

## Poverty and health care

# Pinched

### Shocking numbers, just as sacrifices are being demanded

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THE recession ended, at least technically, only six months into Barack Obama's presidency. For many voters, it certainly does not feel that way. Unemployment in August still stood at 9.1%, nearly twice its level at the start of the downturn. And on September 13th the Census Bureau released its latest figures on income, poverty and health coverage. The data, for 2010, represents the first full year of numbers since the recession's end in June 2009. Laymen would be forgiven for not noticing much change.



The data was remarkable for breaking a few records, none of them good ones. Income has, inevitably, dipped after previous recessions, but never by so much. Real median household income was \$49,445 in 2010, down 2.3% from 2009—indeed, income fell even further after the recession than in the recession's final year. This follows more than a decade of bad news. Since the peak in 1999, real median household incomes have plunged by a miserable 7%, and are now back where they were in 1996.

The ranks of the poor continue to swell. The number of people below the poverty level (defined last year as \$11,139 for an individual or \$22,314 for a family of four) reached 46.2m, the largest number of Americans since the Census Bureau started keeping track, back in 1959. The poverty rate was 15.1%, up from 14.3% in 2009, the second highest jump ever in the year after a recession, and the highest level since 1993. For some groups this problem is particularly acute. Nearly one-third of families with single mothers were impoverished in 2010. More than one-fifth of children and 27% of blacks and Hispanics were poor, too. A lack of jobs, rather than a drop in wages, was the main problem. The old fared best, with just 9% in poverty.

The figures for health insurance were only relatively sunnier. The proportion of those without insurance remained the same, at 16.3%. More young adults had insurance, perhaps thanks to a reform that lets them stay on their parents' health policies until they are 25. But with the

main provisions of Mr Obama's health-care reform still years from implementation, the uninsured rate rose for those 35 and older. Even these numbers, however, mask the burden of health costs. For middle-class families with employer-sponsored insurance, health care has further eroded wages. In 2009, compared with 1999, the median family had \$5,400 less to spend than if health costs had kept pace with inflation, explains David Auerbach of RAND, a think-tank. The poor, meanwhile, devote more than 20% of income to health, according to Georgia State University.

The census data, though bleak, could have been even worse. Social programmes helped. Without unemployment insurance, now running out for millions, 3.2m more people would have been counted as poor. Without Social Security, the number of poor elderly would have quintupled.

All this sets a ticklish task for Mr Obama. His jobs plan could keep 3m out of poverty next year, says Isabel Sawhill of the Brookings Institution. But his constituents have yet to feel the benefits of health reform. They will be further rankled if he tries to cut hundreds of billions of dollars from Medicare and Medicaid in order to get his bill passed. The old, the one group that has been protected from the havoc, are only likely to become more protective of Social Security. It is hard to ask Americans to give up benefits, even in good times.

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