

Despite increase in 2015, US household income still lags behind pre-recession levels

Kate Randall
14 September 2016

Household incomes for Americans rose in 2015, the US Census Bureau reported Tuesday. Median household income was \$56,516 in 2015, an increase of 5.2 percent over the previous year.

While this was the largest one-year rise since at least 1967, median household income—the level with equal numbers of households above and below it—is still 1.6 percent below the previous peak of \$57,423 in 2007, before the economy sank into recession. It also remains 2.4 percent lower than its peak in 1999, before the bursting of the dot-com bubble.

The census data also reveals that income inequality in America remained virtually unchanged from 2014, with the wealthy in the top fifth of the population taking in about half of all household income, while the bottom fifth earned only 3.4 percent.

The official poverty rate in 2015 was 13.5 percent, down 1.2 percentage points from 14.8 percent in 2014. The census used the abysmally low figure of \$24,847 as the poverty threshold for a family with two adults and two children in 2015. The poverty rate fell by 3.5 million from 2014, meaning that 43.1 million Americans continued to live in poverty. The poverty rate has still not dipped below pre-recession levels.

The census report followed a US Department of Agriculture report last week showing that 12.7 percent of US households were food insecure in 2015, meaning they had difficulty at some time during the year providing enough food for all their members due to a lack of resources.

Predictably, President Obama praised the modest household income gains, posting on his White House blog, “Today’s report from the Census Bureau shows the remarkable progress that American families have made as the recovery continues to strengthen,” and pointing to the figures in a stump speech he gave for

Hillary Clinton in Philadelphia Tuesday afternoon.

While Obama touted the household income gains as evidence that the economy is on the upswing, analysts question why seven years after the proclaimed “recovery” in 2009, household incomes have still not returned to pre-recession levels, while poverty and hunger remain extraordinarily high for the richest country in the world

Or, as Arloc Sherman of the Center of Budget and Policy Priorities told the *New York Times*, “The next question is why did it take such a long time for things to look good?”

The number of full-time, year-round workers increased by 2.4 million in 2015—1.4 million men and 1 million women. Between 2014 and 2015, the real median earnings of men and women who worked full time, year round in both years increased by 1.5 percent and 2.7 percent, respectively.

This is far lower than the reported 5.2 percent increase in median income for all households. This suggests that the largest source of these gains is increased working hours for part-time workers rather than any rise in hourly pay. As workers moved from unemployment or part-time work to full-time jobs, many of these jobs are likely in the low-wage retail and other sectors.

And while men’s earnings from work in 2015 rose by 1.5 percent from 2014, to \$51,212, they still lag behind men’s earnings from the 1970s when calculated in 2015 dollars. Women’s earnings rose by about 25 percent, to \$40,742, during this same period.

Real median incomes in 2015—\$72,165 for family households and \$33,805 for nonfamily households—increased 5.3 percent and 5.4 percent, respectively, from their 2014 medians.

While all family households saw median income

increases in 2015, married couple households had the highest median income, at \$84,626. This was followed by households maintained by men with no woman present, \$55,861 median, and those maintained by women with no man present, \$37,797 median.

Hispanic households saw the greatest rise in median income (6.1 percent), followed by white households (5.6 percent), black households (4.1 percent), and Asian households (3.7 percent).

Although all regions of the country saw median household income increases, the South's was the smallest, rising by 2.9 percent. Rural areas were the only demographic to see a decrease in median household income, dropping by 2 percent, compared to metropolitan areas.

The census's comparison of household incomes distributed across all quintiles of the population showed virtually no change from 2014 to 2015, indicating that extreme income inequality persists despite the modest increases in household median income.

While the bottom and second lowest fifths of households saw modest increases in income, 1.9 percent and 0.3 percent, respectively, the highest fifth still takes 49.8 percent of all income. The top 5 percent takes in 21.8 percent, statistically equal to 2014.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact