US poverty rate and income growth stagnated in 2014

Niles Williamson 19 September 2015

The US Census Bureau released its annual income and poverty report this week which showed that median household income and the national poverty rate held steady between 2013 and 2014.

The report found that 14.8 percent of the country's population lived in poverty in 2014, statistically unchanged from a year prior. Blacks had the highest poverty rate in 2014 at 26.2 percent, which was a one percentage point increase over 2013. Among children and teenagers under the age of 18, approximately 15.5 million, or 21.1 percent, lived in poverty.

The vast majority of the population in the United States has seen little or no benefit from the supposedly ongoing economic recovery and a booming stock market. Wages and income remain stagnant while the poverty rate remains unconscionably high, especially in urban areas.

The steady decline of the official unemployment rate from its peak of 10 percent in October 2009 to 5.1 percent in August has had little impact as those returning to work find jobs at lower wages and many others have simply given up looking for work and are no longer counted as unemployed.

The labor force participation rate, the percentage of the working aging population currently employed, has fallen from a peak of 67.3 percent in 2000 to 62.6 percent in August, its lowest level in 38 years.

While the official poverty rate in 2014 was below the recent peak of 15.1 percent in 2010, the total number of Americans living in poverty in 2014, 46.7 million, marked an all-time high. The Census Bureau noted that 6.6 percent of the population lived in what is termed deep poverty, less than 50 percent of the poverty line or less than \$12,115 annual income for a family of four.

The poverty line in 2014 was set at a meager \$24,230 in annual income for a family of four. An individual who made less than \$12,071 was officially counted as below the poverty line. If an individual or family makes a dollar

more than these limits they are not considered to be poor.

In a much better measurement of the precariousness of life for most workers in the United States the Census Bureau reported that fully one third of the American population, more than 105 million people, live at less than twice the official the poverty rate.

The report notes that individuals and families often move in and out of poverty, with a smaller but significant number experiencing long-term poverty. The loss of a job or even a single paycheck can thrust a family into poverty.

Millions of Americans lack any savings they can rely on in the case of a financial emergency. Between 2009 and 2012, 34.5 percent of the population experienced a spell of poverty for two or more months while 2.7 percent lived in poverty for the entire four-year period.

Breaking down the poverty rate by geographical region, the South continued to be the most impoverished and was little changed from 2013 with 19.5 million, or 16.5 percent of the population, living in poverty. The West ranked second with a poverty rate of 15.2 percent (11.4 million), the Midwest third at 13 percent (8.7 million), and the Northeast fourth at 12.6 percent (7 million).

The poverty rate is particularly acute in urban areas throughout the country, with Detroit, Michigan (39.3 percent), Cleveland, Ohio (39.2 percent), Fresno, California (30.5 percent), Memphis, Tennessee (29.8 percent), and Milwaukee, Wisconsin (29 percent) topping the list for cities with populations over 300,000.

Detroit, once the center of auto manufacturing in North America, has been decimated by the shuttering of countless factories over the last four decades. In 2013 and 2014 the city of Detroit was forced into bankruptcy in an undemocratic process overseen by an unelected emergency manager in which wages and benefits were clawed back from city workers and retirees.

While tens of thousands of households in the city have

had their water and other utilities shut off because they cannot afford to pay their bills, a handful of billionaires and multi-millionaires, including Quicken Loans CEO Dan Gilbert, have benefited handsomely from the restructuring and decimation of the city, snapping up land and properties often for as little as one dollar.

Meanwhile 57.1 percent of children and teenagers under the age of 18 in Detroit officially lived below the poverty line in 2014. Among major American cities only Cleveland, Ohio had a higher child poverty rate, at 58.5 percent.

Cleveland, not coincidentally, is another city where the billionaire Gilbert and other wealthy vultures have snapped up property, gentrifying select areas of the downtown entertainment district.

The Census Bureau report also notes that median household income has yet to return to pre-2008 levels, before the 2008 financial crisis and subsequent recession contributing to the persistence of high rates of poverty.

The report notes that median household income in 2014 was statistically unchanged from 2013 at \$53,657, 6.7 percent lower than it was in 2007 and 7.2 percent below its peak in 1999.

While the ratio between the income of the richest ten percent and the poorest ten percent remained unchanged between 2013 and 2014, income inequality in the United States has risen significantly between 1999 and 2014.

Over the last 15 years, income for the 50th percentile, median income, fell by 7.2 percent while income for those in the bottom 10 percent fell by 16.5 percent. While income has fallen over the last decade and a half for the bottom half of society, those in 90th percentile saw their annual income increase by 2.8 percent, and those even higher on the scale saw much larger gains.



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