

Growing Poverty and Despair in America

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In 1962, Michael Harrington's "The Other America" exposed the nation's dark underside enough for John Kennedy to ask his Council of Economic Advisor chairman, Walter Heller, to look into the problem and for Lyndon Johnson to say (on January 8, 1964) that his administration "today, here and now, declares unconditional war on poverty in America."

In fact, it was little more than a skirmish that fell way short of addressing the real problem in the world's richest nation. Today it's even greater and increasing exponentially under a president who, unlike Johnson, declared war on the poor and disadvantaged to favor privilege over growing needs and essential social change.

In his book, Harrington wrote:

"In morality and in justice every citizen should be committed to abolishing the other America, for it is intolerable that the richest nation in human history should allow such needless suffering. But more than that, if we solve the problem of the other America we will have learned how to solve the problems of all of America." Sadly, we didn't then nor have we now.

Perhaps more than anything, increasing homelessness and hunger highlight the growing problem as, in the face of deteriorating economic conditions and growing human needs, administration policies are indifferent, counterproductive, uncaring and hostile.

In December 2008, Reuters reported that "Homelessness and demand for emergency food are rising in the United States as the economy founders," according to a December 2008 US Conference of Mayor's Task Force on Hunger and Homelessness survey of 25 American cities. Chief causes cited were growing poverty, unemployment, and unaffordable housing costs with greater than ever expected challenges in 2009. At the time, it was reported that "Cities continue to develop aggressive strategies to prevent homelessness" and provide other essential services, but that was then and this is now.

An Epidemic of State Budget Shortfalls

As economic conditions deteriorate, the Center on Budget and Policy Priorities (CBPP)'s July 29 report highlighted the growing problem. Titled "New Fiscal Year Brings No Relief from Unprecedented State Budget Problems," it cited the following issues:

- at least 48 states "addressed or still face shortfalls in (their FY 2010) budgets," the result of "the worst decline in tax receipts in decades;"
- at issue is a \$163 billion deficit or 24% of their budgets, and these numbers keep rising as conditions worsen;

- at least 33 states “already anticipate” 2011 deficits that may exceed 2010 ones; and
- for FYs 2010 and 2011, shortfalls of at least \$350 billion are expected, and FY 2012 may bring little or no relief.

In response, deep social service cuts are being implemented, putting the burden on vulnerable Americans to cope and survive. The situation is grave and worsening with at least 21 states cutting “low-income children’s or families’ eligibility for health insurance or reduce their access to health care services.”

Elderly and disabled persons programs are also being reduced or eliminated. So are services for home and child care, rehabilitation, and other essential needs for the poor and low-income households. The most vulnerable of all are affected, yet more cuts are expected as new budget pressures arise.

Pre-school, K-12, and higher education cuts are being made as well. Public payrolls and hours worked are being slashed, exacerbating the growing unemployment problem, worse still by cutting pay for the still-employed. Tax increases may also be considered at the worst possible time.

“Expenditure cuts and tax increases are problematic policies during an economic downturn because they reduce overall demand and can make the downturn deeper. When states cut spending, they lay off employees, cancel contracts with vendors, eliminate or lower payments to businesses and nonprofit organizations that provide direct services, and cut benefit payments to individuals.”

Demand is then reduced because households have less to spend. As a result, the economic crisis deepens. CBPP said federal assistance is crucial, yet the Obama administration declined while providing trillions to Wall Street and other corporate favorites. That’s the state of governance in America today under Republican and Democrat administrations, each no different from the other.

Hunger in America

On its web site, Feeding America (formerly America’s Second Harvest) said in “the land of plenty,” one in eight Americans (meaning millions) face growing hunger problems, and not just the poor and unemployed. They’re “often hard-working adults, children and seniors who simply cannot make ends meet” and have to forego meals at times, even for days.

Hunger and Poverty Facts

- in (pre-crisis) 2007, 37.5 million people were impoverished; they comprised:
- 12.5% of the population and 9.8% of families;
- 20.3 million or 10.9% of people aged 18 – 64;
- 13.3 million or 18% of children under age 18; and
- 3.7 million or 9.7% of seniors aged 65 or older who benefit from Social Security and Medicare.

In addition:

- 36.2 million Americans are food insecure, including 12.4 million children;
- they comprise 13 million or 11.1% of households;
- 4.7 million households experience “very low food security” meaning hunger is a persistent problem;
- households with children have double the food insecurity as ones with none;
- single women-headed households are worst off with 30.2% of them insecure; and
- 53.9% of food-insecure households rely on one or more of the following federal programs – food stamps, the National School Lunch Program, and the Special Supplement Nutrition Program for Women, Infants and Children (WIC); in addition, Feeding America (in 2007) provided emergency food aid to about 25 million low-income people, 8% more than in 2001.

On August 6, the US Department of Agriculture reported a record 34.4 million Americans (one in nine) receiving food stamps in May as unemployment keeps surging. It was the sixth consecutive monthly record, and every state showed an increase as economic conditions worsen.

On September 10, the Commerce Department will release 2008 census data expected to show around another 1.5 million people added to the poverty rolls over 2007 figures – a total of nearly 39 million representing 12.7% of Americans. According to Rebecca Blank, Economic Affairs Undersecretary, final numbers aren’t yet in and may be worse than expected because of how bad things are for growing numbers in the country. She believes if (U-3) unemployment hits 10% (up from 9.4% now), poverty could reach 14.8% this year and rising because of jobs and homes lost, savings exhausted, and the sharpest ever decline in personal wealth between mid-2007 and December 2008.

Worst of all, conditions for most people are deteriorating as businesses, states, and local governments shed workers and cut budgets at the worst possible time. It promises harder times ahead and potentially millions more impoverished.

Homelessness Facts

Annually, two – three million Americans, including 1.3 million children, experience homelessness and many more are at risk. Most vulnerable are those losing jobs, homes, and the millions of low-income workers paying 50% or more of their income in rent so that a missed paycheck, health emergency, or unexpected financial burden makes them vulnerable to homelessness at a time government aid is being cut.

Criminalizing the Homeless

In the face of a growing burden on society’s most needy, the National Law Center on Homelessness and Poverty reported that “many cities use the criminal justice system to punish people living on the street for doing” what they must to survive. Local ordinances

prohibit sleeping, camping, eating, sharing food, sitting, loitering, and/or begging in public places with criminal penalties imposed on offenders. Some cities even punish organizations and individuals for helping, and the idea always is to keep the unwanted out of sight, mind, and preferably out of cities, at least in or near more affluent areas or business districts.

As economic conditions deteriorate, the problem will grow and so will the plight of the homeless as cities crack down harder in violation of constitutional and international human rights laws.

The OECD's 2008 Report, "Growing Unequal?: Income Distribution and Poverty in OECD Countries

It states that America "is the country with the highest inequality level and poverty rate" among the 30 OECD countries, ranking only ahead of Mexico and Turkey. In addition, since 2000, inequality grew rapidly, "continuing a long-term trend (going) back to the 1970s" when inflation-adjusted household incomes began falling. Other data cited includes:

- the gap between rich and middle and poorer income groups widened;
- government redistribution of income "plays a relatively minor role in the United States," partly because social service spending is low and falling; in 2008 America, it was 9% of household incomes compared to 22% on average in OECD countries;
- social mobility in America is low, and children of poor families are less likely to become rich; and
- "wealth is distributed much more unequally than income: the top 1% controls some 25 - 33% of total net worth and the top 10% holds 71%," other estimates place these disparities much higher and widening as social inequalities increase, high-paying jobs disappear, the middle class keeps shrinking, poverty grows, and federal and state governments cut essential services in the face of increasing need among greater numbers of people.

The Working Poor Keep Getting Poorer

The Working Poor Families Project October 2008 study highlighted similar problems from 2002 through 2006. Titled "Still Working Hard, Still Falling Short: New Findings on the Challenges Confronting America's Working Families," it reported:

- jobs paying poverty-level wages rose by 4.7 million;
- low-income working families (earning less than double the Census definition of poverty) increased by 350,000;
- below poverty-level jobs rose to 29.4 million and comprise 22% of all jobs compared to 19% in 2002;
- most disturbing is that this happened during a period of economic growth, but at the same time wages haven't kept pace with the cost of living;
- low income family numbers rose to nearly 9.6 million or 28% of the population;
- children in them number 21 million;

- 72% of low-income families with working adults in them performed the equivalent of one and one-quarter jobs – a far greater burden than in other OECD countries; and
- income inequality is highest in New York; California is fourth, but all states are in a race to the bottom as conditions deteriorate everywhere, so all rankings are disturbing compared to the late 1990s.

The US Labor Department's latest productivity report highlights the plight of workers even more. It rose 6.4% in Q 2, the largest gain since 2003, while workers' compensation fell sharply, 2.2% on an annualized basis. According to Mark Vitner of Wells Fargo Bank, the productivity increase "is almost entirely the result of cost-cutting, not improved ways of producing goods and providing services." It also shows how powerless workers are at a time of massive job cuts, so staying employed takes precedence over wages paid and benefits. The result is profits up, pay down, benefits disappearing, and American workers transitioning to serfs.

More confirmation comes from the latest Internal Revenue Service statistics for 2007 showing that the income disparity between the top 10% and bottom 90% reached "a higher level than any other year since 1917 and even surpasses 1928, the peak of the stock market bubble in the 'roaring' 1920s," according to data from University of California economist Emmanuel Saez. He noted that "2007 was an incredibly good year for the super rich" and added:

"Based on the US historical record, falls in income concentration due to recessions are temporary unless drastic policy changes such as financial regulation or significantly more progressive taxation are implemented and prevent income concentration from coming back."

But these are no ordinary times as the US sinks slowly into depression. The super-rich are exploiting it to their advantage, while millions of working Americans are losing jobs, homes, benefits, savings, futures, and safety net protections. The 2007 data reflected the peak of the current cycle. What's ahead will be far more grim, disturbing, and reflective of an America that is no more.

The Economic Policy Institute's (EPI) State of Working America – 2008/2009

As the economy contracted in 2008, job losses and unemployment accelerated, but EPI's report missed the worst of it from early 2009 to the present. It cited:

- wages losing ground to inflation;
- high energy costs;
- the burst housing bubble;
- millions of defaults on home loans followed by foreclosures;
- declining financial markets and frozen credit;
- less health care coverage and fewer higher-paying jobs with good benefits; and
- "for the first time since the mid-1940s, the real incomes of middle-class families are lower

at the end of this business cycle than they were when it started;" as a result, "prosperity is eluding working families" as they fall further behind, now more than ever as depression takes hold.

EPI calls family income "the core building block of American living standards." Yet during the last business cycle, significant productivity growth was accompanied by stagnant or falling real incomes. "That has never happened before." The latest economic recovery bypassed the middle class and created greater income inequality. The Bush administration's tax cuts exacerbated the problem by helping the top 1% mostly, the middle class marginally, and low-income families not at all.

Clear racial disparities show whites consistently better off than blacks and Hispanics, men doing better than women, huge class distinctions, and mobility up the income ladder bypasses most at lower levels. One study showed that about 60% of families starting out in the bottom fifth stratum were still there a decade later. At the same time, over half the top income ones kept their position.

EPI concludes that "where you start out in the income scale has a strong influence (over) where you end up (so) the rate of economic mobility is low" in the richest country in the world where the select few alone benefit. All others lose out as their incomes don't keep pace with inflation and their living standards erode.

Another study implies that a poor family of four with two children needs nine to 10 generations to reach middle-income status. It means where you're born is where you'll stay. So-called rags-to-riches tales are just folklore, and stagnant or downward mobility today is more serious than ever.

Wages and salaries comprise three-fourths of family income, and for the middle class, it's even higher. Yet since 2002, they didn't grow at all despite historically high productivity, meaning business benefitted, not workers who fell further behind. Women and minorities fare worst plus everyone in lower income categories. During the 2002 - 07 recovery, no progress was made "in reducing the share of workers with low earnings (in) all race/ethnic groups and for both genders....The very highest earners have done considerably better than other workers for at least (the past) 30 years, but they (did) extraordinarily well over the last 10 years."

In addition, eroding "employer-provided benefits, most notably pensions and health insurance, is an important aspect of the deterioration in job quality (and economic security) for many workers." Most harmed are young workers facing bleak prospects, older ones losing jobs and not wanted, and the erosion of unionization since the 1950s, especially since the late 1970s.

Overall, 2002 - 07 growth was a jobless recovery followed by the subsequent wiping out of five years of modest gains. From 2000 - 2007, average annual job growth was an anemic 0.6%, well below the 1990s 1.8% figure. In addition, the unemployment rate rose 0.7% from March 2001 (the last business cycle's peak) to December 2007 even though average workers age increased and the labor force participation rate shrank - "both of which should have put downward pressure on the" unemployment rate. The great American job creation machine faltered badly in the new millennium and now has collapsed.

Net family wealth also determines household well-being, particularly from income and

financial assets, including real estate. Yet in America, the top 1% controls more than the bottom 90% combined and the disparity is growing. In 1962, the bottom 80%'s share was 19.1%. In 2004, it was 15.3%, the difference shifting to the top 5%.

In addition, until the current downturn, average household debt grew much faster than income, fueled by increases in mortgages, home equity loans, and high credit card balances. Since the housing bubble burst and home prices collapsed, the damage done has been enormous with still more to come.

The result is growing poverty levels as discussed above with numbers increasing as economic conditions weaken. "The backsliding against poverty in the 2000s is most notable among the least advantaged," especially blacks, Hispanics, mother-only families, and the poor unable to keep pace.

It shows up in inequality in health security in the form of inadequate or no insurance, lower life expectancies for poor and lower income households, and an eroding safety net for the most needy. Rising health care costs, lost or no benefits, and an economic crisis have increased the plight of millions of the country's least advantaged.

EPI's report highlights a nation of growing inequality, lower wages, fewer benefits, diminished worker bargaining power, and disempowered unions v. market fundamentalists, complicit government officials, and their "You're-on-Your-Own" (YOYO) ideology against which they're powerless.

They believe markets know best so let them, arguing that alternatives "will create the wrong incentives." Recent decades reveal the folly of this approach on American workers' living standards. Exposing the "ownership society" myth, all household security measures, including net worth, have fallen despite a few years of late 1990s progress.

Today, "The macro-economy is in serious disrepair, beset by the spillovers from the bursting....housing bubble, high energy prices, and unsustainable levels of household indebtedness" causing economic collapse and the possibility of a deep, protracted depression. So far, remedial measures have been patchwork and counterproductive as growing millions face greater uncertainties with no imminent signs of relief and federal and state governments not caring or helping.

In 2009, the State of Working America is dire and worsening enough for millions of households to face greater than ever challenges on their own with government indifferent to their plight.

Concluding an early 1980s edition of his book, Michael Harrington sensed what "Other Americans" were up against in writing:

"I end this review, then, on an ambivalent note. There was progress; there could have been more progress; the poor need not always be with us. But it will take political movements much more imaginative and militant than those in existence in 1980 to bring that progress about. Until that happens, the poor will be with us." And today, in exponentially growing far greater numbers because nothing is being done to reverse them.

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