

# US Census Bureau Confirms Rising Poverty, Falling Incomes, and Growing Numbers of Uninsured

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In early September, The US Census Bureau released its new report titled, "[Income, Poverty, and Health Insurance Coverage in the United States: 2008](#)" (pdf) showing disturbing data that portends much worse ahead under a president and Congress doing nothing to address it.

In 2008, poverty reached 13.2% of the population, its highest level in 11 years, the result of millions losing jobs during the first year of the gravest economic crisis since the 1930s. For African Americans, the figure was nearly double at 24.7%, and 31% of all Americans were impoverished for at least two months between 2004 and 2007, years of economic expansion.

At yearend 2008, even by the Bureau's conservative measures, 39.8 million people were impoverished, the highest level since 1960, and 17.1 million lived in extreme poverty at below one-half the official threshold. In addition, for the first time since the 1930s, median household income failed to increase over a 10-year period from 1999 - 2008.

The Census Bureau states that it "presents annual estimates of median household income and poverty by state and other smaller geographic units based on data collected in the American Community Survey (ACS)" covering population areas of 20,000 or more. [The Bureau's Small Area Income and Poverty Estimates \(SAIPE\) program](#) also produces yearly figures "for states and all counties, as well as population and poverty estimates for school districts." It uses data from a variety of sources, including surveys, administrative records, inter-censal population estimates, and personal income data published by the Bureau of Economic Analysis.

Critics maintain that official government figures way understate the gravity of today's crisis, and the Bureau says:

"The official poverty thresholds were developed more than 40 years ago and have been criticized for not taking into account rising (or since the 1970s inflation-adjusted falling) standards of living, expenses such as child care that are necessary to hold a job, variations in medical costs across population groups (that have skyrocketed nationally and are now unaffordable for millions), and geographic differences in the cost of living."

In addition, income and poverty estimates are pre-tax and exclude non-cash benefits, usually employer-provided. Disposable personal income, after income, payroll, sales, property and other taxes, reveals a far higher poverty level than the Census Bureau reports and a much graver crisis for growing millions as the economic decline deepens.

The Bureau reported that 2008 median (inflation adjusted) household income fell 3.6%, the largest single-year decline on record to the lowest level since 1997 and falling as conditions continue to worsen.

The plight of the poor and impoverished shows up in numerous other reports that paint a darker picture than the Census Bureau and suggest much worse ahead:

- an unprecedented, growing disparity between the very rich and other income groups;
- economists Thomas Piketty and Emmanuel Saez's research showing the top 1% of households got two-thirds of the national income growth during the last recovery, a larger share than at any time since the 1920s;
- wages losing ground to inflation;
- millions of children dependent on school lunches for a hot meal;
- an Economic Policy Institute estimate of one-quarter of all children living in poverty by yearend 2009;
- the continued erosion of employer and government-provided benefits, including at the state and local levels; the growing uninsured crisis is discussed below;
- greater numbers of households unable to meet expenses, even with two working members;
- added duress from state budget cutbacks;
- record numbers of food stamp recipients;
- persistent and growing hunger and homelessness; and
- job losses and higher unemployment continuing for many more months with some analysts projecting record high numbers before peaking.

A September 11 Kissinger Associates Joshua Ramo story in Time magazine highlighted the problem. Titled, "Jobless in America: Is Double-Digit Unemployment Here to Stay," it quoted Larry Summers' remarks last July before the Peterson Institute for International Economics about the disturbing rate of job losses. He suggested something strange was happening, unpredicted by experts:

"I don't think that anyone fully understands this phenomenon," he said. Will job losses mount longer than expected? At the "recession's" end, will low numbers of new ones follow, and will double-digit unemployment persist and remain common?

Without saying it, Summers wondered if America's economic model was broken, and if so how to fix it. Or can it be fixed? According to the Peterson Institute's Jacob Kirkegaard, "It is entirely possible that what started as a cyclical rise in unemployment could end up as an entrenched problem."

Summers earned his reputation as an employment theorist. He now believes that earlier unemployment views are "importantly wrong. I thought if you could have areas where there was long-term substantial unemployment, then that raised some questions about the functioning of markets."

In 1986, he wrote an article titled, "Hysteresis and the European Unemployment Problem." Hysteresis is the Greek word for late, referring to what happens when something snaps and can't be fixed. It's an idea economists deplore applying to economies, preferring instead to cite normal business cycle ups and downs. Yet in 1986, Summers argued that Europe's unemployment might be chronic and persist in times of growth.

Today's are another matter at a time of a changing economic landscape perhaps suggesting that hysteresis is confronting America, and many lost jobs aren't coming back, especially better paying ones. That's Kirkegaard's view in saying growth won't put Americans back to work, and new jobs created will be poorer quality than old ones.

So what can be done going forward? Unlike in the 1930s, machines now do much of the work that people did then on infrastructure projects. And it's a lot harder converting white collar workers to blue collar ones. Moreover, Summers' own research concludes that the traditional Western economic model won't alleviate the jobs crisis, so what will?

Summers won't say it, but short of a total remake of "free market" economics, likely nothing and perhaps that's America's future with growing millions consigned to a permanent underclass, while an elite few at the top grow richer, until one day "hysteresis" snaps the system in a disruptive convulsion, the old model passes from the scene, and nothing is the same again.

More Evidence of Economic Duress in the Latest Federal Research Report on Consumer Credit

On September 8, the Federal Reserve reported that total consumer credit fell by a record \$21.6 billion in July (the sixth consecutive monthly decline) and year-over-year by \$2.47 trillion or 10.4%. According to Bernard Baumohl, The Economic Outlook Group's chief global economist:

"It is one more important sign that consumers are not going to be contributing very much to the economy for the balance of this year and probably for (at least) a good part of next year." Shrinking credit's impact on consumption indicates an economy in decline. It shows up in growing poverty, falling incomes, and greater duress for growing millions, sure to be reflected in the Bureau's 2009 report.

### Continued Erosion of Health Care Coverage

In 2008, the Bureau also collected data on health insurance coverage, putting the number of uninsured at 46.3 million last year (15.4 of the population), or an increase of 682,000 over 2007. It was the eighth consecutive year that fewer workers got employer-provided coverage, and those with it had to pay more of the cost.

Other estimates are far grimmer. Some, including the Congressional Budget Office, place the current uninsured total at about 50 million, and a May 2009 Todd Gilmer – Richard Kronick study estimated that 191,670 more lose coverage monthly, 2.3 million annually at the present rate, and an expected 6.9 million more Americans (over 2007) will lack it by yearend 2010 if the present trend continues.

Add to these the underinsured. According to the American Public Health Association, at least another 25 million at great risk if they face a serious health problem not covered by their present plan. In addition, Families USA estimates about 90 million Americans had no health insurance during some portion of 2007 or 2008. The Henry J. Kaiser Family Foundation reported that over 80% of the uninsured come from working families, and the Agency for Healthcare Research and Quality estimated that 27% of under aged-65 year old Americans lack coverage.

Still other estimates project up to 60 million uninsured if the commonly reported U-3 unemployment rate hits 10%, and the Urban Institute sees around 66 million without coverage by 2019, given the present trend of rising costs forcing employers increasingly to cut back.

Bureau data show that coverage weakened across most sectors of the population, including full-time workers and the middle class, the result of economic decline and years of employers putting a greater burden on their workforce.

Since at least 2001, the percent of workers with employer-provided insurance has steadily eroded, and it's the main reason behind growing numbers of uninsured and underinsured. In 2008, 61.9% of the below-aged 65 population had job-provided coverage, down from 67% in 2001 and falling due to cost cutting, continued job losses, and the trend to lower-paying

ones.

In addition, holding a job no longer guarantees coverage. Plans offered have been greatly eroded, and medical expenses today are the leading cause of personal bankruptcies. America is the world's only industrialized country denying its citizens universal coverage, yet spends on average more than double the other 30 OECD countries and delivers less for it because of unaffordable private insurance and overpriced drugs.

Nothing being debated in Washington addresses this, so whatever legislation emerges will make a dysfunctional system worse with the American public betrayed by "a slick-talking street hustler"- what analyst Bob Chapman calls Obama, or according to James Petras, "the greatest con man in recent history." Make that plural with Congress under Democrat or Republican leadership because both parties are beholden to the corporate interests that own them and are indifferent to growing public needs.

Since taking office in January, Obama kept reform off the table, made progressive change a nonstarter, and achieved the impossible by governing worse than George Bush on virtually all of his domestic and foreign policies. Along with looting the federal Treasury, wrecking the economy, selling out to Wall Street, and continuing imperial wars, Obamacare is the centerpiece of his failed agenda and a betrayal of the public's trust.

On September 9, he presented his vision to a joint congressional session, reassuring providers that their interests are secure. Rejecting universal single-payer coverage, he said it "makes more sense to build on what works and fix what doesn't, rather than try to build an entirely new system from scratch." And while favoring a "public option," he assured private insurers that it's not a deal-breaker, guaranteeing that no final plan will include one because enough votes can't be gotten in the Senate.

Key also is lowering costs by:

- cutting hundreds of billions in Medicare and Medicaid benefits as a prelude to eliminating or greatly gutting these programs with perhaps Social Security and other social gains to follow;

- placing caps on what tests and treatments doctors can provide;

- putting "medical expert" gatekeepers in charge of deciding the most cost-effective care, thus preventing doctors from prescribing what's best for their patients and denying people the right to make their own health care choices if their cost exceeds what Washington will allow;

- taxing so-called "Cadillac" plans (mostly covering state employees, municipal union members, and other working Americans, not just the super-rich) to encourage employers to provide fewer benefits, thus placing a greater burden on workers; forcing everyone to have

insurance; and placing a surtax on non-compliers with incomes of between 100 – 300% of the poverty level under the Baucus Senate plan;

— creating a “deficit trigger” to reduce the growth of Medicare and Medicaid spending if anticipated savings aren’t met; and

— making everyone more responsible for their own care by forcing them to cover more of the cost in return for less coverage when they need it most.

Numerous details remain hidden from the public, but the goal of Obamacare is clear. It’s a scheme to ration care; charge people more for it; enrich private insurers, PhRMA, and large hospital chains; mandate insurance for everyone; and penalize non-compliers. It’s up to public outrage to stop it.

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