearly tenfold, from 0.6 percent to 5.6 percent.

The Fed report irrefutably demonstrates that the claims of a broad economic recovery are fraudulent. Wall Street and the financial aristocracy, it is true, have

never had it so good. But the conditions of most working people continue to worsen.

It should come as no surprise that the establishment media has buried the Fed report. The politicians of both big business parties, Democrats as well as Republicans, have likewise kept silent.

The Fed report is only the latest in a series of studies on the continuing growth of poverty and social inequality in the midst of what is billed as a recovery from the crash of 2008. They point to the fact that social tensions in America are at the breaking point. There is mounting social opposition, as reflected most recently in the events in Ferguson, Missouri following the police murder of an unarmed teenager. And the response of the ruling class, as seen in the police-military crackdown against protesters in Ferguson, is mass repression.

Meanwhile, Obama has launched another indefinite war in the Middle East and is all but inciting war with Russia in Eastern Europe, threatening a nuclear catastrophe.

Yet in the midst of this explosive situation, national elections, to be held in only eight weeks, are evoking virtually no public interest. The Center for the Study of the American Electorate noted that turnout in the 2014 state primaries was down by 18 percent from 2010, hitting record lows. In Iowa, only 9.7 percent of the population voted in the primary election.

The upcoming congressional elections are projected to inspire a similarly low rate of participation.

Alongside the social polarization, what is taking place is a political polarization, which to date primarily finds expression in the passive form of alienation, abstention and disgust. Broadly speaking, American working people do not believe the elections will change anything. Their experience with the Obama administration, which promised "hope" and "change" and then continued and intensified the reactionary

policies of its Republican predecessor, has begun to open up their eyes to the dead end of the two-party system.

There is a growing sense that more fundamental change is needed and the problems people face are rooted in the entire existing economic and political system.

This belief is vindicated by the refusal and inability of either party to address any of the critical social questions confronting working people—unemployment, falling wages and income, school closings, the gutting of pensions and health benefits. They have nothing to propose except more austerity and more repression.

The Federal Reserve published its report one day before the Labor Department released dismal jobs figures for the month of August, showing that the US economy added fewer jobs last month than in any other month this year. It further showed that 268,000 people dropped out of the labor force, bringing the US labor force participation rate to its lowest level in four-and-a-half decades.

The response of the Obama administration and the Democrats, in the form of the weekly White House address given last Saturday by Vice President Joseph Biden, only highlighted the unbridgeable chasm separating the government from the working class.

Biden hailed the jobs report as a vindication of the administration's policies. It was, he declared, "another reminder of how far we've come." Biden presented Obama and himself as fighters for the American "middle class"—that mythical construction of capitalist politicians and academics who are petrified of acknowledging the existence of the working class.

He made, of course, no mention of the Fed report on the impoverishment of large sections of the population and further enrichment of the financial oligarchy. Nor did he speak of the savage cuts in food stamps or termination of long-term unemployment benefits under his and Obama's watch.

The alternative presented to working people as their "democratic" choice is the Republicans, who are even more naked and ruthless in their promotion of the reactionary interests of the corporate-financial elite.

It is necessary to take stock and draw the appropriate conclusions. There is no way forward for workers and young people outside of a clean break with the existing political parties and the mounting of an independent

struggle against the capitalist system.



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