Further considerations on the household income report: Poverty and inequality in America

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The Obama administration, the Democratic Party and their allies in the corporate-controlled media have hailed the Census Bureau report released Tuesday, claiming it demonstrates that the US economy has "turned the corner" and that the supposed "economic recovery" is now providing big dividends for working people and even for the poor.

The headline numbers of the report include a 5.2 percent increase in median household income, the highest year-on-year increase in a half century; an increase in the number of full-time, year-round workers by 2.4 million; a drop in the poverty rate, from 14.8 percent to 13.5 percent; and a drop of 3.5 million in the total number of people living in poverty. The number of people without health insurance also declined significantly.

President Obama, who has repeatedly declared that the condition of America is "pretty darn great," made much of the report during a campaign appearance Tuesday in Philadelphia in support of Democratic presidential candidate Hillary Clinton. "This is a big deal," he said. "More Americans are working, more have health insurance. Incomes are rising. Poverty is falling."

The *Washington Post* hailed the report with an editorial blasting both Donald Trump and Bernie Sanders for subjecting American voters "to a bombardment of negativity about the U.S. economy." The editorial continued, "[D]uring the entire time candidates such as Mr. Sanders and Mr. Trump were out on the stump, the U.S. economy was performing contrary to their respective tales of woe. Traumatic as it was, the Great Recession belongs mostly to the past, and those who speak and act otherwise are simply not leveling with the public."

The *New York Times* headlined its news analysis of the Census figures, "The Economic Expansion Is Helping the Middle Class, Finally." Even lower-income workers were benefiting from the "economic expansion" in the US, the *Times* wrote. "After all these years, the fruits of the recovery are now being delivered more broadly."

The triumphalist conclusions being drawn by the Obama administration and its media acolytes fly in the face of the actual lived experience of tens of millions of working people. They are following the example of the comedian Chico Marx, who famously said in *Duck Soup*, "Who are you going to believe, me or your own eyes?"

A careful examination of the figures presented in the Current Population Survey (CPS), the formal name of the study, suggests that the hosannas by Obama and the media are premature. The statistical data is not fabricated, but it has been packaged in the light most favorable to the Democrats in the final two months of a hotly contested presidential election.

The 5.2 percent increase in household income from 2014 to 2015, celebrated in media headlines around the country, was the first annual increase in median household income since 2007, before the Wall Street Crash. However, median household income remained 1.6 percent below the 2007 figure, and 2.4 percent below the all-time high, reached in 1999.

Table 1 of the report breaks down the income and earnings by various characteristics, including type of household (family or nonfamily, married couple or single parent), race, age, region and area of residence (city, suburban, rural), as well as giving figures for full-time, year-round workers.

The last figure is particularly important. Men who worked full-time throughout 2014 and 2015 saw an increase of only 1.5 percent in median household income. Women who worked full-time both years saw an increase of only 2.7 percent. Yet these comprised more than 111 million people, more than half the total number of working-age adults (aged 18 to 64).

How is it possible for the median household income to rise by 5.2 percent overall when the figure for workers holding full-time, year-round jobs is so much lower? Only if the minority of workers who were not employed full-time and year-round saw a much larger increase in median household income.

Many workers who were limited to part-time work in 2014, or were unemployed entirely, went back to work or worked longer hours in 2015. This does not mean they got a raise. A minimum-wage worker who went from 15 hours of work a week in 2014 to 30 hours of work a week in 2015 would see a doubling in his or her income, a 100 percent increase, entirely from longer hours, even as their pay remained abysmally low.

In other words, median household income may rise significantly through an increase in working hours rather than an increase in hourly pay. Given that real wages have remained stagnant or risen only slightly in recent years, that appears to be what happened in 2015. Low-paid workers worked more hours, and most new jobs taken by previously unemployed workers were in the low-pay service sectors, like healthcare, restaurants and bars, nursing

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homes, retail outlets, etc.

The *Washington Post* editorial sneered at Sanders because he "served up a story of beaten-down employees serving their corporate bosses 'long hours for lower wages'." The Census report actually suggests that "longer hours for low wages" would have been a completely precise description of the predicament facing tens of millions of American workers.

Several other pieces of data support this conclusion. The households which saw the biggest jump in median household income were headed by single women without children. While their median pay rose by 8.7 percent, this was from an extremely low base: from $26,703 in 2014 to $29,022 in 2015.

The only section of the population which saw an outright decline in median household income were people living in rural areas, already lower paid on average than people living in cities or suburbs. Their median household income fell 2 percent, to $44,657 annually, more than $15,000 a year behind people living in metropolitan areas (combining cities and suburbs). During the presidential primaries, these areas saw some of the largest votes for Trump, as well as for Sanders.

Obama and the media also hailed the reported drop in the poverty rate. First, a general caution about these figures. As the Census Bureau admits, its survey is limited to the "resident civilian non-institutionalized population of the United States." This excludes a significant portion of the US population: "People in institutions, such as prisons, long-term care hospitals, and nursing homes, are not eligible to be interviewed in the CPS."

If one adds up those excluded from the survey—2.3 million prisoners, 1.4 million nursing home residents, 1.2 million in hospices and 1.1 million in other long-term care settings—that means that some 6 million people are left out.

In addition, as the Census report explains, "Since the CPS is a household survey, people who are homeless and not living in shelters are not included in the sample." Again, a large group of people, at least half a million and perhaps many more, who are all living in poverty, but not counted in the Census report.

These omissions suggest that the report's findings on declining poverty should be taken with a large grain of salt. What is happening to that section of the population too poor, too sick, too old or too desperate to be covered by the survey of households? Nearly all of these people are of low income, and the vast majority would be added to the total number of people living in poverty, bringing that figure closer to 50 million Americans.

That said, the poverty figures actually reported by the Census are themselves quite grim.

The Current Population Survey found: "During the 4-year period from 2009 to 2012, 34.5 percent of the population had at least one spell of poverty lasting 2 or more months." The number is staggering: about 110 million people. The official poverty line is absurdly low, set now at $24,250 for a family of four, or $11,770 for an individual. But more than one-third of all Americans fell below that abysmal marker for a significant period of time.

According to the Census, only 2.7 percent of the population lived in poverty for all 48 months of 2009-2012. This underscores the reality that poverty in America is most frequently the result of a traumatic event—an illness, a lost job, a car accident, a house fire—which plunges people below the official poverty line. After the disaster, they claw their way back up, frequently with help from friends, family or charity, although they usually remain living on the edge, the proverbial "one paycheck away" from severe distress.

There is, in addition, one further aspect of the Census report, about which the media pundits as well as the capitalist politicians have been completely silent. There is a table showing "Household Income Dispersion" over a period of 40 years. That is a measure of how total income is distributed among the various sections of the population.

In 2015, the poorest 20 percent (quintile) of the US population received only 3.1 percent of total income. The richest 20 percent raked in 51.1 percent. The intermediate quintiles made up the difference: 8.2 percent of total income for the second poorest quintile, those between 20 percent and 40 percent of median income; 14.3 percent for the third or middle quintile, those from 40 percent to 60 percent of median income; and 23.2 percent for the fourth or second-richest quintile, those between 60 and 80 percent of median income.

What is remarkable about these figures is not only the appalling disparity between the richest and poorest fifths of the population, but the seeming immovability of that difference. The figures for 10 years earlier, in 2005, are virtually identical: 3.4 percent, 8.6 percent, 14.6 percent, 23 percent, 50.4 percent for the five quintiles. Ten years before that, in 1995: 3.7 percent, 9.1 percent, 15.2 percent, 23.3 percent, 48.7 percent.

A similar permanence is displayed in the share of national income going to the top 5 percent, those genuinely wealthy: 21.0 percent in 1995, 22.2 percent in 2005, virtually the 22.1 percent in 2015.

Despite the propaganda distortions of Obama, the Democrats and the media, what the Census report actually documents is the social reality of American capitalism in its death agony: mass poverty, stagnant incomes, increased low-wage exploitation, and the unbridgeable gulf between a tiny minority of the rich and super-rich and the working population.

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