Worlds *Apart*

Social Inequalities in a New Century

SCOTT SERNAU
Indiana University–South Bend

2001

Pine Forge Press
Thousand Oaks, California • London • New Delhi

7. Power and Politics / 159
People Power and Powerful People / 159
Class Consciousness / 160
Black Power? / 161
Brown Power? / 164
The Gender Gap / 165
The New Suburban Majority / 167
Who Rules? The Power Elite Debate / 167
Changing the Rules: Campaign Finance Reform / 170
Global Power: Who Really Rules? / 173
Monopoly Power / 175

PART III: CHALLENGES OF INEQUALITY
Worlds Coming Apart and Coming Together / 181

8. Moving Up: Education and Mobility / 189
Getting Ahead / 189
Social Mobility and Social Reproduction / 189
Status Attainment / 194
Education: Opening Doors, Opening Minds / 195
Educational Access and Success / 195
Unequal Education and "Savage Inequalities" / 199
Ladders with Broken Rungs / 202
Raising the Bar: Human Capital and Gatekeeping / 202
On Track, Off Track, Dead in Your Tracks / 204
Clearing the Bar: Career Trajectories / 208
Blocked Opportunity: "Ain't No Makin' It" / 209

9. Reversing the Race to the Bottom: Poverty and Policy / 215
From Welfare to Work / 215
Urban Poverty: Abandoned Spaces / 216
Deindustrialization and the Changing Metropolis / 217
The Making and the Unmaking of the Postindustrial City / 218
Rural Poverty: Forgotten Places / 219
The Urban Fringe / 221
The Black Belt / 222
American Highlands / 222
The Barrio Border and the Rural Southwest / 223
The Central Plains / 224
Challenge of the Margins: Antipoverty Programs / 225
New Deal / 226
The War on Poverty / 228
The War on Welfare / 229
Health Care Reform / 233
The Return of Welfare Reform / 235
Poverty in the Global Ghetto / 242

9 Reversing the Race to the Bottom: Poverty and Policy

From Welfare to Work

In New York, Mayor Rudy Giuliani proposed that residents of the city's homeless shelters be required to work. For some, the intent seemed to be largely punitive. One of the mayor's advisors suggested the poor, adults and children alike, be given prisonlike green suits and sent out to clean the streets. For others, however, the mayor's proposal was just good sense; the homeless would be helped by the rigors of steady work. Then came the surprise. A full third or more (depending on how one measured occasional work) of the city's homeless were working and some were working full time. They were working at low-wage jobs that didn't provide enough to cover New York's high rents and housing deposits, didn't cover medical emergencies and special needs, or otherwise were not enough to keep the workers from becoming homeless.

In the United States, welfare to work became the national slogan and the goal of a wide range of state programs in the 1990s. The question that policymakers grappled with from the 1970s onward was this: How can we get people off "welfare"—which had gone from a term referring to well-being to a term referring to government payments—and onto the work rolls? This was the essence and core of antipoverty policy. In the 1980s, Ronald Reagan promised to end welfare as we knew it and made some cuts and changes. In the 1990s, Bill Clinton also promised to end welfare as we knew it and crafted a proposal that was never taken up in Congress. Finally, in 1996, Congress and the president agreed on a welfare reform law that gives states great latitude in changing their welfare systems. Many had already begun programs to move people from welfare to work. The programs seemed to work. Hunger and homelessness remained big problems, but they did not soar and lead to people being thrown onto the street, as some pessimists had predicted. Welfare rolls declined and many people went to work, helped by a continually growing economy. But the optimists were also to be disappointed. Poverty didn't go away. People got jobs but remained poor, and the concept of the working poor moved to front stage.

Work alone wasn't the answer. Poor people are now more likely to work, but they work in low-wage, no-benefit, precarious employment that comes and goes. They look for help from family and friends. They make use of state and local programs to help with the burdens of childcare. They go on, now working, but still poor. This shouldn't have come as such a surprise; this pattern already exists across the border in Mexico and much of Latin America where generous government support was always rare. Somehow, however, this outcome did surprise Americans who were convinced that work was the answer.

It is clear that our analysis of poverty must also shift from welfare to work, and especially to wages. Some had argued that this was the underlying problem all along (Wilson 1978; Zinn 1989). Before examining antipoverty policy, we need to look at changing economies and the changing world of work and how they have sculpted the face of poverty in different locations.

Urban Poverty: Abandoned Spaces

Cities, and U.S. cities in particular, have long been magnets for the desperate hopes of the poor, and often have concentrated social problems even as they offered concentrations of opportunity. New York was the murder capital of the nineteenth-century world as it filled with immigrant ghettoes: Irish, Jewish, and Italian before these spaces were ceded to newcomers including African Americans, Puerto Ricans, and other new immigrants. Chicago of the early twentieth century was gangland: not just Al Capone and organized crime but also Polish, Slovak, and a dozen other street gangs of various nationalities and territories. Over the twentieth century, U.S. urban problems have been particularly shaped by migration and deindustrialization. In the 1940s and 1950s, large numbers of rural black Americans and increasing numbers of Latinos migrated to U.S. cities in search of industrial employment, joining the white immigrant groups who had come with the same hopes at the beginning of the century.

Like their predecessors, the new urban poor were concentrated in low-income ghettoes. African Americans came to dominate Harlem in Manhattan and then to share the area of the Bronx directly across the Harlem river with poor Latino groups. Black migrants from Mississippi and neighboring areas came north to Memphis and St. Louis as well as to Chicago. In Chicago, they were concentrated in an area known as Bronzeville, where they were often housed in dilapidated and overpriced kitchenettes carved from older homes. Their ability to move on was limited by fierce white resistance, but they were able to establish a thriving, albeit often low-income, community, as in Harlem. In time, growing pressure on housing forced the city to look for alternatives. When Mayor

Daley drew sharp attacks from his white constituents for his proposals to establish public housing throughout Chicago, he instead chose to concentrate poor blacks in high-rise dwellings such as Cabrini Green and the Robert Taylor Homes. These promised the possibility of affordable housing near employment and free from unscrupulous absentee landlords. St. Louis built the huge Puiett Igo housing complex with the same intent. Low-income black migrants were concentrated in portions of north St. Louis and across the river in East St. Louis near employment in chemical and industrial plants. Migrants also worked their way westward to establish themselves in the Watts area of South Los Angeles.

Deindustrialization and the Changing Metropolis

Each of these locations became what William J. Wilson (1996) terms "institutional ghettoes." A combination of low incomes, public policy, and community hostility kept nonwhite urban groups concentrated in certain areas, often the least desirable portions of a city. The same period saw the movement of many white urbanites toward the suburbs. The older, white, ethnic enclaves declined as their members began to intermingle in the growing suburbs and vacate their urban enclaves to the new migrants. Urban African Americans rose up to challenge the deprivations and isolation of the urban ghettos in the urban unrest of the late 1960s, late in the civil rights movement. Most of the attention went to places where unrest exploded into riots as in Detroit and in Watts in Los Angeles.

By this time, however, the character of these ghettos was beginning to change. Residential discrimination, far from over, had at least begun to subside enough so that the better-off black residents could begin to leave the most troubled communities. Sometimes they took their businesses and organizations with them. At the same time, jobs fled the central city. U.S. industry began to look overseas for its production. American plants closed. Cities across the Midwest and Northeast experienced the Rust Belt phenomenon of deindustrialization. Blue-collar workers of all backgrounds were hard hit, but those in the central cities had the fewest alternatives. Retail and many office jobs left the cities for the suburbs, often beyond the reach of public transportation. The employers that remained in downtown areas were often the so-called FIRE enterprises: finance, insurance and real estate. They demanded degrees, professional presentation, and long lists of credentials that low-income urban residents didn't have. The only employment they offered central-city residents was an occasional position as a custodian or security guard (if one had a completely clean police record). Privileged workers shuttled between the high-rise office buildings and the new suburbs on new urban expressways, often having as little contact as possible with center-city residents. Institutional ghettos become jobless ghettos. Even as employment opportunities grew, there remained a fundamental mismatch between where jobs were and what they demanded, and where the unemployed were and what they had to offer. People turned to informal economic activity that often included drug traffic and other illegal enterprises. The central city became a place of danger and mystery for suburbanites, and a place of danger and degradation for its residents.

In a book he ironically titles *Amazing Grace*, Jonathan Kozol (1995) describes the experience of children in the Mott Haven area of the South Bronx, one of the poorest urban areas in the United States:

> The houses in which these children live, two thirds of which are owned by the City of New York, are often as squalid as the houses of the poorest children I have visited in rural Mississippi, but there is none of the greenness and the healing sweetness of the Mississippi countryside outside their windows, which are often bolted against thieves. Some of these houses are freezing in the winter. In dangerously cold weather, the city sometimes distributes electric blankets and space heaters to its tenants. In emergency conditions, if space heaters can't be used, because substandard wiring is overloaded, the city's practice, according to *Newsday*, is to pass out sleeping bags. . . In humid summer weather, roaches crawl on virtually every surface of the houses in which many of the children live. Rats emerge from holes in bedroom walls, terrorizing infants in their cribs. In the streets outside, the restlessness and anger that are present in all seasons frequently intensify under the stress of heat. (Pp. 4–5)

The Making and the Unmaking of the Postindustrial City

Deindustrialization, particularly coming on the back of decades of housing discrimination, devastated many cities. This was not the last word on urban America, however. For one thing, newcomers have not stopped arriving. New York was the ultimate immigrant metropolis of the turn of the twentieth century, and it remains a magnet for newcomers. One reason that industry hasn't left New York altogether is that newcomers, especially Asians, have continued to come seeking work, particularly in the textile industry. Other newcomers, especially from the Caribbean, continue to begin new small businesses. Other immigrant metropolises, such as Miami, Los Angeles, and Washington D.C., continue to grow. Some immigrant entrepreneurs prosper, but many immigrant workers struggle under conditions reminiscent of the sweatshops of Asia or of New York in the last century: low wages, uncertain employment, no benefits, long hours, and vulnerability to exploitive employers (Waldinger 1986; Nee, Sanders, Sernau 1994). Nonetheless, the new influx of labor and capital has brought new energy and growth to the urban economy.

Meanwhile, inland cities such as Detroit and Chicago continue to draw newcomers, including Latinos, Arab Americans, and Caribbean and Asian groups, often secondary migrants from the two coasts. Rust Belt cities have also made a determined comeback. They invested in urban redevelopment projects: Baltimore's Inner Harbor, Cleveland's Nautica, Pittsburgh's Station Square. They built new stadiums, new aquariums, new amusement parks, new halls of fame, and new casinos. Overall investment in older urban areas is again up. Whether this has benefitted the urban poor is less clear. Often these new enterprises are upscale and high-priced attractions for well-off visitors who consciously avoid the neighboring urban areas. Detroit has three new casinos and a new stadium, but the latter is virtually walled off from the surrounding urban neighborhood and few nearby residents could afford tickets. Floating casinos in Gary and Michigan City have brought new profits to investors, such as billionaire Donald Trump. These casinos have generated some tax revenue, but they offer few jobs to residents and have little to do with the cities, staying safely anchored just offshore. Gary and Detroit, along with Chicago, remain the most segregated cities in the United States.

U.S. cities are now not only immersed in the global economy, they often mirror it in their contradictions: diverse interactions yet persistent segregation, islands of prosperity amidst wastelands of poverty, job growth amidst chronic underemployment, economic growth amidst stagnant wages and declining fortunes. Lest you believe these are uniquely U.S. problems, realize that this is also a fair description of postindustrial London and Amsterdam, and now it also describes the new Prague of the Czech Republic. Increasingly, it describes a world city anywhere, Bangkok or Manila, Buenos Aires or Rio de Janeiro. Writes Pico Iyer, "The place we reassuringly call a global village looks already a lot like a blown-up version of Los Angeles, its freeways choked, its skies polluted, its tribes settled into discontinuous pattern—the flames of South Central rising above the gated communities of Bel Air" (Iyer 2000:76).

We miss the truly sweeping effect of these contradictions, however, if we assume they are only the pathologies of the largest cities. Global economic change has also changed the face, and the faces, of small cities and urban regions, with a similar mix of prosperity and poverty. It is also remaking the countryside.

Rural Poverty: Forgotten Places

Around the world, the poorest communities with the least access to services are those that are rural. This is sometimes forgotten in the emphasis on urban poverty. Rural poverty is more hidden, it gets less policy attention, and it makes duller settings for prime-time police shows. Rural poverty got U.S. attention in the 1930s as Appalachian coal mines went bankrupt and plains farmers were driven from their land by bank foreclosures and the Great Dust Bowl. The Franklin Roosevelt administration provided some relief and sponsored programs for rural electrification but

Highest percentage of persons below the poverty level, 1989		
County	**Percent**	**Characteristic Population—Location**
Shannon, SD	63.1	Rural American Indian—Pine Ridge Reservation
Starr, TX	60.0	Rural Hispanic—Mexican Border
East Carroll, LA	56.8	Rural Black Belt
Tunica, MS	56.8	Rural Black Belt
Holmes, MS	53.2	Rural Black Belt
Owsley, KY	52.1	Appalachia
Ziebach, SD	51.1	Rural American Indian—Cheyenne River Reservation
Maverick, TX	50.4	Rural Hispanic—Mexican Border
Zavala, TX	50.4	Rural Hispanic—Mexican Border
Todd, SD	50.2	Rural American Indian—Rosebud Reservation
Issaquena, MS	49.3	Rural Black Belt
Dimmit, TX	48.9	Rural Hispanic—Mexican Border
Menominee, WI	48.7	Rural American Indian—Menominee Reservation
Presidio, TX	48.1	Rural Hispanic—Mexican Border
Sharkey, MS	47.5	Rural Black Belt
Sioux, ND	47.4	Rural American Indian—Standing Rock Reservation
Lee, AR	47.3	Ozarks
Apache, AZ	47.1	Rural American Indian
Jefferson, MS	46.9	Rural Black Belt
Tensas, LA	46.3	Rural Black Belt
Humphreys, MS	45.9	Rural Black Belt
Greene, AL	45.6	Rural Black Belt
McCreary, KY	45.5	Appalachia
Coahoma, MS	45.5	Rural Black Belt
Wilcox, AL	45.2	Rural Black Belt
United States	13.1	

Exhibit 9.1 Poorest Counties in the United States
From U.S. Census, *City and Country Data Book* (1994):Table 1.

then this issue subsided. It arose again in the 1960s with the book *The Other America* by Michael Harrington (1962). Robert Kennedy toured poor counties in the Southeast and Martin Luther King Jr. launched his poor people's campaign across the same region. But the urban unrest and riots of the later 1960s again riveted attention back on the problems of cities. The farm crisis of the 1980s again drew some attention as Midwest farmers lost their land to low commodity prices, high interest rates, and agribusiness competition. The farm crisis also faded from public attention, although small farms are still being lost at a rapid rate.

Although urban problems and urban poverty again dominate the public policy agenda, the poorest places in the United States remain rural counties: the Pine Ridge and Rosebud Sioux reservation areas of South Dakota, the rural Hispanic communities of New Mexico and Texas, and the black farming communities of Mississippi and Louisiana (see Exhibit 9.1).

Rural poverty, especially rural nonfarm poverty, is unlikely to gain public attention, in part because by its very nature it tends to be hidden in out-of-the-way places, bypassed small towns and hidden valleys and hollows. The rural poor are more likely to be working poor and less likely to make use of public assistance, sometimes out of pride and sometimes simply because that assistance is rarely nearby or easy to access. If chemical dependency is part of the problem, it is most likely alcohol, possibly marijuana, and less likely to be drugs that get first attention from law enforcement. Likewise, crime is not of the sort to get much attention or make good television programming: petty theft, drunken driving, domestic disputes. Two-parent families are more common than among the urban poor, although both parents may be underemployed. The housing situation of the rural poor may raise an occasional eyebrow or comment but not great public outcry. Typical housing may be an aging trailer home with a plywood addition and porch on the front and a still older outbuilding behind. Heating may be minimal and often dangerous, such as old kerosene heaters and stoves. Natural hazards such as tornados are a real concern, but the biggest danger is often fire from hazardous heating systems. Several cars may be scattered on the lot, not out of carelessness but out of the need to keep at least one vehicle running by scavenging parts from others; professional repairs are expensive and the rural poor cannot depend on public transportation. The residents may work in neighboring communities or seek the handful of remaining rural jobs, such as working on the county road crew. Many of these are seasonal.

We often tend to associate rural poverty with certain locations and an earlier time, perhaps the rural South of Faulkner's novels or Harper Lee's *To Kill a Mockingbird.* Anthropologist Janet Fitchen (1981; 1991), however, has devoted her career to studying this type of rural poverty in the Northeastern United States. She finds rural poverty growing and extending into new regions. Likewise, sociologist Cynthia Duncan (1992; 1999) finds rural poverty alive and well in Appalachia, the U.S. South, among migrant workers, on American Indian reservations, and even in New England.

The Urban Fringe

In Latin America, poor communities often surround large urban areas. Traditionally, elites concentrated near the city center, whereas the poor were pressed out to the margins of the metropolitan area in shanty towns that climbed steep mountainsides or were carved from steep ravines and other inhospitable land. In the United States, people have come to associate poverty with the central city. Increasingly, however, it is spilling into the urban fringe, amidst and beyond the better-off suburbs. This movement is driven, in part, by the gentrification of some older neighborhoods. Well-off urbanites who are tired of long commutes move back into older, central-city neighborhoods, buying and fixing up old houses, and driving up property values. The poor are often displaced. Public housing is also scarce in many large urban areas. Older projects are being dismantled while newer projects are delayed. For increasing numbers of people, this means that the only affordable housing is on the urban fringe: in poor satellite communities; in trailer parks; or in adjoining areas where old industry, a concentration of railroad yards, or some other feature made the area undesirable for middle- and upper-class suburban development. The poor residents of the urban fringe may seek employment in the city but face many of the other problems of the rural poor: lack of reliable transportation, lack of social services and convenient health care, isolation, and lack of political clout.

The Black Belt

This is a region that stretches in a long, slightly curved belt from the rural Carolinas across northern Georgia, Alabama, Mississippi, and Louisiana. The name refers not to the martial arts movies playing in the movie theaters but to the fact that the majority population of the counties is black. In the last few decades, African American poverty in the United States has come to be viewed as an inner-city problem, but this is largely rural poverty. This was cotton country; many here had ancestors who were slaves. When slavery ended, many became sharecroppers, working the land for a white land owner and sharing its produce with him. They borrowed money for planting from the landowner, and so remained in a state of perpetual debt not much different than slavery. Over time, many left this area for the urban North and West, but others remained. Some still work as farm laborers, and others work in sawmills or whatever industry may be present. One thriving industry in this area has been food processing, described in the introduction to Part II.

Much of the South is changing rapidly. The coast is filled with new retirement communities, resort developments, and beautiful seaside estates. Cities such as Atlanta pride themselves on their glittering modernity. Some highland cities with attractive locations and educated populations, such as Chapel Hill and Asheville, North Carolina, are attracting new high-technology industry and prosperous newcomers. The black belt, with enduring intergenerational poverty and little but the most arduous, most hazardous, and often lowest-wage employment in the country, stands between and largely apart from these developments.

American Highlands

Standing above the black belt geographically, if not always economically, are the highland regions of long-standing poverty in Appalachia and the Ozarks. The population here is primarily white, although mixed with some African Americans and occasionally Native Americans, such as the Choctaw and Cherokee, and those whose ancestry mixes these various groups. Farms have dotted this area for generations but have always been marginal given the difficult terrain and soil. Coal was king for a while in the eastern portion of this region. Mining was always demanding, dangerous work that could shorten lives abruptly in an accident or slowly through lung disease. Eastern high sulfur coal is no longer favored by industry, and many of the mines are limiting operations. Sawmills still operate but offer their own hazards and unpredictable employment. Certain locations within this region have boomed with tourist-driven economic growth, such as Pigeon Forge, Tennessee, and Branson, Missouri. For those who are not headline entertainers or well-heeled entrepreneurs, most jobs are in lower-wage service activities (there are a lot of new motel beds to be made up). The prosperity from these areas has been slow to extend to outlying areas just as in the southern lowlands, creating what Thomas Lyson (1989) sees as *Two Sides to the Sunbelt* and places that are *High Tech, Low Tech, and No Tech* (Falk and Lyson 1988).

The Barrio Border and the Rural Southwest

Wooden one-room shacks cluster under the sparse shade of a few cottonwoods. They have no running water and no electricity. Their occupants work in fields and seek day jobs in the city in the off-season. Some wonder about leaving their families to try their luck in the North. Life on the border is hard. This is, however, not the Mexican side of the border but the Texas side. These people have arrived in the United States, but they certainly have not arrived at economic success in U.S. society. Traveling through the rural Southwest toward Mexico, Robert Kaplan (1998) contends that the real border he encounters runs through the middle of Tucson, not the one the Border Patrol tries to guard a bit further south. North Tucson is primarily Anglo and has prospered with tremendous growth, many newcomers from the north, and spin-off industries from the University of Arizona. South Tucson is primarily Latino, sees most of its newcomers from the south, and remains poor.

It shares this poverty with much of the rural southwest. Spanish Americans who have been in northern New Mexico since the 1500s (long before there was either a Mexico or a United States) and those who have been in the United States only a few months both remain at the bottom of the economic ladder of this growing region. Newcomers in Texas often work as migrants, picking vegetables or melons on the large irrigated commercial farms, and then head north, sometimes as far north as Michigan, to pick vegetables and cherries during their limited season. Farms across the United States depend on these workers; some owners have even begun to lobby for relaxed immigration rules or temporary programs such as the Bracero Program, to provide more workers. In Northern New Mexico, the people tend to work their own land. Yet the prosperity of high-tech Los Alamos, trendy Santa Fe, growing Albuquerque, or ski-resort-filled Taos escapes them as they work a dry, rugged land with limited irrigation and mechanization. This land also includes Native American reservations including the largest in the United States, the Navaho. Miners covet some of this land and tourists visit other portions, but throughout most rural poverty still prevails.

The Central Plains

In *The Grapes of Wrath*, a classic account of the 1930s Dust Bowl that swept the great swath of plowed-up grassland that is the Great Plains, John Steinbeck (1992) envisions a conversation between tenant farmers scratching at the exhausted land and the spokesmen for owners and banks that were evicting them. "'Sure,' cried the tenant men, 'but it's our land. We measured it and broke it up. We were born on it, and we got killed on it, died on it. Even if it's no good, it's still ours'" (p. 45). But the spokesmen in the novel remind them of bigger structural forces:

> Well, it's too late. And the owner men explained the workings and the thinkings of the monster that was stronger than they were. . . You see, a bank or a company. . . those creatures don't breathe air, don't eat side meat. They breathe profits: they eat the interest on money. If they don't get it, they die. . . When the monster stops growing, it dies. . . The bank is something more than men, I tell you. It's the monster. Men made it, but they can't control it. (P. 2)

In each of the last four censuses, the portion of the country that is consistently losing population consists of the farm states of the Great Plains. As farming consolidates into ever larger, ever more mechanized operations, there are fewer small farms and fewer farmers. This, in turn, affects the many small communities that grew up serving the needs of small farms as businesses close, and downtowns become all but deserted except for a café and a tavern where people can mourn their losses. Small farmers have faced multiple crises over the last one hundred years. The Dust Bowl crisis of the 1930s was brought on by drought and soil erosion but also by a crisis of low prices and heavy debt. Similarly, the farm crisis of the 1970s and 1980s was affected by weather, but it was mostly a problem of heavy borrowing (which the government had encouraged) and falling commodity prices. The farm crisis is back again, with unpredictable weather patterns, a new blight affecting wheat crops, rising interest rates, and grain prices at all-time lows. Once again, many small farms are being lost and their equipment auctioned. Since modern farming requires huge inputs of land and materials, yet offers modest per acre returns, small farmers have had to borrow heavily. Their total debt exceeds that of all the countries of

Latin America put together. This debt burden, coupled with a dependence on distant markets that they cannot control nor anticipate, leaves them continually vulnerable and often extremely income poor, even if the land itself amounts to considerable wealth.

The poorest people on the Great Plains are not grain farmers, however, but the scattered residents of several large Indian reservations. Their remoteness does not make them likely targets for casinos and tourism, and their access to capital and resources is very limited. Rural Great Plains reservations have extraordinary unemployment rates, topping 30% even amidst national economic growth, as well as the country's highest rates of poverty, alcoholism, and family disruption.

For all their differences, each of these rural poor groups is faced with similar choices. Residents can leave the land and ways of life that have been in their families for generations and stake their hopes on uncertain futures in distant cities that may or may not have a place for their skills. Or they can remain and hope that new opportunity will come to their communities, a hope that in each of these places has yet to be realized.

Challenge of the Margins: Antipoverty Programs

The poor have always been with us, at least since the first kingdoms and stratified agrarian societies, and so have antipoverty proposals. Ancient kings often saw it as their duty to tend to the problems of the poor, especially the deserving poor such as widows and orphans, without radically challenging the overall system. Christian, Muslim, Jewish, and Confucian ethical systems all called on good rulers to defend the powerless and for good people to give alms (gifts of charity) to the poor. When followed, this provided a good beginning toward coping with poverty, but the size and complexity of industrial societies quickly showed the inadequacy of these injunctions. The first to confront these problems was industrial Britain. Nineteenth-century reformers first challenged the evils of slavery, and then turned to the masses of poor and displaced people that filled the streets of Britain's great industrial cities. Poorhouses and orphanages were set up for homeless adults and children. Government food distribution plans supplemented the soup kitchens of churches and civic and fraternal groups. Preacher-reformers of the time, such as John Wesley, agreed with the prevailing opinion that drunkenness, idleness, and sin were at the root of poverty, but also preached that the poor who were willing to change their ways need to be given a second chance. The children of the poor, in particular, needed options; Sunday schools were begun, not to teach religion, but rather basic academic skills to those children who worked the rest of the week. Later, the reformers challenged child labor and proposed systems of public schooling.

These proposals and programs for housing, food, and basic education also found their way across the Atlantic as many U.S. states adopted similar programs. Church, civic, and fraternal groups increased their social outreach in the 1800s and have been more active in social programs in the United States than almost anywhere else in the world. Yet government programs were limited and local, and very little national-level action was taken. By the turn of the twentieth century, Progressive Era politicians, such as "Battling Bob" La Follette of Wisconsin and Theodore Roosevelt of New York, promised poor farmers and workers a square deal and began to institute reforms in tax laws and monetary policy that were geared toward helping low-income workers. The prevailing opinion since colonial times, however, had been that poverty was the result of personal failings, and government involvement was unnecessary and unwise (Feagin 1972).

The New Deal

This attitude underwent a major change during the Great Depression of the 1930s. The United States had gone through many economic panics, often at ten or fifteen year intervals over the course of the previous hundred years. Yet the Great Depression inaugurated by the stock market crash of 1929 dragged on longer than any previous downturn. This depression was also worldwide with much of Europe, and Germany in particular, very hard hit. U.S. President Herbert Hoover tried to continue the laissez-faire (hands-off) policies of his two predecessors. The view of the Republican party of the time was that the country would lift itself out of the depression best without government interference. But by 1931, breadlines had become commonplace and the homeless unemployed were living in shantytowns they called "Hoovervilles." When Franklin Delano Roosevelt came to office in 1933, unemployment was at 25%, and if discouraged workers and the underemployed were counted, it would have gone much higher. Suddenly it seemed that the old ethos was no longer so believable: good, hard-working people were losing their jobs and their land, becoming indigent and homeless. If this was indeed a societal failing rather than just personal failures, then concerted social action was called for.

Franklin Roosevelt called for just that. Adapting the slogan of Theodore Roosevelt, a distant cousin, FDR called for a New Deal. This new deal would be targeted at the unemployed, poor farmers, minorities, and anyone else who seemed to be getting a raw deal. Roosevelt's challenge to the Great Depression called for relief, recovery, and reform. First, the hungry, homeless, and unemployed needed relief. Then the country needed to be led toward recovery. Finally, reforms were needed to prevent a recurrence of the Great Depression. The first relief programs operated essentially as block grants to states to spend on emergency assistance as needed.

By 1935, with 20% of the population now receiving some form of relief, the emphasis shifted toward getting people off of handouts and into employment ("welfare to work," although that term was not used). Roosevelt began public works programs to employ unemployed men and youth. The Civilian Conservation Corps (CCC) had been building trails, bridges, and lodges in parks. To this was added the Works Projects Administration (WPA) to build roads and public buildings in major cities. These were make-work programs, and the WPA worker idly leaning on his shovel was a popular cartoon image; however, many of these buildings, some with fine craftsmanship, still serve the public today.

Another relief program of 1935 had even longer-lasting results: the program that became Aid to Families with Dependent Children (AFDC). Already during the Progressive Era at the beginning of the twentieth century, many states and localities had begun widow's-aid or mother's-aid programs. A woman who lost her husband might have very limited income-earning options and often had to place her children with relatives or in an orphanage or workhouse. These aid programs were intended to help women keep their children with them. The programs were accepted because they targeted one group of poor that most had long agreed were deserving—widows and their children—and they served to keep families together, also a long-standing ideal. AFDC made these state programs part of a national effort. The program quickly expanded from widows to cover a wide range of single parenting, but it remained largely a mother's program.

The other enduring program was really a cluster of programs that became known as Social Security with the Social Security Act of 1935. Retirement programs assured that the elderly would have income in their later years (and encouraged them to leave the workforce and make room for younger, unemployed workers). At first they covered only certain categories of workers (some, such as railroad workers, had their own programs), but gradually the program expanded and was consolidated to cover all workers. Supplemental Security Income (SSI) programs provided income to disabled workers and their families, and others who would not be readily employable.

Roosevelt's recovery proposals included building the national infrastructure, especially in poor, rural areas. The Tennessee Valley Authority (TVA) used hydroelectric projects as the basis for wide-ranging rural development, as well as rural-electrification programs. Reforms included expanded worker protection and expanded consumer protection, especially in banking and finance.

The New Deal Programs were radical for their time, at least in the eyes of critics, and set a new standard for activist federal-government programs. Yet in many ways, they were built on values that would have accorded well with conservative welfare reformers of the 1980s and 1990s: an emphasis on work, on helping only the deserving, on maintaining much state and local control, on providing temporary assistance en route to self-sufficiency, and on family preservation. It was really the changing national society and economy that most changed these programs and proved the undoing of some.

The most effective antipoverty program has always been broad-based prosperity and a tight labor market with high wages. These conditions began with the tremendous need for labor during World War II. Even before the United States entered the war, its self-appointed role as what Roosevelt called "the arsenal of democracy" demanded huge industrial output and created far more jobs than the CCC or the WPA. The economic growth that followed in the 1950s and 1960s greatly reduced levels of absolute poverty, probably more so than either the civil rights movement or government programs of the time. Yet policies also help determine who does or does not benefit from economic expansion.

Becoming president on the death of Roosevelt, Harry Truman tried to continue the reforms of his predecessor. He adopted the agenda of progressives, such as Hubert Humphrey of Minnesota and Adlai Stevenson of Illinois, promising a fair deal that would address persistent poverty and expand the protection of industrial workers. Truman earned a reputation for gutsy fighting for reform, but enthusiasm for such measures waned in the new conservative mood of the 1950s. Adlai Stevenson lost the presidency to General Dwight Eisenhower and renewed hope that a rising tide of economic prosperity would eventually lift all boats.

The War on Poverty

Antipoverty policy gained new attention with the Kennedy Administration of 1960. After years of emphasis on promoting economic growth, it was becoming clear that not everyone was sharing in postwar prosperity. Economist John Kenneth Galbraith's *The Affluent Society* (1958) warned of an economy driven by a consumer culture that divided haves from have-nots and failed to provide for the basic needs of all. Galbraith became an economic advisor to the Kennedy Administration. Michael Harrington's powerful probing of poverty in America and the many places left out of economic growth, *The Other America* (1962), gained nationwide attention. In particular, it gained the attention of Robert Kennedy, the Attorney General and brother of John Kennedy. Robert Kennedy had been similarly dismayed by the extent of rural poverty in Appalachia as he campaigned for his brother. Somehow the great new day for America that the Kennedy brothers had promised must also include this other America. They looked to Mollie Orshansky, a government economist, to devise a measure of absolute poverty. Orshansky proposed calculating the cost of feeding a family (so the income levels vary by family size) and multiplying this figure by three. This is the measure the federal government still uses today. As a result, 1960 is often used as the benchmark for measuring trends in poverty based on the official government measure.

When John Kennedy was assassinated and Lyndon Johnson came to office, he brought a pledge to carry on the fight against poverty. Capturing the Kennedy vision, Johnson called for a Great Society, one free from poverty and deprivation. To achieve his Great Society vision, Johnson called for a War on Poverty. The Food Stamps program began to attack the embarrassing paradox of hungry people in a land of supposed plenty. A special program for mothers and young children—Women, Infants, and Children (WIC)—targeted those most at risk from poor nutrition. Medicare was created to assure health care for the elderly, who were still among the poorest Americans. Medicaid extended coverage to the poor on AFDC. Great Society programs also hoped to go beyond relief to real reforms: better schools, job training and job creation both in the inner city and in places of rural poverty, expanded health care for the poor and uninsured. With a landslide victory in 1964, Johnson pushed through more legislation than had been seen since Franklin Roosevelt's first 100 days in office. VISTA expanded the Kennedy Peace Corps model by sending U.S. youth into poor urban and rural settings in the United States. The Job Corps and the Neighborhood Youth Corps trained high-risk young people for employment. Upward Bound helped prepare low-income youth for college. Head Start focused on low-income and special-needs preschool children, seeking to give them the skills and confidence necessary for school success. "Hurry up, boys," Lyndon Johnson insisted as he prodded, charmed, and intimidated his Democratic majority into action, "Before Landslide Lyndon becomes Lame Duck Lyndon."

Although in the 1980s many of these programs were attacked as failures and some were discontinued, poverty did drop substantially in the 1960s, no doubt helped by a growing economy. The energy and money for the War on Poverty, however, was gradually drained by another conflict, the war in Vietnam. Government spending and attention moved from the domestic front to Southeast Asia. The enemy most feared was no longer rural and urban poverty (which was also a big part of the struggle in Southeast Asia) but global communist expansion, as it had been for much of the 1950s.

The War on Welfare

In 1968, the Nixon administration took over the struggle in Vietnam and also what was left of the struggle against poverty. Nixon distanced himself from the more conservative side of the Republican party, represented by Ronald Reagan, with an insistence that he would continue the fight against poverty. He explored the idea, touted by some progressives as well as some conservative economists such as Milton Friedman, of a negative income tax to replace the existing cluster of federally funded welfare programs. Instead of applying for AFDC, food stamps, WIC, and the many other programs, those earning below a certain level would get only a single check from the Internal Revenue Service—the reverse of paying income tax and hence the name. Proponents noted this would require far less bureaucracy and paperwork, carry much less stigma (it would look like an income tax refund), and give poor families discretion on how to use the money to better their situation. Two grand experiments—maybe the biggest social science experiments ever funded—were set up in Seattle and Denver, the Seattle and Denver Income Maintenance Experiments, SIME and DIME. Welfare recipients who volunteered were given fairly generous cash payments in place of the network of welfare programs. A team of social science analysts—sociologists, economists, and others—carefully monitored the results. First came the good news: People who participated showed no less interest in leaving the program for work than others, and despite the more generous nature of these experiments, people still were eager to become self-sufficient and many did. Then came the bad news: Divorce and marital separation increased for the income-maintenance group. It seemed that poor women who were now guaranteed an income were more likely to leave troubled marriages and unemployed, alcoholic, or abusive husbands. The trend alarmed members of Congress, however. The program passed one test: It did not destroy the work incentive. It failed, however, on another: that of family preservation. The experiment was scrapped and the idea was shelved.

The War on Poverty in the 1970s was always overshadowed by other concerns: Vietnam and Watergate for Nixon, and the Iran hostage problem and the war in Afghanistan for Jimmy Carter. The biggest limitation for both administrations, however, was the stagnant economy and high unemployment rates of the 1970s that limited revenues and provided few options for ambitious programs. Frustration with these ongoing problems revived interest in the conservative agenda of Ronald Reagan, who triumphed over the centrist Republican faction led by the man who became his running mate, George Bush, and also triumphed over the moderate Democratic policies of Carter.

For the first two years of the Reagan administration, the recession continued, and poverty and unemployment increased. Some of the new homeless took to living in shantytowns they dubbed "Reaganvilles" likened to the "Hoovervilles" of the early 1930s. Reagan continued to champion the hands-off government policies that had caused Herbert Hoover such grief, but Reagan was more fortunate. By late 1982, the economies of the world's advanced industrial societies were again beginning to grow, driven by new technologies and new global markets. The decade that was an economic disaster for much of the developing world was a boon to Japan, Western Europe, and North America. The Reagan administration contended that the way to keep this growth moving was to keep government interference as small as possible. Privatization of government-owned or -controlled activities was encouraged in the United States, as it was in an even bigger way in Margaret Thatcher's Great Britain. With few government-owned enterprises to begin with, the United States focused more on deregulation, giving a freer hand to industry and big business. Tax cuts were emphasized, especially for those in the upper-income brackets. Since military spending was also increased, this meant that domestic spending on social programs needed to be cut drastically even as deficit spending rose markedly. The guiding philosophy was neoclassical economics, although often nicknamed "trickle-down economics" or just "Reaganomics." The idea was that small government and a free hand to private enterprise would lead to ever greater growth, and the benefits of this growth—more jobs, more consumer goods, more private demand for workers' skills—would "trickle down" to everyone. In this view, growth was the answer to poverty.

Yet poverty lingered and remained high. In general, the wealthier the family, the more they benefitted from the growth of the 1980s; the poorer the family, the less they benefitted. The rich got richer, but the poor got nowhere. Conservatives blamed the influence of long-standing government programs, such as AFDC for creating a subculture of dependency among the poor. Conservative analyst Charles Murray (1984) contended that this was why we were *Losing Ground* in the fight against poverty. Reagan adopted this philosophy and added his own concerns about abuse of the system by welfare queens. The system needed to be changed. Interestingly, when Reagan-sponsored changes finally made it through Congress as the Family Support Act, the proposals were quite familiar: new education and job training, and a requirement that welfare mothers participate in job-training and job-search activities.

Once again, however, reform was difficult, and many still seemed dependent on relief—relief that was disappearing. When older job-creation programs were cut, many of the participants did not find private-sector jobs but became unemployed. When food stamps and nutrition programs were cut, hunger increased. The Physician Task Force (1985), which had been optimistic about ending hunger in the 1970s, found hunger was back with a vengeance in the 1980s, with as many as 4.5 million hungry children—hungry enough to be prone to other chronic health problems and developmental disabilities. When housing programs were massively cut, homelessness increased. Treatment programs for alcohol and drug problems were cut, community programs for people with emotional problems (including Vietnam-era veterans) were slashed, and support for single women with children declined, all leading to an evermore visible homeless problem. Hundreds of thousands of homeless were in shelters and on the streets, and many more were with friends and relatives, as well as in low-price motels and campgrounds and other informal arrangements (Jencks 1994). Poverty was not back in that it had never left, but extreme poverty was back in a way that had not been seen since the early 1960s.

The reality that "trickle down" was not working became more apparent as the country entered a mild recession during the Bush administration. Poverty was back as vividly as ever but with a new twist. The intergenerational poor were still as poor as ever, but they were now joined by the new poor. Many working-class people lost industrial employment and either became unemployed or took low-wage, service-sector positions that made them working poor. Some white-collar workers also lost work to downsizing as U.S. firms tried to remain globally competitive, and those who were downsized fell quickly from sharing in prosperity to sharing in poverty. George Bush had once derided Reagan's conservative policies as "voodoo economics," but he had now inherited these policies. In his campaign he called for a kinder and gentler America, in clear reference to the harsh realities of growing income divides, but he also doubted that the federal government should play a large role in this. Instead, in a famous line, he called for "a thousand points of light" of local private and volunteer efforts to combat poverty. One Bush administration official suggested: "We concluded that there were no obvious things we should be doing that we weren't doing that would work. Keep playing with the same toys. But let's paint them a little shinier" (quoted in Gilbert 1998).

Increasing numbers of working- and middle-class voters grew angry and impatient and turned against the policies that had won them over in 1980. They turned to the new activist agenda of Bill Clinton. This was not just a U.S. phenomenon. In Britain, Conservative Party leader John Major tried to continue what had once been popular policies of Margaret Thatcher, and soon lost to Labour Party leader Tony Blair, who campaigned on what sounded like "Clintonomics": continued commitment to global trade and growth but new attention to the needs of workers who were losing in this process. Conservatives also lost in Canada. Throughout the early 1990s, concern about the new poverty that was the dark shadow of the new prosperity of globalization was growing.

The Clinton administration addressed this concern in several ways. Clinton began with a proposal for an economic-stimulus package. Since the recession was already easing, the package was probably unnecessary as economic recovery, but it did contain important measures of relief for those not benefitting, along with reform for the future. In many ways, the proposals involved returning to 1960s programs that had declined during the 1980s: restoring worker protections along with expanding Head Start, child vaccinations and prenatal care, and job training. VISTA had been dismantled but was now resurrected as AmeriCorps, placing interns in social-service settings. Hillary Clinton had worked for the Children's Defense Fund. CDF's president and child advocate, Marian Wright

Edelman, became an important advisor to the Clinton administration, and children's issues were given new attention. Edelman had long noted that while the elderly were now at lower risk for poverty, the risk of poverty for children had been rising since the 1970s so that children were the group most at risk for poverty. Along with this package, Clinton proposed both welfare reform and health-care reform. He made a fateful decision to begin with health care, arguing that this issue would otherwise undermine progress in any other area.

Health Care Reform

The need was clear. The United States spends more on health care than any other nation in the world and has the greatest concentration of advanced medical technology. Yet the United States lags behind much of the industrialized world in life expectancy, infant mortality and child welfare. A UN study that rates not just years of life but years of healthy life gives the top place to Japan whereas, while the United States lags substantially behind (see Exhibit 9.2).

The problems are rooted in the nature of the U.S. health care system and particularly in issues of inequality. The majority of money is spent on emergency interventions rather than basic prevention. A mother may be denied prenatal care only to have her premature, low-birth-weight or otherwise high-risk infant spend time in hugely expensive intensive care units. The results are still not good. Edelman notes that although the United States does better with white infants, a black child born in the United States has less chance of seeing its first birthday than a child born in Botswana or Albania. In almost every category, it is the poor care given to low-income and nonwhite patients that lowers the U.S. average.

A big issue is that of the uninsured, at least 15% of Americans and more if lapses in coverage or incomplete coverage is considered (Bennefield 1995). Because health insurance is often an employer-provided benefit in the United States, changes in employment, particularly loss of protected unionized jobs with full benefits, can have major effects on health coverage. The uninsured may find it hard to get ongoing preventative care, only to later need more expensive emergency care, perhaps in a hospital emergency room that cannot turn them away. Costs climb, but results would have been better with prevention.

These arrangements contrast with those just across the border in Canada with its single-payer system. Canadians still chose their health-care providers who are in private practice, but a national insurance system pays the bills. Health care is a right of citizenship rather than a commodity for sale or a benefit of employment. Purely elective procedures are not covered, and where services are limited, care is prioritized by need, in

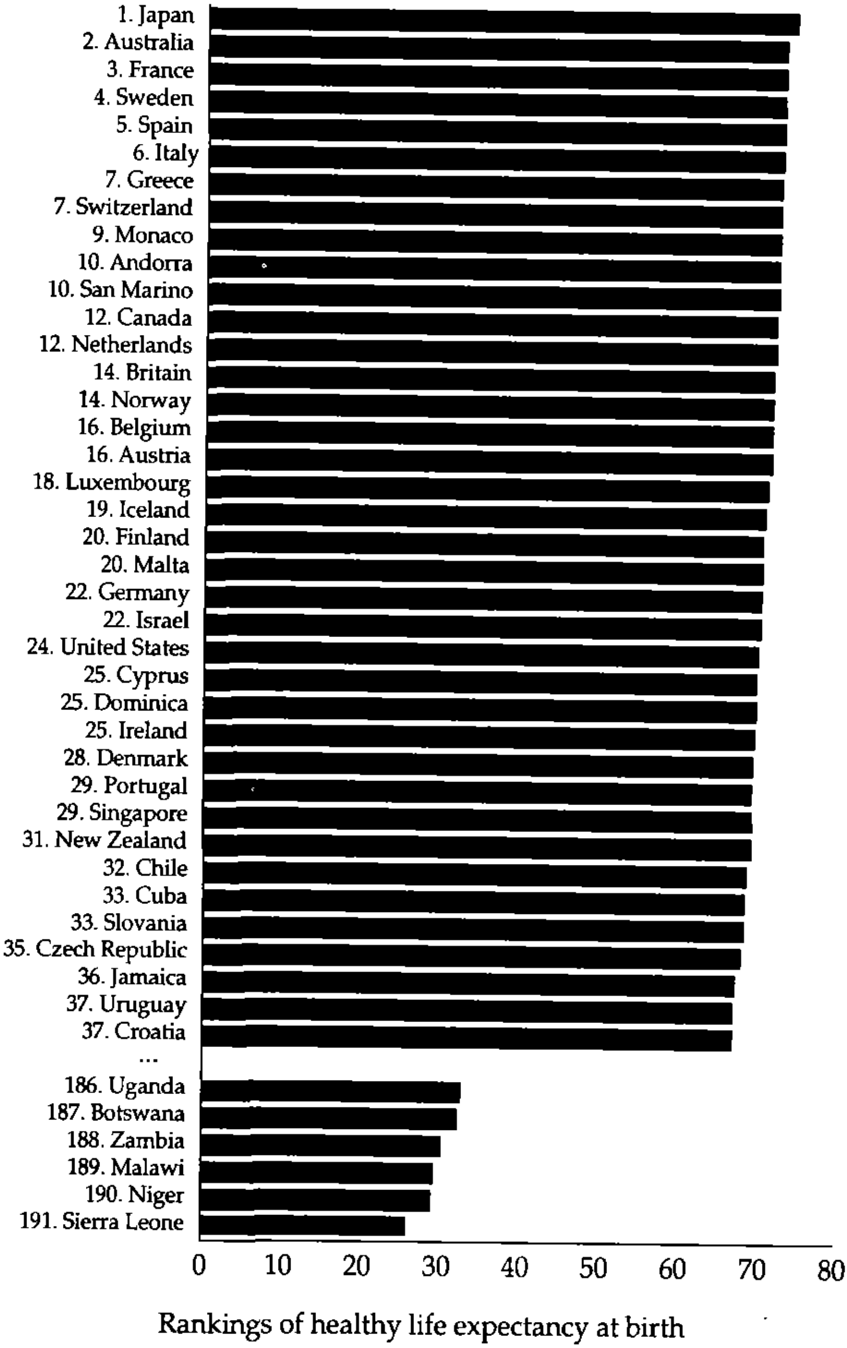


Exhibit 9.2 Healthy Life

From World Health Organization (2000); reported in *Chicago Tribune* June 5, 2000.

some cases leading to longer waits than in the United States. Most Canadians heartily endorse their system and some in the United States have sought to use it as a model. European systems range from those similar to Canada's, to systems in the Scandinavian countries and Russia where most physicians are actual government employees, earning much less than their U.S. counterparts.

The Clintons (Hillary Clinton headed the task force) saw the problems but were reluctant to propose full nationalized health coverage that would require tax hikes and displace private insurers. They instead proposed a system of health networks that would cover everyone and would group individuals together to give them better bargaining power with private insurers. Rates would be subject to national review. The proposal sought to address as many of the problems of the U.S. system as possible without completely overturning it. As it grew more complicated, however, suspicion and opposition grew, especially from private insurance companies and the powerful American Medical Association. The proposal died in Congress.

The Return of Welfare Reform

The risks of broad-ranging reforms were seen in the backlash against the failed health-care proposal that helped elect a Republican Congress in 1994. It was now going to be much more difficult for Clinton to advance his welfare-reform proposal. Clinton had as his welfare-reform advisors two highly respected social scientists, Mary Jo Bane and David Ellwood. In his book *Poor Support*, Ellwood (1988) had argued that although there were clear helping conundrums, or contradictions, such as how to fully support poor children without encouraging parents to have children they could not support, a program could be crafted that addresses basic U.S. values and still responds to current realities. He suggested a five-part plan:

1. *Ensure that everyone has medical protection.* He proposed the government as the insurer of last resort.
2. *Make work pay so that working families are not poor.* He called for expanding the earned income tax credit that gives tax refunds (even exceeding the amount paid) to working families with dependent children who still fall below low-income thresholds. He also proposed raising the minimum wage and expanding other tax credits, such as for child care.
3. *Adopt a uniform child-support assurance system.* Noncustodial parents would have child support automatically deducted from their pay, like Social Security, and the government would assure minimum child support in cases such as unemployment of the noncustodial parent.

4. *Convert welfare into a transitional system designed to provide serious but short-term financial, educational, and social support for people who are trying to cope with a temporary setback.* This transitional assistance would be available to both single-parent and two-parent families.
5. *Provide minimum-wage jobs to persons who have exhausted their transitional support.* Others have also suggested the government as employer of last resort (Wilson 1996), like the WPA, to ensure that there are jobs for those leaving assistance. This would be especially important during a recession or in a high-unemployment region.

The health care portion of this plan was already defeated by 1994, except for minor provisions such as the Family and Medical Leave Act, which allowed people to take time off from work for new births and family emergencies. The other proposals featured prominently in the Clinton reform plan. Congress, on the other hand, was less willing to spend money on childcare and training, was more concerned about enforcing work requirements, and was more eager to give responsibility to the states. After winning the removal of some of its harsher proposals, Clinton signed the Welfare Reform Act of 1996. The act limited welfare spells to two years without special extensions and to a five-year lifetime maximum. Rather than giving the money directly to individuals in a shared arrangement with the states, the federal government would give the money as block grants to the states to be used as they liked within these broad guidelines.

Controversy was intense. When Health and Human Services Secretary Donna Shalala presented the terms to the annual meeting of the American Sociological Association, she was met with murmurs and polite but icy silences. Outside, the streets were filled with angry protesters decrying the plan. Critics charged that it was "welfare deform," that it blamed and penalized the poor, that it targeted children, and that it would lead to streets filled with begging mothers and homeless centers filled with young children. Others worried that states would engage in a new race to the bottom, each offering less and less in welfare payments to encourage the poor to move somewhere else with more generous benefits. Shalala argued that it wasn't perfect, but it was the best that could be achieved with the current Congress.

In fact, most of the dire predictions have not been born out. Homelessness and hunger remain national problems, but these preceded the Welfare Reform Act. States have not been overly generous, but many have been somewhat more creative than critics expected. Many have experimented with job-training programs, childcare provision, child-support-collection plans, modest educational supports, and a variety of welfare-to-work programs similar to what Ellwood had proposed for the national government. One of the harshest provisions that had remained in the bill was the denial of benefits to legal immigrants; this was struck down in the courts since the Constitution gives full rights and protections to all legal residents. Many states have now reported large and dramatic declines in their welfare rolls. Wisconsin leads the list with over 90% of its former recipients now off welfare. Again, the biggest factor seems to have been the unprecedented growth of the economy. A tight labor market left many employers willing to hire people, including single mothers with spotty work histories, that they might have otherwise shunned. The critics might have been right if the plan had been implemented during a recession, and many still wonder what would happen during a national recession: Would these new, low-skilled, limited-experience workers who have used up their welfare benefits be the first to be fired? Where then would they turn for help?

An immediate problem has been what has been termed the multi-problem poor. Wisconsin removed 90% of welfare recipients from its rolls quickly but has made little progress with the remaining 10%. Other states have had similar experiences—good initial success with the most employable people but then a stalling of progress with the remainder. Those who remain on state welfare programs often have multiple deficits in the job market: physical disabilities, learning disabilities, multiple young children, arrest records, chemical dependency, emotional problems, and/or big gaps in education and job skills. Moving them into the workforce will take a much larger investment.

Furthermore, although the nightmare visions of the critics have not come to pass, neither have the optimistic visions of the proponents. More people are working, but this has only increased the ranks of the working poor. Just as the needs have grown, funding for programs, such as food stamps, has been declining and there is no decisive movement on health care. The earned-income tax credit for working-poor families is not increasing to match demand. The minimum wage has risen significantly in recent years, but it is still, in real dollars, below the level of the 1970s. The minimum wage remained at $3.35 for much of the 1980s while inflation continued. Hikes to $5.35 have made up some of that loss, and a $6.25-an-hour minimum wage would go further in restoring the wage floor. Yet estimates of what is needed for true self-sufficiency are much higher. Some have suggested that a true living wage would be closer to $10 an hour. Perhaps the criterion should be family wage since the issue of what is enough depends heavily on how many dependents one has to support. A recent study of costs in my relatively low cost-of-living part of the Midwestern United States showed that a single mother with one dependent would need close to $10 an hour to be truly self-sufficient. Unemployment is low here and many jobs abound, but the average starting wage is in the $6- to $7-an-hour range. This means that for many parents and others with dependents, work, even full-time work, will not mean self-sufficiency. They will still need some charitable or government assistance (see Exhibit 9.3).

Making it in St. Joseph County

Here's a breakdown of the monthly costs of living in St. Joseph County for various family sizes as estimated by the Self-Sufficiency Standard for Indiana. "Housing" includes utilities except for phone, which is included in "miscellaneous." "Transportation" is based on owning and operating an 8-year-old car. "Health care" assumes that the employer provides health insurance in which the parent helps to pay.

Monthly costs	Adult	Adult + infant	Adult + preschooler	Adult + infant + preschooler	Adult + schoolage + teenager	Adult + infant + schoolage + teenager	Two adults + infant + preschooler	Two adults + preschooler + schoolage
Housing	415	546	546	546	546	682	546	546
Child care	0	374	440	814	440	1254	814	880
Food	162	237	245	318	420	428	457	501
Transportation	147	147	147	147	147	147	290	290
Health care	90	188	167	208	213	228	261	240
Miscellaneous	81	149	155	203	177	274	237	246
Taxes	194	329	354	486	365	702	554	590
Earned income tax credit(-)	0	(60)	(44)	0	(83)	0	0	0
Child care tax credit (-)	0	(48)	(46)	(80)	(44)	(80)	(80)	(80)
Child tax credit (-)	0	(33)	(33)	(67)	(67)	(100)	(67)	(67)
Monthly self-sufficiency wage	**$1,090**	**$1,828**	**$1,931**	**$2,576**	**$2,114**	**$3,535**	**$3,012**	**$3,146**
Hourly self-sufficiency wage	**$6.19**	**$10.39**	**$10.97**	**$14.64**	**$12.01**	**$20.08**	**$8.56***	**$8.94***

*Per adult

Exhibit 9.3 Table Living Costs and Wages

From Indiana Coalition on Housing and Homeless Issues; reported in *South Bend Tribune*, Jan 23, 2000.

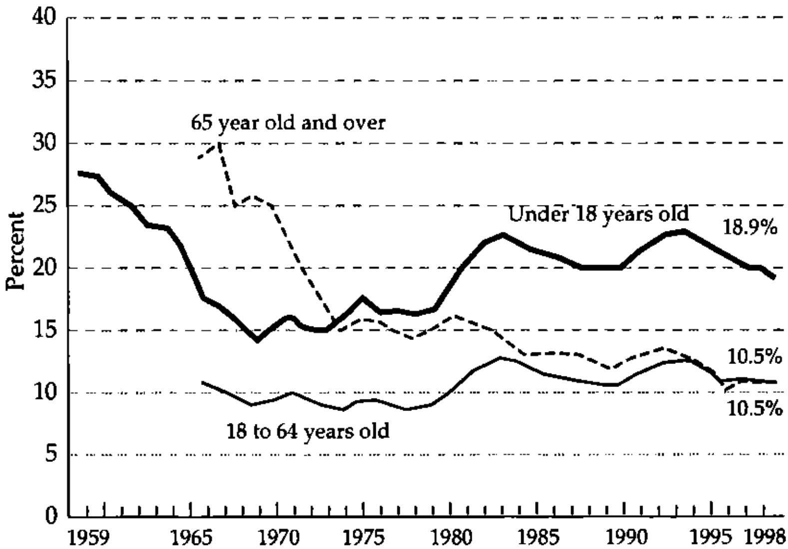
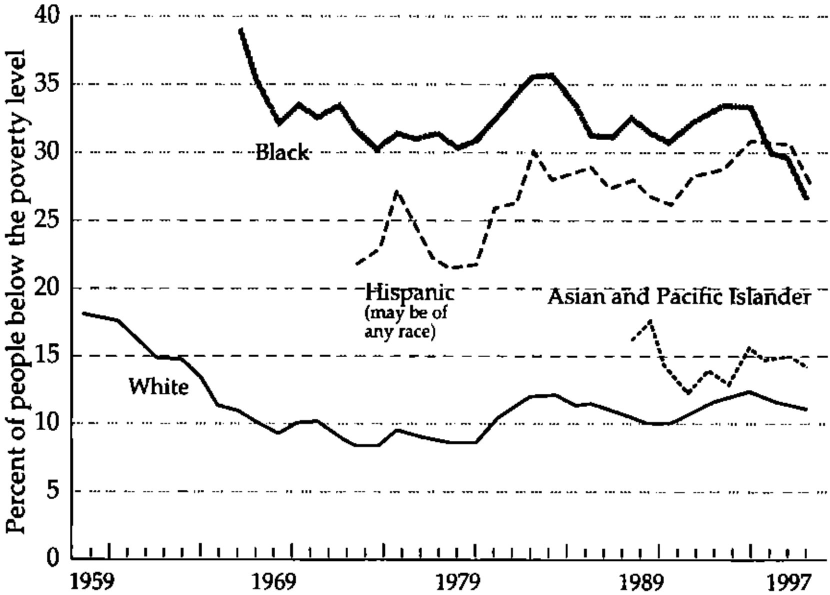


Exhibit 9.4 Poverty Rates
From U.S. Census, *March Current Population Survey* (1990–1999).

The result is that although poverty rates have slipped slightly during the growth of the 1990s, they show no sign that growth will cure poverty (see Exhibit 9.4). It took the economic growth of the entire Clinton administration to just allow the poor to recover what they lost in the 1990-92 recession, and they are still in real dollars below 1970 levels. Although the poor have fared better in the 1990s than they did in the 1980s, by far the largest of share of economic growth is still going to the upper-income groups. Thus although the absolute poverty of the United States is not increasing, relative poverty continues to increase, and the poor are left further behind.

Furthermore, we find enduring patterns of who is poor. Although much attention has focused on dependency and long-term and intergenerational poverty, most poor remain so for a fairly short period, the majority less than two years. Yet certain groups are at much higher risk of poverty and of recurring spells of poverty. Race matters: most poor people are white, but blacks and Latinos are at significantly higher risk of poverty than whites. Gender and family status matters: single parents, and single mothers in particular, show the greatest risk of poverty and have the hardest time escaping poverty (see Exhibit 9.5). With large numbers of children now in single parent families as well as in two-parent working-poor families, children are particularly at risk. The national poverty rate hovers just over 10%, but almost 20% of children live in poor families. Compounding these factors increases the risk: 50% of black children are poor, and two thirds of children born to single black mothers will be poor.



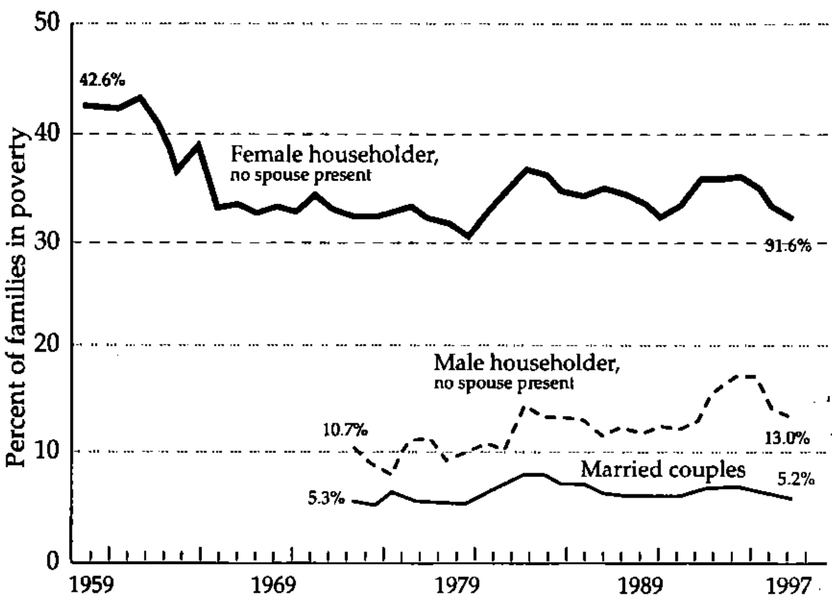


Exhibit 9.5 Risks of Poverty
From U.S. Census, *March Current Population Survey* (1998):Table C-22.

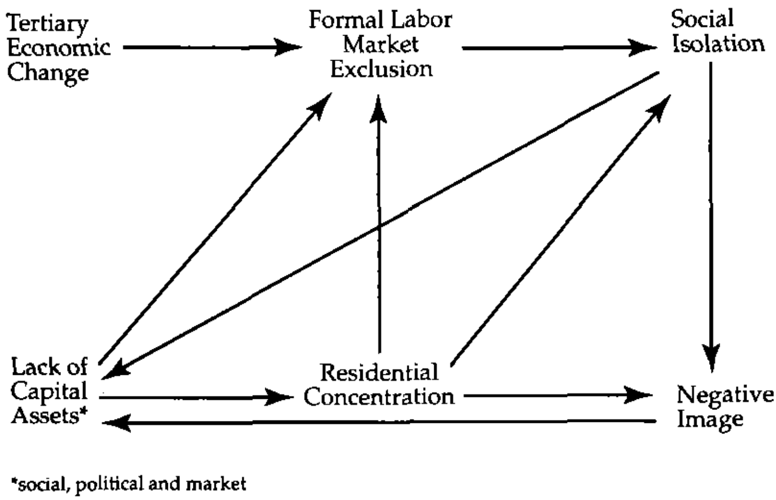


Exhibit 9.6 Web of Exclusion
From Sernau (1996).

These figures also show how intertwined are social and economic situations, and how economic policy is bound up in social policy. Changes in family structure have had big effects on poverty as well. In one study (Arendell 1986) 90% of divorced mothers, both black and white, fell into poverty after their divorce. Many states have attempted to cope with this problem and save welfare dollars by searching out non-supporting fathers. Wisconsin also led the nation in this task, and also with mixed results. They had reasonable success with middle-class fathers who had secure employment and could be forced or embarrassed into paying child support. As they moved on to others, however, they found many fathers who were in prison, out of work, chemically dependent, erratically employed, or otherwise poor prospects for child support. Even in social changes, analysts have noted the important role of wages and employment. A major factor in the large number of low-income, single, black mothers, for instance, seems to be the dismal employment prospects of such a large number of young black men. In William Wilson's phrase, the young men with limited skills and experience are "unmarriageable" and ultimately the women say "to hell with them" and go on with their families without the fathers.

The interplay of social and economic factors has been termed the "cycle of poverty" (Myrdal 1944), or sometimes just the vicious circle of poverty. It is, in fact, more often a tangled web than a simple circle. Economic changes displace workers and displaced workers are often concentrated in clusters of poverty. The resulting social exclusion further isolates and stigmatizes the poor, and frustrates their attempts at upward mobility (see Exhibit 9.6).

Perhaps the surprising part of this tangled web of poverty is not that people remain entangled but that many do manage to free themselves and move up. The desire to move up is strong, but for the economically vulnerable, the downward pull is also strong. Although many escape briefly, others return to the tangle of poverty several times.

Poverty in the Global Ghetto

Measuring poverty in a world of enormous income and lifestyle differences and divides is not an easy task. The United Nations Development Program (1996) estimates that at least one-third of the world is poor. This estimate refers to the desperately poor. One way the UN measures poverty is the arbitrary but revealing baseline of income less than $1 per day. At least 1.3 billion people fall below this level. A second, maybe more meaningful measure of absolute poverty is the inability to attain basic nutrition, health and education; at least 1.6 billion are poor by this standard, probably closer to two billion or more. The poorest continent is Africa, where as much as half the population meets the UN description of absolute poverty. Asia has become a land of rich and poor, but with its huge population it may hold over two thirds of the world's poor. Some gains have been made in absolute poverty but relative poverty is probably more acute than ever. That is, there are few places so remote that people are unaware of the world of riches boasted by billboards in the poorest cities and broadcast by satellite to the most remote villages.

The world's poorest people are rural. Worldwide, rural poverty may account for a full three-quarters of the planet's poor: small farmers, landless peasants and migrant laborers, charcoal gatherers and others. They often lack access to even the minimal health and housing facilities of the cities, often lack safe, drinkable water or adequate nutrition, and have the world's shortest life expectancies. Yet urban poverty is increasing. At the beginning of this millennium, the world passed an important milestone: by U.N. estimates a majority of the planet is now urban. Desperate people are moving from rural to urban areas around the world in search of jobs, education, and basic services. Many remain very poor. In income terms they may indeed raise their standard of living, but they also become acutely aware of relative poverty as they rush up to the windows of elegant cars to sell trinkets or wash windshields, and as they huddle around televisions showing them more of what they do not have.

Often the world's poor are confined to the margins of the burgeoning cities and the margins of the new global economy. Sometimes they literally inhabit the garbage dumps of the great world cities. They wade through the torn plastic bags and mounds of refuge outside their door and stumble amidst the smoke of ever-burning fires of rubber and rubbish on "Smoky Mountain," a great hill of trash, to gather the usable and salable refuge of Manila's urban explosion in the Philippines in a scene that evokes

	Human poverty index (HPI-2) 1998 Rank	Value (%)	People not expected to survive to age 60 (%) 1998	People who are functionally illiterate (% age 16-65) 1994-98	Long-term unemploy-ment (as % of labour force) 1998	Incomes below 50% of median income (%) 1987-97	Share of income or consumption: Richest 20% to poorest 20% 1987-98
Norway	1	7.3	8.9	8.5	0.3	5.8	3.7
Sweden	2	7.6	8.5	7.5	2.7	8.7	3.6
Netherlands	3	8.2	9.2	10.5	1.9	6.2	5.5
Finland	4	8.6	11.1	10.4	3.1	3.9	3.6
Denmark	5	9.3	12.7	9.6	1.5	6.9	3.6
Germany	6	10.4	10.5	14.4	4.9	5.9	4.7
Luxembourg	7	10.5	10.4	*	0.9	4.1	3.9
France	8	11.1	11.1	*	5.2	8.4	5.6
Japan	9	11.2	8.1	*	0.8	11.8	3.4
Spain	10	11.6	9.9	*	10.2	9.1	5.4
Canada	11	11.8	9.2	16.6	0.8	10.6	5.2
Italy	12	11.9	8.9	*	8.1	12.8	4.2
Australia	13	12.2	8.8	17.0	2.7	11.9	7.0
Belgium	14	12.4	9.9	18.4	5.5	5.5	3.6
New Zealand	15	12.8	10.9	18.4	1.5	9.2	17.4
United Kingdom	16	14.6	9.6	21.8	2.1	10.6	6.5
Ireland	17	15.0	9.8	22.6	4.4	9.4	6.4
United States	18	15.8	12.4	20.7	0.4	17.3	8.9

*Unweighted average of countries with data used, 15.1%

Exhibit 9.7 International Rates of Poverty
From United Nations, *Human Development Report* (2000).

the biblical Gehenna, the New Testament's image of hell. Outside of Tijuana, another group of dump dwellers slog through black mud and toxic yellow ooze amidst another mountain of trash, fighting wild dogs for usable scraps. Next to them is vast cemetery of buried and half-buried children. Here, amidst one of the most horrific wastelands on the planet, they make their homes and their plans (Urrea 1996). At night these people can climb the great hills of trash and admire the bright, bright lights of San Diego shimmering in the desert air just beyond.

The world's advanced industrial societies have less extensive poverty, but just as every nation has its elites, so too every nation has its poor. Of the world's industrial countries, the United States with the largest economy and one of the highest average standards of living, also has one of the highest poverty rates (see Exhibit 9.7). Who is poor also varies by society. With a social security system comparable to most of the wealthier countries, the elderly in the United States are no more likely to be poor than elsewhere. But with high rates of young, single parents, with a larger portion of poor minorities, and with limited family-support programs, children in the United States are more likely to be poor than their European and Pacific counterparts.

In general, most European countries have been far more generous than the United States, and somewhat more so than Canada and Australia, in their social supports. Minimum wages are higher, unemployment compensation more generous, maternity leave far more generous, and aid to poor families and individuals less restricted. The combination of national social supports has been termed the **welfare state.** This is a term that often sounds unappealing to Americans, who have come to associate the very word *welfare* with handouts, dependency, and something bad. To Europeans, however, this has meant a state that is actively concerned about promoting the welfare of its citizens. Such programs are costly. Effective tax rates (total taxes after deductions) in Europe are often 40% to 50% of total income, whereas in the United States they are typically closer to 25% to 35%. These programs do, however, make a big difference in the level of absolute poverty. France, for example, with a quite wide gap between rich and poor, would likely have as large a proportion of its children in poverty as the United States, but for very generous government supports. The government encourages French citizens to have children (the birth rate is actually below replacement level) and supports their care with generous tax deductions, health-care provisions, maternity leave, and heavily subsidized daycare arrangements. The combined effect is a much lower rate of child poverty.

Despite their successes in lowering poverty rates, many European countries have begun to reexamine, and in some cases reduce, their welfare states policies. In an attempt to remain globally competitive and reduce government spending, and in particular to match the economic growth of the United States (and, to a lesser extent a rebound in Great Britain, where such programs are also less generous), some have called for a less controlled and government-based redistributive economy: if not Reaganomics at least Clintonomics. Some have admired Tony Blair's British "Third Way" between Thatcher's conservative free hand to markets and the controlling hand of the traditional welfare state. The Third Way is a position advocated by prominent British sociologist, Anthony Giddens (1999). Others in France, the Netherlands, and the Scandinavian countries, however, are loathe to give up their progressive image and sense of national solidarity for the more individualistic sink-or-swim economics that have dominated British and U.S. national policies. Many are still seeking a true "third way" between the high-wage/high-unemployment and low-poverty/low-growth economies of the welfare states and the low-wage/low-unemployment and high-growth/high-poverty level model of the United States in the last two decades. The welfare state has also been strongest only in the area of relief, helping those hurt by the global economy, rather than in the area of reform, curbing the tendency of that economy to create big gaps between rich and poor. In Eastern Europe, those gaps have grown markedly with the demise of state socialism, and although a few countries, such as Poland are seeing economic growth, they are also seeing growing inequality and poverty. As Europeans unite their economy under the European Union (EU), they must also consider whether they are willing to undertake a continent-wide welfare state. Funds have been traveling from the more prosperous north and west to the poorer south and east, but many voters in Europe are not eager to extend national fiscal solidarity to an international welfare system.

Japan has a vigorous national education and job training system, but with a more homogeneous population, a traditional family structure with few single parents, and a smaller income gap between rich and poor, it has not had to offer such extensive welfare programs. Yet Japanese society is also changing: Workers are no longer assured of lifetime employment with a company that will provide all needed benefits, and spouses are no longer as assured of lifetime marriage cemented by the social stigma of divorce. If these changes continue, Japan could find that it must deal with growing divides and dislocation more like its Western industrial counterparts.

Swedish economist Gunnar Myrdal (1970), observing trends in Europe, the United States, and the developing world, wrote of an urban and rural "underclass" that is cut off from society, its members "lacking the education and skills and other personality traits they need in order to become effectively in demand in the modern economy" (p. 406). The trend for economic globalization to leave in its wake a segment that is excluded from full-economic participation, political power, and social integration is growing. Latin American scholars have analyzed this trend as marginalization. The poor on the urban margins are often also on the margins of the urban economy and the life of the society. In *Networks and Marginality*, a study of Mexico City by Chilean-born anthropologist Larissa Adler Lomnitz (1977), Lomnitz terms this group "the hunters and gatherers of the new urban jungle" (p. xi). In North America, scholars such as sociologist William J. Wilson have continued Myrdal's use of the term *underclass*, often with strong racial implications. Although conceding that the term can be used as an attack on the supposed failing value system of the poor, Wilson (1987) uses it to refer to the extensive social isolation of the new urban poor. In Europe, the preferred term has been *social exclusion* (Bhalla and Lapeyre 1999), and the emphasis has been on the fraying of the social fabric of basic supports. The extent and composition of the excluded groups varies across the continents, but the problems in each case are

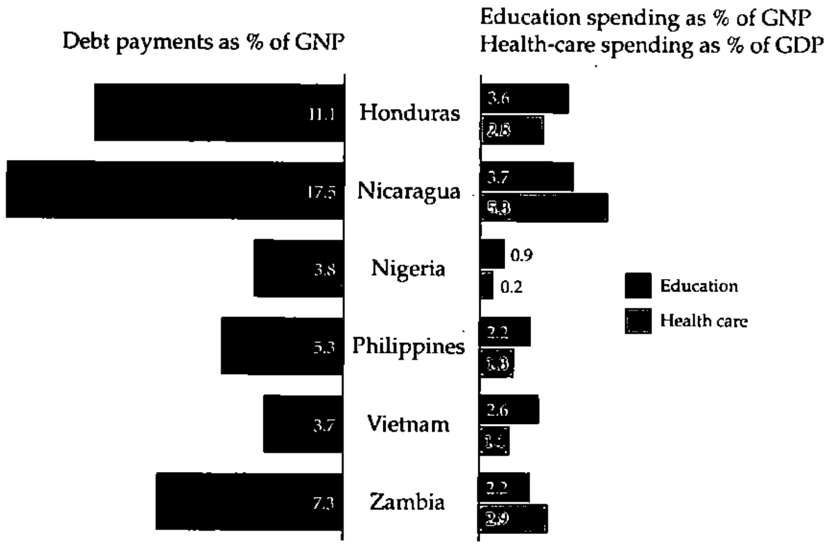


Exhibit 9.8 Debt's Burden—Who Pays?
From World Bank, *World Development Report* (1999/2000).

rooted in weak attachment to the formal labor market (unemployment in Europe, underemployment in North America and Latin America) that lead to, and are compounded by, residential and social isolation and political disempowerment. The global village contains a multinational, multiracial ghetto that has not been welcome to share in its riches, and the global economy has become an economy of exclusion (Sernau 1994) for this global underclass. One of the great policy challenges of the twenty-first century will be how to reincorporate the excluded into the vital life of the national society and the global economy.

In the developing world, the problems are only magnified. Unemployment in Kinshasa, Congo has topped 60%. In many Latin American cities, those making do the best they can in the informal economy may be half of the urban population (Portes, Castells and Benton 1989). Furthermore, government interventions are limited by low incomes, national deficits and international debt (see Exhibit 9.8). When countries in financial crisis turn to the International Monetary Fund (IMF) for assistance, they are typically ordered to undergo structural adjustment. This often means devaluing the currency, removing price controls, privatizing industry and banking, and cutting government spending. These measures are intended to promote the fiscal stability of a country and control inflation. Yet even the IMF and the World Bank have come to admit that the people most often hurt are the poor. Food prices soar, government health and social services are cut way back, and schools and clinics close. The IMF contends this is necessary. The World Bank asks governments to give some attention to emergency relief for the poor, but it also contends that the pain is necessary. Critics contend that the national economies of poor countries are being balanced on the backs of the poor, and that the least advantaged are being starved to pay interest on loans to wealthy countries, and to secure new loans.

Dennis Gilbert (1998) argues that what he terms the "age of growing inequality" in the United States is largely explained by the greater freedom given to market forces. This is not just a U.S. phenomena but a global experiment: Around the world governments are giving greater play to market forces, by design or by international demands. Gains have been made in controlling runaway inflation, bloated bureaucracies, and inefficient systems. Yet a common result has been a growing divide between the well-off and the very poor.

Reducing global poverty will certainly require international action, and determination by both rich and poor countries. One proposal emerged from a variety of church and human-rights groups and came to be called Jubilee 2000, declaring the year 2000 a "jubilee" year to forgive debts as described in the Old Testament of the Bible. Wealthy creditor countries would agree to forgive the unrepayable debt of the poorest nations, and these poor countries, in turn, would agree to use the money they would have spent on debt service for health, education, poverty reduction, and basic needs. An earlier proposal to emerge from UN conferences on social development was called the 20/20 proposal. High-income donor countries would agree to focus at least 20% of their foreign assistance on basic needs provision for the poor (most now goes for military aid), while poor countries themselves would agree to spend at least 20% of their domestic budget on health, education, and basic needs for their poorest citizens. This was a modest but far-reaching proposal, and one that has yet to be fully implemented by either rich or poor nations. The world's two billion poor are still waiting.

KEY POINTS

- Controversy over poverty policy in the United States has focused for a half century on federally funded welfare payments and unemployment, but new attention is being given to low wages and problems of the working poor.
- Urban poverty has grown with the entry of low-income migrants to the city and the flight of industry, commerce, and well-off residents from the city center.
- Rural poverty has often received less attention than urban poverty, but many of the poorest places in the United States and around the world are isolated and exploited rural areas.

- Large-scale, federal antipoverty programs date from Franklin Roosevelt's New Deal of the 1930s and were again emphasized during the War on Poverty in the 1960s. The 1980s and 1990s emphasized economic growth and welfare reform, but poverty—including extreme poverty—persists.
- Around the world, economic growth has been coupled with growing income divides and persistent, or even worsening, poverty.

YOUR TURN

In the Marketplace*

What is budgeting on a poverty income like? List all of the elements that a family of three or four would need (you might consider a two-parent family with two children and a single-parent family with two children). Be sure to include food, housing, transportation, healthcare, childcare, telephone and utilities, clothing, and incidentals. If you are unsure of costs, check local food costs at a small neighborhood grocery (where most low-income families will shop) and check local rents in the newspaper. For a monthly budget, take the federal poverty guideline for your family size and divide by twelve, take your state's TANF monthly welfare payment (available at the local welfare office), or take the current minimum wage and multiply by 160 hours for a month of full-time employment. You might find it interesting to do all three of these and compare the amounts. (If this is a group project, different groups may choose to take differing profiles of family size and working versus non-working poor). Are you able to stay within your budget? What types of families would find this the most difficult?

How much did you budget for food? The average in 1997 for a mother and two children was $262 a month or about $65 per week (Sage 1997). Take this budget and a calculator to a neighborhood grocer and see how much you are able to buy for a week. Try to plan a week's meals with this amount without assuming a pantry full of supplies such as flour. Are you able to it? Will you need to look for outside help from school lunches and breakfasts, food pantries, or extended family members?

---

*Adapted from an exercise developed by Elizabeth Clifford.

In Your Community

Homelessness and hunger are two manifestations of extreme poverty. Where do the homeless in your community live? Many are probably with friends and relatives and in informal living arrangements. Are there shelters to which they can turn? Check for the options in your community or one nearby: homeless centers, rescue missions, Salvation Army houses, YWCA programs, and others. Any community resource agency should have this information. Otherwise begin at the Web site for the National Coalition for the Homeless (nch.ari.net). First, note their Facts section, then go to Directories for a state-by-state directory of homeless centers as well as links to gospel missions and Salvation Army sites. Visit, take or help with a meal, or volunteer for work in the kitchen, at the front desk, with children's programs, or with other needs. What is their guest profile and how has it changed: men, women, children of differing ages? What programs do they offer? Is it merely a "roof and meal," or are there programs for chemical-dependency counseling, educational preparation, and job and housing assistance?

Many homeless centers also provide meals for the poor. Where else can the hungry in your community turn? Check for local food pantries, soup kitchens, and similar programs. Visit, bring food, or volunteer to serve a meal (this is a good group project). Who are the guests; how many are single individuals and how many families? Talk with the program coordinators. has demand grown or shifted? Are the meals linked to other services to cope with and recover from extreme poverty?

Many low-income individuals and families are not homeless but rather living in areas of concentrated poverty and limited opportunity. Where are these locations in your community and what efforts are being made toward positive change? Visit a community center, neighborhood association, nonprofit community-development corporation (CDC), or other community-based organization working in a low-income community. learn about the community demographics: who lives here (income, race and ethnicity, family composition, many youth or many elderly, and so forth)? has this changed over time; is the area undergoing neighborhood transition? What is the housing situation: many absentee landlords, subdivided large homes, apartments, public housing, and so forth? Who, if any, are the area employers and retailers? What are the most pressing problems, and what is being done to address them? Are local residents actively involved in these efforts? You may find activities in which you can assist, on your own or with a group. Note your observations from your involvement.