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More than 52 million Americans live in economically distressed communities

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A new analysis of Census data shows that the so-called economic recovery under the Obama administration was an unmitigated catastrophe for the 20 percent of the American population that live in the poorest areas of the United States and that gains of jobs and income have gone overwhelming to the top 20 percent richest areas.

"The 2017 Distressed Communities Report," published by the Economic Innovation Group (EIG), analyzes the census data for 2011-2015 for people living in each of the nearly 7,500 American zip codes according to several criteria.

The EIG's Distressed Communities Index (DCI) considers the percentage of the population without a high school diploma, the percentage of housing vacancies, the percentage of adults working, the percentage of the population in poverty, the median income ratio (the percentage of median income that a zip code has for its state), the change in employment from 2011 to 2015, and the change in the number of businesses in the same period.

The report divides the findings for zip codes into five quintiles based on these indicators, rated from worst- to best-performing: distressed, at risk, mid-tier, comfortable, and prosperous.

The results show that distressed communities—52.3 million people or 17 percent of the American population—experienced an average 6 percent drop in the number of adults working and a 6.3 percent average drop in the number of business establishments.

“Far from achieving even anemic growth from 2011 to 2015,” the report notes, “distressed communities instead experienced what amounts to a deep ongoing recession.”

Further, “fully one third of the approximately 44 million Americans receiving SNAP (Supplemental Nutrition Assistance Program or food stamps) and other cash public assistance benefits (such as Temporary Assistance for Needy Families (TANF)) live in distressed communities.” The report notes that most distressed communities have seen zero net job growth since 2000.

Residents in these zip codes are five times more likely to die than those in prosperous zip codes. Deaths from cancer, pregnancy complications, suicide, and violence are even higher. “Mental and substance abuse disorders are 64 percent higher in distressed counties than prosperous ones, with major clusters in Appalachia and Native American communities where rates exceed four or five times the national average,” the report continues.

One other important and alarming fact which the report highlights is that over a third of the distressed zip codes contain so-called “brownfield” sites—areas which are polluted or contaminated in some way. Not only do these have impacts on real estate and business development, they present a whole array of health hazards to the very poorest Americans.

Distressed communities can be found all over the United States but are concentrated in the South: 43 percent of Mississippi’s zip codes are distressed, followed by Alabama, West Virginia, Arkansas and Louisiana. According to the report, [the South] “is home to a staggering 52 percent of all Americans living in distressed zip codes—far above its 37.5 percent share of the country’s total population.”

After this, the Southwest and Great Lakes region have the largest share. In the Northeast, most distressed communities tend to be found in urban areas and in the South, primarily in rural areas.

The biggest cities with the largest numbers of distressed zip codes are Cleveland, Ohio, Newark, New Jersey, Buffalo, New York, Detroit, Michigan and Toledo, Ohio. Mid-sized cities with the highest number of distressed zip codes include Youngstown, Ohio, Trenton, New Jersey, Camden, New Jersey, Gary, Indiana, Hartford, Connecticut and Flint, Michigan.

Urban counties with the highest number of distressed zip codes include Cook County in Illinois, with Chicago at its center, Los Angeles County in California, Harris County in Texas, with Houston at its center, and Wayne County in Michigan, encompassing Detroit. Most of these urban areas were once industrial centers and home to the industrial working class.

Zip codes that have a majority of minorities living in them are more than twice as likely to be distressed as zip codes that are majority white. “In total,” the report notes, “45 percent of the country’s majority-minority zip codes are distressed and only 7 percent of them are prosperous.”

At the same time there are numerous distressed communities that are almost completely white. A quarter of the total distressed population is under 18.

The report found that the economic benefits of the recovery after the 2008 recessions have gone to the top quintile of zip codes, where the wealthier layers of the population live, including not only the very rich but also the upper middle class.

These areas, which the DCI terms prosperous, and make up roughly 85 million Americans or 27 percent of the US population, have for the most part the economic wherewithal to finance higher levels of education, have the lowest housing vacancy, highest percentage of working adults, and have had the lion's share of job and business expansion.

"The job growth rate in the top quintile was 2.6 times higher than nationally from 2011 to 2015, and business establishments proliferated three times faster than they did at the national level," the report notes. "Prosperous zip codes stand worlds apart from their distressed counterparts, seemingly insulated from many of the challenges with which other communities must grapple. The poverty rate is more than 20 points lower in the average prosperous community than it is in the average distressed one."

The report makes much less of an analysis of the other three, middle quintiles, the at risk, mid-tier, and comfortable categories, but it does note some factors that address the overall trends nation-wide. "A remarkably small proportion of places fuel national increases in jobs and businesses in today's economy. High growth in these local economic powerhouses buoys national numbers while obscuring stagnant or declining economic activity in other parts of the country."

One of the more telling aspects of the report is that extreme poverty in the US is presided over by both capitalist parties: Democratic and Republic politicians have equal numbers of distressed communities in their constituencies. Democrats, in fact, "represent six of the 10 most distressed congressional districts."

Another observation from the voting data, and one of the few that looks at conditions beyond the bottom and top quintiles, is worth quoting in full:

"President Trump accumulated a 3.5 million vote lead in counties that fell into the bottom three quintiles of well-being (equivalent to 9.4 percent of all votes cast in these counties). A vast array of factors determined voting patterns in the 2016 election, but it stands that the 'continuity' candidate performed better in the places benefiting most from the status quo, while the 'change' candidate performed better in the places one would expect to find more dissatisfaction."

Broader figures and the historical view of wealth distribution in the US—that one percent of the population control 40 percent of the wealth or the decades-long decline in the percentage of the national income that goes to the working class—are not brought out in the report but the data add to a complete picture of social conditions across the United States, the character and geographical distribution of social and economic conditions in a country of more than 320 million.

The portrait provided by the EIG report is not simply one of increasing misery and poverty for the bottom 20 percent, and not only one in which only a minority of Americans are achieving anything like “prosperity,” but of growing and explosive dissent among tens of millions.

It exposes as a bare-faced lie the claim that President Obama made at the end of his second term, that “things have never been better” in America.