

Discover a brand new signature in hospitality  
Click here to know more

VIVANTA  
HOTELS & RESORTS  
BY TAJ

NEW!  
The Financial Times  
Now on iPad



FT Home > World > US > Economy & Fed

## US workers' poverty reaches 50-year high

By Robin Harding in Washington  
Published: September 16 2010 18:21 | Last updated: September 16 2010 18:21

Poverty among the working-age population of the US rose to the highest level for almost 50 years in 2009, as the human cost of the deepest economic downturn since the Great Depression was laid bare in [new census data](#).

Poverty among those aged 18 to 64 rose by 1.3 percentage points to 12.9 per cent – the highest level since the early 1960s, prior to then-president Lyndon Johnson's "War on Poverty". The overall poverty rate rose by 1.1 percentage points to 14.3 per cent, the highest since 1994.

The rise in working age poverty was driven by the jump in the unemployment rate to 10 per cent during 2009. It is a bitter blow to [Barack Obama](#), US president, who campaigned on a promise to cut poverty, and the data may further harm the already difficult prospects for Democrats in November's mid-term elections to Congress.

"The overall message is that we've erased all of the gains in poverty that were made in the 1990s," said Elise Gould of the Economic Policy Institute, a left-of-centre Washington think tank.

"Even before the recession hit, middle class incomes had been stagnant and the number of people living in poverty in America was unacceptably high, and today's numbers make it clear that our work is just beginning", Mr Obama said on Thursday.

The Census Bureau said that 43.6m people were living below the poverty line in 2009, the highest number in 51 years of data, although the overall poverty rate is still 8.1 percentage points lower than it was in 1959.

The rise in poverty was worse than in any other recession since 1969 save that of 1980-82, when the rate jumped by 3.9 percentage points.

Elderly people were shielded from the effects of the recession by social security and Medicare, however, with poverty among people over 65 dropping by 0.8 percentage points to 8.9 per cent.

By race, the poverty rate rose above 25 per cent for black and Hispanic people, more than double the 12.3 per cent rate among white people.

The Census Bureau uses an absolute measure of poverty that compares a household's income to the cost of a basket of goods such as food and clothing. A family of two adults and two children is defined as poor if its income is less than \$21,756.

That definition is often criticised because it does not reflect the cost of goods with higher than average inflation, such as education, healthcare and housing.

One way families have responded to the recession is by moving in together: there was an 11.6 per cent increase in multi-family households, and the number of adult children living with their parents rose sharply. "There is evidence that the number of families sharing households has risen over the past two years," said David Johnson of the Census Bureau.

The data also showed the number of Americans without health insurance rose to a record 50.7m as people losing work also lost their health benefits. In 2009, 16.7 per cent of the population had no health insurance in 2009 – the highest since the series began in 1987.

The [healthcare reforms](#) passed this year are unlikely to do much to lower that rate until 2014, when some of the main provisions come into effect.

Median household income fell by 0.7 per cent to \$49,777. The Gini coefficient for income inequality rose slightly to 0.468.

"The steady erosion of employer-sponsored insurance in the 2000s became a landslide in 2009 when the unemployment rate took its largest one-year jump on record," said Ms Gould.

Copyright The Financial Times Limited 2010. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

[Print article](#) [Email article](#) [Clip this article](#) [Order reprints](#)

[Twitter](#) [Digg](#) [LinkedIn](#) [Yahoo! Buzz](#) [Delicious](#)  
[reddit](#) [BX](#) [Facebook](#) [stumbleupon](#) [Viadeo](#)

#### **MORE IN THIS SECTION**

[Troubled city of Harrisburg seeks state help](#)

[Chevron cleared for oil well off UK](#)

[Prospects rise for Fed easing policy](#)

[US spending and incomes grow](#)

[US manufacturing hits lowest level this year](#)

[Asia takes gamble on US Treasuries](#)

[Savings boost raises spectre of deflation](#)

[AIG exit plan set to deliver a profit](#)

[US rejects 'trade war' with China](#)

[US states predict improving tax revenues](#)

[New US watchdog ready to toughen rules](#)