**This video provides an overview of the current state of poverty in the United States and the impact this has on our Social Democracy.**

**By many measurements, the people – or, at least a majority of the people -- of the United States of America enjoy a remarkably high standard of well-being. On the other hand, the poverty rate, as well as the number of people in poverty, began to rise again by the late 1970s.**

**Traditionally, one of the most commonly accepted measurements of the health of an economy is its Gross Domestic Product, or GDP. Looking at this graph of the GDP of the United States one could conclude that the economy has been continuing its upward expansion since the bottom of the last recessionary downturn. What, we might ask, is this statistic really telling us? A key part of the answer is understanding how GDP is defined and calculated:**

**GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. GDP includes all of private and public consumption, government outlays, investments and exports, less imports that occur within a defined territory.**

**There are a number of reasons to challenge the use of GDP as a measurement of anything meaningful concerning the well-being of a people in any society. First, is that GDP cares not at all whether funds are spent on goods and services people need, on environmentally-damaging activities or on military adventurism.**

**Second, GDP cares not at all whether funds are raised by taxation, or the sources of revenue at all. When the Federal Reserve creates digital monetary balances out of thin air and then uses these balances to purchase government bonds, the dollar volume is added to GDP without any analysis of its effects on the economic health of the nation. Few nations in history have successfully navigated the waters of skyrocketing debt without implosion of their economies and shredding of the social fabric.**

**A far more objective measure of how well people are really doing in the United States was developed in the early 1970s by the organization Redefining Progress. Taking into consideration many different factors besides the total of dollar spending, the Genuine Progress Indicator, or GPI, revealed an end to the general improvement in conditions a few years before Ronald Reagan entered the Office of President in 1981.**

**Contrary to what is most often referred to by analysts as the “wealth effect,” the longer run effects of our credit-driven economy – and our credit-driven property markets, in particular -- has been to set the stage for a powerful and intensely destructive “poverty effect.”**

**The median net worth of households in the United States reached its nominal peak in 2007 just before the crash of the nation’s financial and property markets. Across-the-board, most of what composed net worth for households was the value of residential property owned (less mortgage debt outstanding). Thus, as property prices fell in 2008, a considerable portion of household net worth for many households fell. The effect on minority households was far worse for the simple reason that the rate of property ownership – and property ownership where the value of land is high – is far lower than for non-minority households. Continuing foreclosures add downward pressure on these statistics even beyond 2013.**

**A recent Institute for Policy study reports that the 400 richest individuals in the United States now hold wealth greater than the bottom 64 percent of the population. The three richest persons hold more wealth than the bottom 50 percent, while one in five households have zero or negative net worth.**

**Ours is clearly a society experiencing a level of stress that endangers our very democracy. Too many people remain unemployed, underemployed, strangled by debt, unable to afford decent housing, lack medical insurance plans for themselves and their families, or even an adequate amount of food each day.**

**Unemployment in the United States is now reported to be just above 4 percent of the work force. However, if you have given up looking for work you are no longer considered part of the work force or unemployed. The Bureau of Labor Statistics reported in April 2017 that 1.6 million people have been out of work for six months or longer. Nearly a millions have been unemployed for over a year.**

**However, a broader definition of unemployment referred to as “U6” indicates that real unemployment is 8.6 percent.**

**In 2016, there were 2.3 million people working two part-time jobs to meet financial needs. Another 4.36 million worked one full-time job and one-part-time job. Over the 12 months ending November 2017, the total number of people working multiple jobs fell from 7.8 million to 7.3 million.**

**However, the Bureau of Labor Statistics reported in July 2017 that 21 million people are voluntarily working part time. This reflects a 10 percent increase since the Affordable Care Act took effect in 2014, indicating an important link between the decision to work full time and the opportunity to acquire affordable health insurance.**

**During November of 2017, the number of people filing applications for unemployment benefits was around 240,000. A total of 1.9 million people are receiving benefits, a 44-year low. The growth in job opportunities is part of the reason, of course. Another reason is that anyone out of work for six months or longer is no longer eligible for benefits.**

**The U.S. Department of Agriculture reported in July of 2017 that participation in the food stamp program fell to the lowest level in seven years. Even so, over 42.6 million people are participating.**

**And, most of these same individuals are also dependent upon the nation’s charitable food banks to supplement their food supplies.**

**On the positive side, one-half of all households in the United States now have incomes greater than $58,400; however, this also means …**

**One –half of all households have incomes below this level. Importantly, the adequacy of income to meet basic needs depends on where you live in the United States. This chart compares the cost of living of the nation’s main population regions with that of the Washington, D.C. area.**

**A report issued in October by the Furman Center at New York University indicates that the percentage of people who live in rental housing and spend more than 30 percent of their gross income on housing has been falling since 2012. However, the percentage is still very high in many parts of the nation.**

**The National Council on Aging estimates that over 25 million people aged 60 and older have an annual income of under $30,000.**

**A Social Security Administration report released in 2016 indicated that one in five married persons and 43 percent of single persons receiving social security benefits depend on this one source for 90 percent or more of their household income.**

**Social Security benefits are simply insufficient for most people to meet even the most basic needs and living expenses.**

**Enid Borden, President and CEO of the National Foundation to End Senior Hunger, puts the problem into context:**

**“Millions of older Americans face a serious threat, one that does not discriminate among gender, race, or even socioeconomic status. Nearly six million people, or 11.4% of the entire population over the age of 60 faces some degree of food insecurity. Many older people can’t get to a store to buy food. Others can’t afford groceries."**

**Part of the reasons why so many households in the United States are in financial trouble is a voluntary reliance on credit to satisfy their consumption desires. However, a large majority have been forced into reliance on high cost credit just to meet basic needs.**

**A CNBC report aired in August 2017 stated that seventy-eight percent of full-time workers said they live paycheck to paycheck. Over half of respondents admitted they were in over their heads and could not keep up with payments on what they owed.**

**And, then, there is the continued problem of people struggling to find alternative living conditions after falling behind in mortgage payments.**

**The Economic Policy Institute reports that “Nearly half of families have no retirement account savings at all.” The median savings for U.S. households is just $5,000. A survey of households taken in 2015 indicates that over one-third of all adults in the U.S. have only several hundred dollars in their savings account. Another one-third have zero savings and are perpetually in debt.**

**Another concern is the percentage of us who are now considered poor credit risks. Roughly 7 percent of adults have a credit score below 620. As indicated in this chart, credit scores tend to improve with age.**

**Those on the left and the right of the political spectrum may debate the significance of this statistic, but the fact is that the bottom 80% of all adults in the United States now collectively own just than 5% of all financial wealth. The 11% net worth figure for this group is based almost entirely on equity in a residential property.**

**Even as the nation has climbed out of recession, the percentage of children living in poverty has experienced a steady increase. Note here that 22 percent live in households with an income below the Federal Poverty Threshold.**

**For the nation as a whole, over half of all poor children live in households headed by women. As noted here, the percentage for Blacks is 78 percent. The reasons include divorce, separation, children born to single mothers and lower incomes and fewer employment options for many women.**

**The United States is the world's leader in incarceration with 2.3 million people currently in the nation's prisons or jails -- a 500% increase over the past thirty years. These trends have resulted in prison overcrowding and state governments being overwhelmed by the burden of funding a rapidly expanding penal system.**

**Once individuals have served their time in prison and are released, they have a very difficult time finding employment. Many did not complete high school, and an estimated 70 percent have minimal literacy ability.**

**This analysis released by the Prison Policy Initiative in 2014 shows the strong relationship between the low incomes of men and the probability of conviction for some the crime.**

**A staggering 48 percent of all Americans are either considered to be "low income" or are living in poverty.**

**A question thoughtful Americans are asking is: “How much additional stress can the American System absorb before the social fabric unravels.” I suspect we will find out sooner rather than later.**