



Written by [Steven J. DuBord](#) on September 11, 2009

## Poverty Rate Highest in 11 Years

According to statistics from the U.S. Census Bureau, the poverty rate is at an 11-year high while household incomes are at a 10-year low, all thanks to the worst recession since the Great Depression.

The percentage of people living in poverty in the United States has jumped to 13.2 percent from 12.5 percent in 2007. This is the highest it has been since 1997. While 37.3 million Americans lived in poverty in 2007, the Census Bureau now places the number at 39.8 million. The Bureau considers the poverty level to be an annual income of \$22,025 or less for a family of four, \$17,163 or less for a three-person family, and \$14,051 or less for a two-person household.



Record levels of unemployment — 9.7 percent in August, a 26-year high — contributed to a 3.6-percent drop in real median household income, which is now down to a 10-year low of \$50,303. The 3.6 percent drop was the largest annual decline since 1991, and it snapped a three-year-long streak of annual income increases.

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An end to all of this is not yet in sight. While close to seven million people have already lost their jobs since the recession began, unemployment is projected to reach over 10 percent in early 2010. A September 10 [Reuters article](#) mentioned the gloomy prognosis given to the Senate's Joint Economic Committee by the Commerce Department's Undersecretary for Economic Affairs Rebecca Blank: "Unfortunately, even with an improving economy, the higher unemployment rates during 2009 will almost surely lead to further declines in income and further increases in poverty."

Reuters also quoted Sheldon Danziger, a Russell Sage Foundation fellow and professor at the University of Michigan: "The poverty rate will not fall back to the 2007 rate until the economy expands enough that the unemployment rate falls back below 5 percent. This is not likely to happen for several years."

The [Los Angeles Times](#) on September 11 referred to Harvard University economist Lawrence Katz's assessment that the reduction in median income was the biggest decline for the first year of a recession since World War II. Considering that other recent income gains were rather meager, Katz says, "We've basically seen a lost decade for typical American families."

Census Bureau figures also pointed out the flawed nature of America's employment-based health insurance system. As millions more workers lost their jobs in 2008, the number of people receiving health insurance coverage through an employer fell from 177.4 million to 176.3 million. This has swollen the estimated number of uninsured persons in America to 46.3 million, up from 2007's figure of 45.7 million.



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Sadly, it is all too easy to draw flawed or incomplete conclusions from this data. Danziger is quoted by Reuters as saying that “government policies must stay focused on helping those among the poor and near-poor who have been left behind by economic growth in recent years.” What this doesn’t consider is that government policies have been making people poor in the first place.

For example, so-called free-trade agreements have flooded American markets with inexpensive foreign goods that U.S. companies can’t compete with. Cheap Chinese tires have taken such a large share of the U.S. tire market that more than 5,000 U.S. workers have lost their jobs. Two thousand jobs are now being lost in one fell swoop as a Cooper tire plant shuts down in the small town of Albany, Georgia.

Federal tax policies regarding favorable breaks for employment-based health insurance were never extended to give breaks to those who buy their own health insurance. Government caused the problems of employment-based coverage in the first place.

Government policies regarding trade, immigration, taxation, workplace regulation, the environment, and even the military are all contributing to the problem. The wars in Iraq and Afghanistan have dragged on for eight years, and now there is talk of committing more troops to Afghanistan. American workers are fighting and dying for the economies of foreign nations when they should be back home earning a living and contributing to the American economy.

The Census Bureau statistics paint a grim picture, but it is wise to remember that the federal government is largely responsible for determining the color and the quantity of that paint.



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