

US census report shows falling earnings, rise in uninsured

By Jerry White
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New census data released this week shows that American workers continued to see an erosion of their living standards in 2006, even as the US economy entered its fifth year of job growth following the recession of 2001.

The new census report, “Income, Poverty, and Health Insurance Coverage in the United States,” gives a glimpse of the economic suffering felt by tens of millions of working people in the US. The data does not take into account the slowdown and national housing slump that began this year.

According to the report, real median earnings for both men and women who work full-time, year-round jobs declined by 1.1 and 1.2 percent, respectively. This was the third year in a row that earnings for full-time workers failed to keep up with the rate of inflation. According to the Economic Policy Institute, men’s earnings have fallen an average of 0.5 percent annually from 2000 to 2006, while those of women rose only 0.2 percent annually—and have actually fallen steadily since 2004.

The rise in the number of uninsured people—which many economists believe the census report underestimates—is particularly staggering. The number of people without health insurance rose from 44.8 million (15.3 percent of the population) in 2005 to 47 million (15.8 percent) in 2006, mainly due to job losses and cutbacks in employer-paid medical benefits.

The percentage of people with employer-paid benefits declined to 59.7 percent in 2006, down from 60.2 in 2005. The percentage of people receiving government-funded health insurance also dropped 0.3 percent points, to 27 percent. With employers cutting back health benefits, many families are being forced to drop their coverage rather than pay higher out-of-pocket expenses.

This has hit children particularly hard. The number of uninsured children increased from 8 million (10.9 percent) in 2005 to 8.7 million (11.7 percent) in 2006, according to the census data. The poorest children are most likely to be uninsured. Nearly one in five children who grew up in an impoverished family had no healthcare coverage in 2006.

Between 1999 and 2004, the percentage of uninsured children had actually fallen because of the minimal expansion of Medicaid and the State Children’s Health Insurance Program, or S-CHIP, which provides coverage mainly to children living near the poverty level.

However, over the last two years, the *Boston Globe* reported in an article published on Wednesday, “those two safety net programs could not keep up with the steady national decline of private, employer-provided healthcare plans. In 2000, nearly 66 percent of children nationwide were covered by those programs, compared with fewer than 60 percent last year, according to census figures.”

Significantly, President Bush has promised to veto any expansion of the S-CHIP program, saying that the federal government should not undermine private insurers by paying for medical coverage for those with “middle class” incomes.

The national poverty rate in 2006 fell for the first time in a decade, but the number of people in poverty—36.5 million—remained statistically unchanged, according to the Census Bureau. The real number of Americans living in poverty is much higher due to the fact that the US government sets its federal poverty line at the artificially low level of \$20,614 for a family of four.

The West was the only region to see a drop in the number of impoverished. The South continues to have

the highest poverty rate (13.8 percent) and the lowest median household income. Big cities with low median incomes included Cleveland, Miami and Detroit, while smaller ones included Youngstown, Ohio, which has been decimated by the shutdown of the steel industry in the 1970s and 1980s, and Syracuse, New York.

Hispanics were the only ethnic group to show a statistically significant decline in poverty—falling to 20.6 percent from 21.8 percent. The percentage of impoverished whites (8.2 percent), blacks (24 percent) and Asians (10.3 percent) remained unchanged.

Median real household income rose by only 0.7 percent from \$47,845 in 2005 to \$48,201 in 2006, a figure that is nearly 4 percent lower than the peak level achieved in 1999 before the last recession. The rise, economists say, is chiefly due to the increased number of family members entering the workforce and workers laboring for longer hours, although they are working for lower wages.

Predictably, President Bush pointed to the negligible rise in household income and drop in the poverty rate as a vindication of his tax cuts for the wealthy and other incentives for big business. “When we keep taxes low, spending in check, and our economy open—conditions that empower businesses to create new jobs—all Americans benefit,” Bush stated. “Census Bureau data released today confirms that more of our citizens are doing better in this economy, with continued rising incomes and more Americans pulling themselves out of poverty.”

For their part, leading Democrats pointed to the census figures to promote their claims to be defending working people. Presidential candidate Senator Hillary Clinton of New York said, “When I began the fight for universal coverage almost 15 years ago, there were 37 million people uninsured. It was an outrage then and with 10 million more people uninsured today, it is an even deeper outrage today. Yet, the uninsured have been invisible to this president.”

In fact, the Democrats are just as guilty as the Republicans for this outrage. Clinton, who unceremoniously dropped her campaign for a minimal reform of the healthcare system in 1994, is now a major recipient of campaign funding from the insurance, hospital and drug companies. For all their talk of “universal healthcare coverage,” none of the leading Democratic candidates is willing to support any

measure that threatens the profits of big business.

The Democrats have played a central role in the regressive policies that have driven up social inequality to levels not seen in generations. They have also rejected any overturn of Bush’s tax cuts for corporations and the wealthy.

The census data indicated the impact of these bipartisan policies on ordinary working people. More than half of all household income was concentrated in the top 20 percent of Americans in 2006—the highest share since 1967. The middle-income share was 14.5 percent, the lowest on record, while the bottom 20 percent of the population had only 3.4 percent of the nation’s household income, also an historic low.

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