

THE OPPENHEIMER REPORT

Poverty in U.S. might get worse

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If you were shocked by this week's U.S. Census figures showing that there are more than 36.5 million people living in poverty in the United States, get ready: It may get much worse in coming years!

Before I tell you why I fear that the gap between America's rich and poor is going to widen even more -- courtesy of a majority of Republicans and some Democrats in the Senate who voted against an immigration reform bill that would have given a merit-based path to citizenship to many of the estimated 12 million undocumented U.S. residents -- let's take a look at the alarming figures released Wednesday.

- The percentage of U.S. residents living below the poverty line dropped slightly last year. But the Center for American Progress, a group that defines itself as "progressive," points out that in absolute numbers the 36.5 million U.S. poor are nearly 5 million more than five years ago.
- The U.S. poverty rate is at 12.3 percent, a slight decrease from last year's but higher than five years ago, when it stood at 11.3 percent.
- The number of U.S. residents without healthcare coverage has reached 47 million, an increase of 8.5 million over the past five years. A sizable part of the U.S. population living below the poverty line or lacking medical insurance is Hispanic.

While poverty among Hispanics dropped slightly last year, nearly 21 percent of U.S. Hispanics are still living in poverty, compared with about 8 percent of non-Hispanic whites, and about 10 percent of U.S. Asians. Only African Americans have higher poverty levels, with a 24 percent rate.

And Hispanics are by far the most likely to be uninsured: 34.1 percent of U.S. Hispanics lack medical coverage, compared with 20.5 percent of blacks and 14.9 percent of whites.

THREE REASONS

Why am I afraid that poverty levels will not drop anytime soon? First, the U.S. economy is slowing down. Some economic projections are already forecasting a meager 1.5 percent economic growth rate for 2008. That's likely to cost jobs.

Second, the recent defeat in the Senate of an immigration reform bill that would have offered a path to citizenship to millions of undocumented workers who learned English and

paid fines, has resulted in a crackdown on unauthorized residents that will only help create an underclass of increasingly alienated -- and poorer -- Hispanic immigrants.

"Now, these people will not only remain underground, but will be less likely to learn English," says Michael Fix, of the Migration Policy Institute, a nonpartisan group. "It will keep the undocumented poor for a longer period of time."

Third, the Bush administration, which has caved in to extremist anti-immigration groups and is now focusing on enforcement-only measures, recently said it will send letters to employers whose workers' Social Security numbers don't match government records. Under these rules, employers will have to lay off undocumented workers. And those who are laid off are not going to go home, nor stop having children.

"My guess is that people will go from one chicken processing plant to another, and their incomes may be reduced, and they may go through periods without income," says Cecilia Muñoz, of the National Council of La Raza, a Hispanic rights advocacy group. To make things worse, some presidential candidates, such as Republican Mitt Romney, are on a crusade against "illegal immigration," contributing -- willingly or not -- to a climate that encourages city ordinances across the country that bar undocumented workers from basic services.

OPPOSITE EFFECT

My opinion: The last time the U.S. government gave a pathway to citizenship, in 1986, studies showed that the newly legalized citizens got better jobs soon afterward.

This time, thanks to a majority of Republicans who voted against immigration reform in the Senate and the Democrats who followed them, the U.S. Congress' failure to approve a path to citizenship will have the opposite effect: It will send millions of Hispanics further underground, increasing America's overall poverty and inequality rates.