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Global Research

One in seven Americans now living in poverty

by Patrick Martin

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Census figures for 2009, to be released Thursday, are expected to show that the poverty rate soared last year to nearly 15 percent. One out of every seven Americans is now living below the official poverty level, the highest proportion since the 1960s. One in five American children is living in poverty.

The Associated Press reported the sharp rise in the poverty rate after interviewing six demographers who have been tracking the preliminary census figures, and finding wide consensus that 2009 figures are likely to show a significant rate increase to the range of 14.7 percent to 15 percent.

That rate would indicate that some 45 million people were living below the official poverty line in 2009. The official poverty level, an annual income of \$22,000 for a family of four, grossly understates the income required for a decent life. The real number of people living in actual economic distress is much higher, probably over 100 million.

The Census figures are for 2009, and the number living in or near poverty has no doubt continued to increase this year, with the official unemployment rate remaining near 10 percent and the combined rate of unemployment and underemployment at nearly 17 percent.

The rise in the poverty rate from 13.2 percent in 2008 to 15 percent in 2009 is the largest

year-on-year increase since the US government began collecting such statistics in 1959. The previous largest increase came in 1980, a year of double-digit inflation.

The metropolitan areas showing the largest increase in poverty rates include Detroit and Los Angeles, as well as Las Vegas, Modesto, California, and Ft. Myers, Florida.

The sharp rise in poverty is a direct consequence of the destruction of jobs and slashing of wages since the US economic slump began in December 2007. The poverty rate for the working population, aged 18-64, is expected to jump from 11.7 percent in 2008 to 12.4 percent in 2009, the highest level for working people since 1965, when Democratic President Lyndon Johnson launched his "war on poverty," expanding the network of social welfare programs.

The federal government first measured the poverty rate in 1959, registering a figure of 22.4 percent, the all-time high. Under the impact of the postwar economic boom and the social reform measures of the 1960s, the poverty rate fell steadily to a low of 11.1 percent in 1973. Since then it has slipped back, stagnating in the range of 12 to 14 percent, until last year's sharp increase.

Deepening poverty leads inexorably to social tragedies: homelessness, hunger and other forms of severe deprivation. According to the federal Department of Housing and Urban Development, the number of families in homeless shelters jumped from 131,000 in 2008 to 170,000 last year. A New York Times article that reported these figures cited anecdotal accounts of increases in demand for beds at homeless shelters of 20 to 30 percent.

Conditions in the poorest large city in America, Detroit, give a glimpse of the future for wide layers of the working class. Several thousand people lined up at a west side Detroit church Saturday to get free bags of groceries and school supplies. Parents with small children, retirees and low-income workers starting lining up at 8 a.m. for the event that started at 11 a.m., and the queue circled around the city block. (See "Thousands line up for food, school supplies in Detroit".)

In scenes reminiscent of the Great Depression, children carried away boxes with surplus potatoes and frozen meat. Detroit, which has been devastated by decades of factory closings and layoffs, has a real unemployment rate of 50 percent, with one out of every three residents officially listed as living below the poverty level.

The impact of the economic slump on the thinking of working people was indicated in a survey by the Heldrich Center for Workforce Development at Rutgers University, released September 1, which found that nearly three-quarters of all workers had either lost a job or had a relative or close friend who had lost a job. Among the unemployed workers, 86 percent had cut back their family's spending, 63 percent had spent down retirement saving accounts, and 60 percent had been forced to borrow money from family or friends.

Perhaps most significant were the political conclusions that those interviewed were

beginning

to

draw:

- More than two-thirds expected the economic slump to continue or worsen in 2011.
- More than half, 56 percent, thought the US economy has undergone a fundamental and lasting change, rather than a temporary downturn.
- More than half, 54 percent, supported increasing the federal deficit to fund programs to directly create jobs, a figure that rose to 77 percent among the unemployed.
- Asked whom they trusted to manage the economy, only 23 percent chose President Obama and even fewer, 19 percent, chose his Republican opponents in Congress. Nearly half, 45 percent, trusted neither.

Such figures give a glimpse of the enormous social and political gulf that has opened up in America, between the wealthy elite at the top—which controls both the Democratic and Republican parties—and the working people who constitute the vast majority of the population, but are entirely unrepresented in the existing two-party system.

The comparisons between the current poverty rate and that in 1965, when Johnson launched his abortive “war on poverty,” demonstrate how far to the right the official political consensus has moved. No Democratic or Republican politician today proposes even the slightest gesture to alleviate the growth of poverty and social misery, let alone a serious mobilization of society’s resources.

When President Obama was asked about the growth of poverty during his Friday morning press conference, he responded with words taken directly from a right-wing Republican, Ronald Reagan, who declared that the best anti-poverty program was a job (meaning that nothing should be done to assist those for whom the capitalist system could not provide employment).

Obama’s new top economic adviser, Austin Goolsbee, reiterated this stand during interviews on several Sunday morning television programs. He told the ABC program “This Week” that unemployment was going “to stay high,” adding, “I don’t anticipate it coming down rapidly.”

When interviewer Christiane Amanpour asked him directly about the new report on the poverty rate rising “to 15 percent, back to 1960 levels, which led to the national war on poverty,” Goolsbee dismissed the implicit comparison.

“I think the number one thing you can do to address poverty also is the way you address unemployment and the way you address the squeeze of the middle class, that is get the economy growing and get people back to work,” he said. Underscoring the subservience of the Obama administration to big business, he concluded, “Let’s get the private sector stood up so that they can, you know, carry us out of this.”

This perspective underscores the current wrangling between the White House and congressional Republicans, over how many hundreds of billions of dollars should be handed over to big business and the super-rich.

The Obama administration is proposing a package of business tax breaks worth a reported \$200 billion over the next two years. The Republicans are holding out for an extension of the Bush tax cuts for the wealthy, which would pump an additional \$780 billion into the pockets of the financial aristocracy.

Neither big business party proposes any policies to directly create jobs for the unemployed, such as a major expansion of public works, to provide emergency relief for the growing numbers of poor and unemployed, or to alleviate the mounting scourges of utility shutoffs, homelessness and hunger.