

The State of Poverty in America

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The problem is worse than we thought, but we can solve it.

We have two basic poverty problems in the [United States](#). One is the prevalence of low-wage work. The other concerns those who have almost no work.

The two overlap.

Most people who are [poor](#) work as much as they can and go in and out of poverty. Fewer people have little or no work on a continuing basis, but they are in much worse straits and tend to stay poor from one generation to the next.

The numbers in both categories are stunning.

Low-wage work encompasses people with incomes below twice the poverty line—not poor but struggling all the time to make ends meet. They now total 103 million, which means that fully one-third of the population has an [income](#) below what would be \$36,000 for a [family](#) of three.

In the bottom tier are 20.5 million people—6.7 percent of the population—who are in deep poverty, with an income less than half the poverty line (below \$9,000 for a family of three). Some 6 million people out of those 20.5 million have no income at all other than [food stamps](#).

These dire facts tempt one to believe that there may be some truth to President Ronald Reagan's often-quoted declaration that "we fought a war against poverty and poverty won." But that is not the case. Our public policies have been remarkably successful. Starting with the [Social Security](#) Act of 1935, continuing with the burst of activity in the 1960s, and on from there, we have made great progress.

We enacted Medicaid and the Children's Health Insurance Program, and many health indicators for low-income people improved. We enacted food stamps, and the near-starvation conditions we saw in some parts of the country were ameliorated. We enacted the [Earned Income Tax Credit](#) and the Child Tax Credit, and the incomes of low-wage workers with children were lifted. We enacted Pell grants, and millions of people could afford college who otherwise couldn't possibly attend. We enacted Supplemental Security Income and thereby raised the income floor for [elderly](#) and disabled people whose earnings from work didn't provide enough Social Security. There is much more—[housing](#) vouchers, Head Start, child-care assistance, and legal services for the poor, to name a few. The Obama administration and Congress added 16 million people to Medicaid in the Affordable Care Act, appropriated billions to improve the education of low-income children, and spent an impressive amount on the least well-off in the Recovery Act.

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All in all, our various public policies kept a remarkable 40 million people from falling into poverty in 2010—about half because of Social Security and half due to the other programs just mentioned. To assert that we fought a war against poverty and poverty won because there is still poverty is like saying that the Clean Air and Clean Water acts failed

because there is still pollution.

Nonetheless, the level of poverty in the nation changed little between 1970 and 2000 and is much worse now. It was at 11.1 percent in 1973—the lowest level achieved since we began measuring—and after going up sharply during the Reagan and George H.W. Bush years, went back down during the 1990s to 11.3 percent in 2000, as President Bill Clinton left office.

Why didn't it fall further? The economics have been working against us for four decades, exacerbated by trends in family composition. Well-paying industrial jobs disappeared to other countries and to automation. The economy grew, but the fruits of the growth went exclusively to those at the top. Other jobs replaced the ones lost, but most of the new jobs paid much less. The wage of the median-paying job barely grew—by one measure going up only about 7 percent over the 38 years from 1973 to 2011. Half the jobs in the country now pay less than \$33,000 a year, and a quarter pay less than the poverty line of \$22,000 for a family of four. We have become a low-wage economy to a far greater extent than we realize.

Households with only one wage-earner—typically those headed by single mothers—have found it extremely difficult to support a family. The share of families with children headed by single mothers rose from 12.8 percent in 1970 to 26.2 percent in 2010 (and from 37.1 percent in 1971 to 52.8 percent in 2010 among African Americans). In 2010, 46.9 percent of children under 18 living in households headed by a single mother were poor.

The percentage of people in deep poverty has doubled since 1976. A major reason for this rise is the near death of cash assistance for families with children. Welfare has shrunk from 14 million recipients (too many, in my view) before the Temporary Assistance for Needy Families law (TANF) was enacted in 1996 to 4.2 million today, just 1.5 percent of the population. At last count, Wyoming had 607 people on TANF, or just 2.7 percent of its **poor children**. Twenty-six states have less than 20 percent of their poor children on TANF. The proportion of poor families with children receiving welfare has shrunk from 68 percent before TANF was enacted to 27 percent today.

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What's the agenda going forward? The heart of it is creating jobs that yield a living income. Restoring prosperity, ensuring that the economy functions at or near full **employment**, is our most powerful anti-poverty weapon. We need more, though—a vital union sector and a higher **minimum wage**, for two. We also need work supports—health care, **child care**, and help with the cost of housing and postsecondary education. These are all income equivalents—all policies that will contribute to bringing everyone closer to having a living income.

There's a gigantic problem here, however: We look to be headed to a future of too many low-wage jobs. Wages in China, India, and other emerging economies may be rising, but we can't foresee any substantial increase in the prevailing wage for many millions of American jobs. That means we better start talking about wage supplements that are much bigger than the Earned Income Tax Credit. We need a dose of reality about the future of the American paycheck.

The second big problem is the crisis—and it is a crisis—posed by the 20 million people at the bottom of the economy. We have a huge hole in our safety net. In many states, TANF and food stamps combined don't even get people to half of the poverty line, and a substantial majority of poor families don't receive TANF at all.

Even worse, we have destroyed the safety net for the poorest children in the country. Seven million women and children are among the 20.5 million in deep poverty. One in four children in a household headed by a single mother is in deep poverty. We have to restore the safety net for the poorest of the poor.

Getting serious about investing in our children—from prenatal care and early-childhood assistance on through education at all levels—is also essential if we are to achieve a future without such calamitous levels of poverty. In

addition, we must confront the destruction being wrought by the criminal-justice system. These are poverty issues and race issues as well. The schools and the justice system present the civil-rights challenges of this century.

Combining all of the problems in vicious interaction is the question of place—the issues that arise from having too many poor people concentrated in one area, whether in the inner city, Appalachia, the Mississippi Delta, or on Indian reservations. Such places are home to a minority of the poor, but they include a hugely disproportionate share of intergenerational and persistent poverty. Our most serious policy failing over the past four-plus decades has been our neglect of this concentrated poverty. We have held our own in other respects, but we have lost ground here.

Finally, we need to be much more forthright about how much all of this has to do with race and gender. It is always important to emphasize that white people make up the largest number of the poor, to counter the stereotype that the face of poverty is one of color. At the same time, though, we must face more squarely that African Americans, Latinos, and Native Americans are all poor at almost three times the rate of [whites](#) and ask why that continues to be true. We need as a nation to be more honest about who it is that suffers most from terrible schools and the way we lock people up. Poverty most definitely cuts across racial lines, but it doesn't cut evenly.

There's a lot to do.

Further Readings

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