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US Census report shows increasing social inequality

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US Census data from 2016 released on Tuesday shows increasing social inequality amid a small gain in household income that is offset by a massive growth of personal debt and rising living costs.

The data tracks the ongoing redistribution of wealth from the working class to the wealthy as a result of the pro-Wall Street policies of both the Republican and Democratic parties. It substantiates the oligarchic character of the United States.

Social inequality

The Gini index, used to measure social inequality, with higher figures indicating a wider economic divide, rose slightly from 2015 (.479) to 2016 (.481). The 2016 figure, according to rankings in the *CIA World Factbook*, makes the US slightly more equal than Madagascar and less equal than Mexico.

In terms of aggregate income share, the shift from 2015 to 2016 is as follows:

	2015 share	2016 share	percent change
Lowest quintile	3.1	3.1	-1.1*
2nd quintile	8.2	8.3	0.7
3rd quintile	14.3	14.2	-0.8
4th quintile	23.2	22.9	-1.3
Highest quintile	51.1	51.5	0.8
Top 5 percent	22.1	22.4	1.8

Income share from 2015-2016. *Census data reported to one significant figure, meaning percent decline is not reflected in 2015 and 2016 share columns.

The growth in inequality is even starker when traced from 2007, the year before the Wall Street crisis.

The data reflects income and not wealth, thereby providing an incomplete and conservative indication of the scale of inequality. Even within the highest quintile, the income share increased only for the top 10 percent, and, in particular, the top 5 percent.

	2007 share	2016 share	percent change
Lowest quintile	3.4	3.1	-8.8
2nd quintile	8.7	8.3	-4.5
3rd quintile	14.8	14.2	-4.0
4th quintile	23.4	22.9	-2.1
Highest quintile	49.7	51.5	3.6
Top 5 percent	21.2	22.4	2.9

Income share from 2007-2016

Household income

The corporate media has portrayed the report as a sign of positive income growth, since it shows a slight rise in median income of 3.2 percent from 2015 to 2016.

But according to the Census data, the earnings of "full-time, year-round workers" remained stagnant. For men in this category, a total of 63.9 million people, earnings declined by 0.4 percent, from $51,859 in 2015 to $51,640 in 2016. For women in this category, 47.2 million people, there was a minor increase, 0.7 percent, from $41,257 in 2015 to $41,554 in 2016. In other words, families with 2 adults working full-time saw a paltry $78 increase in their yearly earnings from 2015 to 2016.

Claims of rising incomes mask the growth of inequality. The Census data shows that the household income of the 90th percentile (the 100th being the highest) was 12.53 times higher than the household income of the 10th percentile in 2016, up from 12.23 times higher in 2015 and 11.18 times higher in 2007. The degree to which income is concentrated in the richest 10 percent of the population is exemplified by the fact that the 5th percentile boasted a household income 3.82 times higher than the 50th percentile in 2016, up from 3.79 times in 2015 and 3.52 in 2007.

As *Bloomberg News* reported Wednesday, "Since 2007, average inflation-adjusted income has climbed more than 10 percent for households in the highest fifth of the earnings distribution, and it's fallen 3.2 percent for the bottom quintile. Incomes of the top 5 percent jumped 12.8 percent over the period."

For the working class, any income increase was transferred to the corporate elite in the form of rising debt payments and increasing living expenses, especially for health care.

According to figures from eHealth, a large private health exchange, average deductibles for families rose 5 percent from 2016 to 2017 (a year after the period covered by the Census report) and average individual premiums rose 22 percent over the same period.

The rising cost of student debt alone largely erases income increases seen by some young people. According to the Census, those aged 15 to 24 saw an income increase of 13.9 percent, from $36,564 in 2015 to $41,655 in 2016, while incomes for young people aged 25 to 34 rose 4.9 percent, from $58,091 to $60,932, nearly double the percentage increase for older age groups.

However, in 2016, student debt rose to an average of $30,000 per young person, up 4 percent from 2015, eliminating over 80 percent of the income rise for 25-34 year olds. For 15 to 24 year olds, the $4,000 increase in median income would hardly cover one sixth of the average debt payment, let alone make up for the fact that young people face a future in which they are unlikely to receive a pension, Social Security or Medicare.

Rising debt levels are not a phenomenon limited to young people. A *Bloomberg* report from August 10 notes that credit card defaults increased from the beginning of 2015—when roughly 2.5 percent of debt holders defaulted—to the end of 2016, when the total hit 3 percent. This figure subsequently climbed in 2017 to reach 3.49 percent.

Bloomberg notes: "After deleveraging in the aftermath of the last US recession, Americans have once again taken on record debt loads that risk holding back the world's largest economy... Household debt outstanding--everything from mortgages to credit cards to car loans--reached $12.7 trillion in the first quarter [2017], surpassing the previous peak in 2008 before the effect of the housing market collapse took its toll, Federal Reserve Bank of New York data show."

"For most Americans," the report continues, "whose median household income, adjusted for inflation, is lower than it was at its peak in 1999, borrowing has been the answer to maintaining their standard of living. The increase in debt helps explain why the economy's main source of fuel is providing less of a boost than in the past. Personal spending growth has averaged 2.4 percent since the recession ended in 2009, less than the 3 percent of the previous expansion and 4.3 percent from 1982-90."

The *Bloomberg* report explains that income from wages minus household debt trended downward in 2015, meaning that debt is rising faster than wages, causing a loss of roughly $500 billion across the US economy in the space of just one year.

Poverty rate

Though the Census report shows that the poverty rate declined from 13.5 percent of households in 2015 to 12.7 percent in 2016, this figure is substantially higher than the 11.3 percent level that prevailed in 2000. In reality, individuals and families must make 2.5 to 3 times the official poverty rate of $12,000 for an individual, $15,500 for a married couple and $25,000 for a family of four just to make ends meet.

What the data really shows is that the poorest half of the country--over 150 million people--is in a desperate financial position, with the next poorest 40 percent facing constant financial strain and a declining share of the national income. In regard to poverty, the Census Bureau maintains figures that go up only to 200 percent of the official poverty level. The latest report shows that 95 million people—29.8 percent of the population—fall into this category. The share of those under the age of 18 in this category is much higher--39.1 percent.

This is the context for the drive by the Trump administration and both big business parties to slash corporate taxes, impose a health care “reform” that will increase costs for millions of people, and accelerate the transfer of wealth from the working class to the financial aristocracy.