

Toward a New Understanding of American Poverty[†]

Mark R. Rank^{*}

The United States currently has among the highest rates of poverty in the Western world.¹ Whether one looks at the overall rate of poverty or rates for particular groups, whether one uses an absolute or a relative measure of poverty, whether one examines individual years or averages over time, the story is much the same. Poverty in America is exceedingly high.²

Yet, at the same time, America is the wealthiest nation on earth.³ Clearly, our poverty is not the result of a lack of resources. Rather, as this Article argues, it is largely the result of a misrepresentation of the nature, causes, and solutions to poverty.

John Kenneth Galbraith noted this misinterpretation in a 1984 commencement address to the graduating students of American University, titled *The Convenient Reverse Logic of Our Time*.⁴ Galbraith's central argument was that rather than moving from diagnosis to remedy in social policy, we have witnessed with greater

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^{*} George Warren Brown School of Social Work, Washington University, St. Louis, Missouri.

1. See JOHN ICELAND, *POVERTY IN AMERICA: A HANDBOOK* (2d ed. 2006); LEE RAINWATER & TIMOTHY M. SMEEDING, *POOR KIDS IN A RICH COUNTRY: AMERICA'S CHILDREN IN COMPARATIVE PERSPECTIVES* (2003); Timothy M. Smeeding et al., *U.S. Poverty in a Cross-National Context*, in *UNDERSTANDING POVERTY* 162 (Sheldon H. Danziger & Robert H. Haveman eds., 2001); Timothy M. Smeeding, *Poor People in Rich Nations: The United States in Comparative Perspective* (Luxembourg Income Study, Working Paper No. 419, 2005).

2. See Smeeding, *Poor People in Rich Nations*, *supra* note 1.

3. *Factsheet, Country Background*, COUNTRY VIEWSWIRE (Economist Intelligence Unit, London, U.K.), Mar. 28, 2006.

4. JOHN KENNETH GALBRAITH, *A VIEW FROM THE STANDS: OF PEOPLE, POLITICS, MILITARY POWER, AND THE ARTS* 35 (1986).

frequency the rise of a reverse logic—that of moving from a preferred remedy to an appropriate diagnosis.⁵ As Galbraith explained:

Increasingly in recent times we have come first to identify the remedy that is most agreeable, most convenient, most in accord with major pecuniary or political interest, the one that reflects our available faculty for action; then we move from the remedy so available or desired back to a cause to which that remedy is relevant.⁶

Galbraith illustrated his point with the example of poverty. Referring to poverty as “our most devastating social failure in this greatly affluent age and land” and “the heaviest burden on our social conscience,”⁷ he noted that rather than devising social policies that address the root causes of poverty, we instead define the causes of poverty so as to be consistent with our preferred policy strategies.⁸ These strategies include cutting back on the role and scope of the federal government, seeking policies that are relatively inexpensive, devolving to the state and local levels, stressing personal responsibility, and so on.⁹ Galbraith observed:

From this need as to remedy we move back to the new cause of poverty. It is that the poor lack motivation—and they lack motivation because they are already unduly rewarded. That cause, once agreed upon, then calls for reduced expenditure on public services and less aid to the disadvantaged. So, in the recent past we have had, as an antipoverty measure, a broad curtailment of income and services to the poor.¹⁰

This tendency to view the nature of social problems in terms of a desired policy was noted one hundred years earlier by the French historian, Albert Sorel, who observed: “There is an eternal dispute

5. *Id.*

6. *Id.*

7. *Id.*

8. *Id.* at 35–36.

9. *Id.*

10. *Id.* at 36.

between those who imagine the world to suit their policy, and those who correct their policy to suit the realities of the world.”¹¹

This Article argues that one of the fundamental reasons the United States currently has the highest poverty rates in the industrialized world is that we have consistently misunderstood the nature and causes of American poverty. Old strategies of addressing poverty have rested upon imagining a world that reflects a preferred set of myths, agendas, and policies; a new approach to poverty reduction must put in place a set of policies that reflects the realities of the world. These policies should be grounded in a new understanding of the nature and meaning of American poverty. This Article provides the rudimentary details of such a paradigm.¹²

The premise for beginning here is simple—how we view poverty is critical to guiding how we will address it. Part of America’s ineffectiveness in reducing poverty during the past three decades stems from a skewed and incorrect perception of impoverishment. Imagine a doctor treating a patient based upon the wrong diagnosis. Chances are that the prescribed cure will have a negligible effect on the illness, and perhaps will make the patient worse. Such has been the case with U.S. poverty.

In short, we have thus far followed a paradigm that reflects a view of the world as many would like to see it, rather than one that reflects the world as it really is. Fundamental change must therefore begin with a shift in our understanding of poverty, from one based upon the old way of thinking to one based upon a new conceptualization.

This Article begins by briefly describing the basic tenets of what I refer to as the old paradigm. Much of this will be quite familiar, as variations of it can be heard in political sound bites, mainstream policy research, the popular media, or informal discussions with one’s neighbors. The Article then describes the foundations of a new paradigm for comprehending poverty, focusing on five specific components. Finally, the Article concludes by briefly reviewing

11. RESPECTFULLY QUOTED: A DICTIONARY OF QUOTATIONS REQUESTED FROM THE LIBRARY OF CONGRESSIONAL RESEARCH SERVICE 258 (Suzy Platt ed., 1989).

12. For greater detail, see MARK R. RANK, ONE NATION, UNDERPRIVILEGED: WHY AMERICAN POVERTY AFFECTS US ALL (2004).

several strategies for reducing poverty that reflect the basic premises of a new paradigm.

I. THE OLD PARADIGM

The old paradigm has been the dominant poverty perspective for a prolonged period of time. Indeed, aspects of it have been with us since the beginning of our country's history. The old paradigm is, to a large extent, a reflection and affirmation of both the free market economic structure and the culture of individualism that have profoundly shaped the ideology of the United States. It has ebbed and flowed over time, but has been gaining in ascendancy since Ronald Reagan's election in 1980. At its core is the belief that both the causes and the solutions to poverty are to be found within the individual.

It should be noted that the old paradigm cuts across both conservative and liberal ideological lines. Its main themes play out somewhat differently, of course, depending upon whether the argument is made from the conservative or the liberal end of the political spectrum. However, it is important to keep in mind that the basic tenets of the old paradigm are not simply synonymous with conservatism, although they certainly do overlap with several of conservatism's key points.

The old paradigm begins with the basic assumption that the American economic system generates abundant economic prosperity and well being for all.¹³ The familiar phrases of "rags to riches," "the land of opportunity," and "the American Dream" are emblematic. The assumption is not that everyone will be rich, but that with enough hard work and initiative, nearly everyone can achieve and sustain a modest and comfortable lifestyle. Given this assumption, poverty is largely understood as a result of individual failure.

According to this view, both the causes and the solutions to poverty can be found within the individual. The causes of poverty are viewed primarily as a result of individual inadequacies. There is a conservative and a liberal version of this. The conservative version focuses more heavily on personality characteristics, including

13. DENNIS E. MITHAUG, EQUAL OPPORTUNITY THEORY 17 (1996).

character flaws such as an absence of strong morals, a failure to exert responsibility, laziness, an inability to save and plan for the future, a lack of intelligence, addiction to alcohol or drugs, and so on.¹⁴ As a result of these flaws, individuals are unable to take full advantage of the opportunities that are readily available. In addition, government policy exacerbates these problems by putting in place social programs that do not encourage morality or the incentive to work.¹⁵ As Robert Rector and William Lauber noted:

[T]he welfare system has paid for non-work and non-marriage and has achieved massive increases in both. By undermining the work ethic and rewarding illegitimacy, the welfare system insidiously generates its own clientele . . . Welfare bribes individuals into courses of behavior which in the long run are self-defeating to the individual, harmful to children, and increasingly a threat to society.¹⁶

Consequently, according to the conservative version of the old paradigm, badly designed social welfare programs encourage people to make destructive decisions during their lives, such as dropping out of school, not getting married, having children out of wedlock, failing to take a low paying job, engaging in crime, and so on.¹⁷

The liberal version of the old paradigm focuses more on the lack of marketable skills, training, and education, as well as on other demographic characteristics that put the poor at a disadvantage in competing in the labor market.¹⁸ It focuses largely on the inadequate human capital of the poor. This, in addition to particular household

14. *See generally* GEORGE F. GILDER, *WEALTH AND POVERTY* (1981); RICHARD J. HERRNSTEIN & CHARLES MURRAY, *THE BELL CURVE: INTELLIGENCE AND CLASS STRUCTURE IN AMERICAN LIFE* (1994); JOEL SCHWARTZ, *FIGHTING POVERTY WITH VIRTUE: MORAL REFORM AND AMERICA'S URBAN POOR, 1825–2000* (2000).

15. *See generally* LAWRENCE M. MEAD, *BEYOND ENTITLEMENT: THE SOCIAL OBLIGATIONS OF CITIZENSHIP* (1986); LAWRENCE M. MEAD, *THE NEW POLITICS OF POVERTY: THE NONWORKING POOR IN AMERICA* (1992); CHARLES A. MURRAY, *IN OUR HANDS: A PLAN TO REPLACE THE WELFARE STATE* (2006); CHARLES A. MURRAY, *LOSING GROUND: AMERICAN SOCIAL POLICY, 1950–1980* (1984).

16. ROBERT RECTOR & WILLIAM LAUBER, *AMERICA'S FAILED \$5.4 TRILLION WAR ON POVERTY* (1995).

17. MURRAY, *LOSING GROUND*, *supra* note 15.

18. BRADLEY R. SCHILLER, *THE ECONOMICS OF POVERTY AND DISCRIMINATION* (9th ed. 2004).

characteristics (such as being a single parent or having a large number of children), hinders the ability of particular Americans to compete in the economy and thereby raises their risk of poverty. Rather than focusing on individual inadequacies as represented by character flaws, the liberal version focuses on individuals as inadequate in terms of skills, training, and education. The mainstream research community tends to reinforce this approach by focusing on individual and demographic attributes to explain impoverishment.¹⁹

What follows from either version of the old paradigm is that the poor are by and large at fault for their poverty. This is the result of not having enough fortitude and morality to get ahead, of making bad judgments in life, or of failing to acquire the necessary skills to compete in today's economy. The concept of blame permeates the old paradigm. The age old distinction between the deserving and the undeserving poor is, of course, central—unless the working age poor have a very good reason to explain their poverty (such as a debilitating illness not brought on by their own doing), they are largely undeserving of help from others. Rather, they have only themselves to blame.

Closely connected to the issue of blame is the idea that the poor are different from mainstream Americans. We often perceive of the poor as not being motivated enough, dropping out of high school, having a child out of wedlock, failing to have the qualified skills for a higher paying job, and so forth, rather than as working steadily at a low paying job, trying to be good parents to their children, paying taxes throughout their lives, and so on. The poor are not only to blame for their impoverishment, but they are portrayed as not playing by the rules, and therefore as outside of the mainstream American experience. These differences can also be seen in the popular media, in which the poor are often depicted as inner city minority residents, women on welfare, street criminals, homeless, or, taken together, synonymous with what has been labeled the underclass.²⁰ Such images graphically convey a sense of physical separation of the poor from middle America.

19. ALICE O'CONNOR, *POVERTY KNOWLEDGE: SOCIAL SCIENCE, SOCIAL POLICY, AND THE POOR IN TWENTIETH-CENTURY U.S. HISTORY* (2002).

20. *Id.*

In addition to this physical separation, the human dimension of poverty is rarely discussed in the old paradigm, once again distancing the poor from the rest of America. The pain of poverty is largely wiped away. Within the old paradigm, this deeper meaning of poverty is rarely discussed; rather, poverty is largely viewed through the lens of individual inadequacy. Much of the empirical literature has also reinforced this superficiality.²¹ The literature routinely reduces poverty to a set of numbers and correlations.²² The old paradigm treats poverty in a one dimensional fashion, either as an unflattering stereotype, or as a set of regression coefficients.

The key solution to poverty, according to the old framework, is to address personal inadequacies. Again, there is a conservative and a liberal version of this. The conservative view is that encouraging and rewarding individual initiative and responsibility is critical, including rewarding working harder, staying married, and not having children out of wedlock.²³ Social policy should also reinforce and encourage such behavior. Indeed, the title of the 1996 welfare reform legislation is the Personal Responsibility and Work Opportunity Reconciliation Act.²⁴

On the other hand, cash assistance and generous welfare programs are not the answer for conservatives because they create incentives for engaging in irresponsible behavior. Such was the argument of Alexis de Tocqueville in his 1835 address to the Royal Academic Society of Cherbourg, and such was the argument popularized 150 years later in Charles Murray's book, *Losing Ground*.²⁵ As President George W. Bush noted: "Many are learning it is more rewarding to be a responsible citizen than a welfare client."²⁶ The distinction between responsibility and the use of welfare is critical from this perspective. Mainstream economic studies have also devoted

21. *Id.*

22. *Id.*

23. MURRAY, *LOSING GROUND*, *supra* note 15.

24. Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, 110 Stat. 2105 (1996).

25. Alexis de Tocqueville, *Memoir on Pauperism*, 70 PUB. INT. 102, 102-20 (1983); *see also* MURRAY, *LOSING GROUND*, *supra* note 15.

26. George W. Bush, Address at St. Luke's Catholic Church (Feb. 26, 2002) (transcript available at <http://www.whitehouse.gov/news/releases/2002/02/print/20020226-11.html>).

considerable attention to the issue of incentives and disincentives of the welfare system;²⁷ although the effects have been small, the fact that such a large body of work continues to focus on this question serves to legitimize the issue.

The liberal old paradigm solution to poverty is to provide greater opportunities and access to job training and education, while demanding personal responsibility and motivation in return. The concept of the New Democrat epitomizes this view. As Bill Clinton stated in his 1992 Democratic National Convention acceptance speech, “We offer our people a new choice based on old values. We offer opportunity. We demand responsibility.”²⁸ And as former Senate majority leader Tom Daschle said ten years later regarding welfare reform, “As we demand responsibility, we need to provide greater opportunity.”²⁹ The focus is thus on providing opportunities to upgrade poor individuals’ limited human capital, with the strong expectation that they will make the most of these opportunities.

Finally, from the viewpoint of the old paradigm, our collective responsibility toward poverty is somewhat limited. Because poverty is viewed as the purview of the individual, it is up to the individuals themselves to improve their conditions. From the conservative view, society and those in authority should use their positions as a moral bully pulpit to encourage the poor to behave in responsible ways. In addition, welfare programs and social policy should be structured in a manner that supports such behavior. From the liberal version, society should ensure that the poverty stricken have access to the means to build their education and skills. It is then up to the poor to take advantage of such opportunities. As John Kingdon wrote in describing this American approach:

If unfortunate people were regarded as the victims of forces beyond their control, or simply down on their luck, then we could see our way clear to having government provide for

27. Robert Moffitt, *Incentive Effects of the U.S. Welfare System: A Review*, 30 J. ECON. LITERATURE 1 (1992).

28. Bill Clinton, *A New Covenant* (July 16, 1992), reprinted in BILL CLINTON & ALBERT GORE, *PUTTING PEOPLE FIRST: HOW WE CAN ALL CHANGE AMERICA* 226 (1st ed. 1992).

29. Robin Toner, *Rallies in Capital Protest Bush Welfare Proposals*, N.Y. TIMES, Mar. 6, 2002, at A17.

them: “There but for the grace of God go I.” But if, in the land of opportunity, they’re responsible for their own condition, then self-help rather than government help is the appropriate prescription. At most, government programs should be designed to enhance opportunity, but nothing more.³⁰

Ultimately, the old paradigm reflects and reinforces the myths and ideals of American society—that there are economic opportunities for all, that individualism and self-reliance are paramount, and that hard work is rewarded. It should not be surprising that the dominant paradigm of poverty is a reflection of the overall dominant ideology of America. While there are conservative and liberal versions of this paradigm, both reflect these ideals and myths.

It is particularly ironic (and indicative of its strength) that even those in poverty tend to adhere strongly to this paradigm. Social surveys have consistently found that the poor reiterate the mainstream values reflected in the old paradigm.³¹ Those living in poverty are often quick to characterize the overall situations of the poor and welfare recipients along the lines of the old paradigm, while carefully distinguishing their own circumstance as different from this pejorative view.³² The process of both believing in, yet distancing oneself from, the common stereotype is often the case for members of stigmatized groups.³³

One of the fundamental reasons American poverty is so high is precisely because of this mind set. The old paradigm offers little in the way of truly understanding and addressing poverty, and, in fact, provides a justification for doing so little. The one task that the old paradigm undertakes is the never ending charge of reforming and analyzing welfare. Yet, as we continue to modify the incentives and disincentives that are embedded in the social safety net, American poverty remains at the highest levels in the industrialized world. This appears to be a modern version of Nero fiddling while Rome burns.

30. JOHN W. KINGDON, *AMERICA THE UNUSUAL* 37 (1999).

31. MARTIN GILENS, *WHY AMERICANS HATE WELFARE* (1999).

32. See MARK R. RANK, *LIVING ON THE EDGE: THE REALITIES OF WELFARE IN AMERICA* (1994).

33. See ERVING GOFFMAN, *STIGMA: NOTES ON THE MANAGEMENT OF SPOILED IDENTITY* (1963).

Fundamental change in confronting poverty must begin with a fundamental change in how we view and understand poverty. I now turn to what such a new paradigm might look like.

II. A NEW PARADIGM

A new paradigm must be built not upon the myths of America, but rather upon its realities. It should reflect a fuller appreciation of the meaning of poverty, rather than the one-dimensional view to which we are too often exposed. It must ultimately stimulate a fundamental shift in how we conceptualize and act towards the problem of poverty. I discuss five key components of such a paradigm below.

It is important to keep in mind that none of these components are by themselves completely new. Aspects of what I call the new paradigm have been around for some time and they periodically enter into public and policy discussions of poverty. For example, at the end of the nineteenth and beginning of the twentieth century, there was considerable discussion of poverty resulting from structural failings such as high unemployment and low wages.³⁴ Yet, taken together, the components of what I call the new paradigm have never attained widespread exposure and acceptance. As a whole, they constitute a very different way of understanding poverty than we have traditionally viewed the issue.

A. Poverty Results from Structural Failings

The starting point for a new paradigm is the recognition that American poverty is largely the result of structural, rather than individual, failings. There simply are not enough viable opportunities for all Americans. Individual attributes, such as the lack of education or skills, help explain who is more likely to be left out in the competition to locate and secure such opportunities, but cannot explain why there is a shortage of opportunities in the first place. To answer that question, we must turn to the inability of the economic, political, and social structures to provide the support and opportunities necessary to lift all Americans out of poverty.

34. O'CONNOR, *supra* note 19, at 32–33.

The most obvious example of this is the mismatch between the number of decent paying jobs and the pool of workers in search of such jobs. During the past thirty years, the U.S. economy has produced increasing numbers of low-paying jobs, part-time jobs, and jobs without benefits. For example, the Census Bureau estimated that the median earnings of workers paid hourly wages in 2003 was \$10.85 per hour, barely enough to raise a family of four above the poverty line for a year.³⁵ At the same time, approximately three million Americans worked part-time because of a shortage of full-time jobs.³⁶

As a result, a higher percentage of the U.S. workforce falls into the low-wage sector than is true in comparable developed countries. For example, Timothy Smeeding and colleagues found that 25% of all American full-time workers could be classified as being in low-wage work (defined as earning less than 65% of the national median for full-time jobs).³⁷ This was by far the highest percentage of the countries analyzed, with the overall average of non-U.S. countries falling at 12%.³⁸

In addition, there are simply not enough jobs to go around. During the past forty years, U.S. monthly unemployment rates have averaged between four and ten percent.³⁹ These percentages represent individuals who are out of work, but actively seeking employment (they do not include those who have given up on their search for a job, referred to as discouraged workers, or those in correctional facilities).⁴⁰ In 2001, nearly seven million people were unemployed at any particular point in time, while more than fifteen million people experienced unemployment at some point during the year.⁴¹

Labor economist Timothy Bartik has taken several different approaches to estimate the number of jobs that would be needed to

35. U.S. CENSUS BUREAU, STATISTICAL ABSTRACT OF THE UNITED STATES (2006), available at <http://www.census.gov/prod/www/statistical-abstract.html>.

36. SCHILLER, *supra* note 18, at 78.

37. Smeeding et al., *supra* note 1.

38. *Id.*

39. U.S. CENSUS BUREAU, STATISTICAL ABSTRACT OF THE UNITED STATES, *supra* note 35.

40. *Id.*

41. SCHILLER, *supra* note 18, at 75.

significantly reduce poverty in the United States.⁴² Even in the booming economy of the late 1990s, between five and nine million more jobs were required in order to meet the needs of low income households.⁴³ Similarly, Philip Harvey noted:

[A] number of job vacancy surveys have been conducted in various parts of the country over the past several decades, and their results paint a consistent portrait of U.S. labor markets. The surveys show that in periods of relative prosperity as well as during recessions, the number of job seekers generally exceeds—usually by a wide margin—the number of job vacancies in the labor markets surveyed.⁴⁴

Exacerbating the lack of decent paying jobs is the fact that the American social safety net is extremely weak, resulting in sizeable numbers of families falling through its rather large holes. Despite the popular rhetoric that vast amounts of tax dollars are spent on public assistance, the fact is that the American welfare state, and particularly its social safety net, can be more accurately described in minimalist terms. Compared to other Western industrialized countries, the United States devotes far fewer resources to programs aimed at assisting the economically vulnerable.⁴⁵ As Charles Noble wrote: “The U.S. welfare state is striking precisely because it is so limited in scope and ambition.”⁴⁶

In contrast, most European countries provide a range of social and insurance programs that largely prevent families from falling into poverty.⁴⁷ These include substantial family or children’s allowances

42. See Timothy Bartik, *Poverty, Jobs, and Subsidized Employment*, CHALLENGE, May–June 2002, at 100.

43. *Id.* at 102–03.

44. Philip Harvey, *Combating Joblessness: An Analysis of the Principal Strategies that Have Influenced the Development of American Employment and Social Welfare Law During the 20th Century*, 21 BERKELEY J. EMP. & LAB. L. 677, 706 (2000) (footnotes omitted); see also LOUIS UCHITELLE, *THE DISPOSABLE AMERICAN: LAYOFFS AND THEIR CONSEQUENCES* (2006).

45. See generally ALBERTO ALESINA & EDWARD L. GLAESER, *FIGHTING POVERTY IN THE US AND EUROPE: A WORLD OF DIFFERENCE* (2004); ORG. FOR ECON. COOPERATION AND DEV., *SOCIAL EXPENDITURES DATABASE 1980–1996* (1999).

46. CHARLES NOBLE, *WELFARE AS WE KNEW IT: A POLITICAL HISTORY OF THE AMERICAN WELFARE STATE 3* (1997).

47. ALESINA & GLAESER, *supra* note 45.

designed to transfer cash assistance to families with children.⁴⁸ Unemployment assistance is far more generous in these countries than in the United States. Further, these countries routinely provide universal health coverage, along with considerable support for child care.⁴⁹ The United States fails to offer the universal coverage for child care, medical insurance, child allowances, or affordable housing that most other developed countries routinely provide.⁵⁰ The result is an increasing number of families at risk of economic vulnerability and poverty.

These social policy differences substantially reduce the extent of poverty in Europe and Canada, while they exert a much smaller impact in America on poverty reduction. As Rebecca Blank noted:

[T]he national choice in the United States to provide relatively less generous transfers to low-income families has meant higher relative poverty rates in this country. While low-income families in the United States work more than in many other countries, they are not able to make up for lower governmental income support relative to their European counterparts.⁵¹

Researchers using the Luxembourg Income Study (an international collection of economic surveys), documented the inability of the American safety net to significantly reduce the risk of poverty. For example, Finnish social scientist Veli-Matti Ritakallio examined the extent to which cash assistance reduced poverty in eight European countries, Canada, and the United States.⁵² European and Canadian assistance programs reduced their rates of poverty by an average of 79%.⁵³ Finland, for instance, reduced the percentage of its poor residents from 33% to 4%.⁵⁴ In contrast, the United States only reduced its percentage at any given time from 29% to 18%.⁵⁵ As

48. *Id.*

49. *Id.*

50. *Id.*

51. REBECCA M. BLANK, *IT TAKES A NATION: A NEW AGENDA FOR FIGHTING POVERTY* 141–42 (1997).

52. Veli-Matti Ritakallio, *Trends of Poverty and Income Inequality in Cross-National Comparison* (Syracuse Univ., Luxembourg Income Study Working Paper No. 272, 2001).

53. *Id.*

54. *Id.*

55. *Id.*

a result, the current rates of U.S. poverty are among the highest in the industrialized world.

The analogy of musical chairs illustrates the relationship between these structural failures at the economic and political levels and the fact that those who experience poverty tend to have less advantageous characteristics, such as fewer years of education or devalued skills. Picture a game of musical chairs in which there are ten players, but only eight chairs available at any point in time. Those who are likely to lose have characteristics putting them at a disadvantage in terms of competing for the available chairs. However, given that the game is such a way that two players must lose, a deficiency in marketable attributes only explains who loses out, not why there are losers in the first place.

The critical mistake that those employing the old paradigm have made in the past is equating the question of who loses out at the game with the question of why the game produces losers in the first place. These are, in fact, distinct and separate questions. While a lack of human capital and other marketable characteristics helps to explain who is at a heightened risk of poverty, the fact that poverty exists in the first place results not from these characteristics, but from the lack of decent opportunities and supports in society. By focusing solely on individual characteristics, such as education, we can shuffle people up or down in terms of their being more or less likely to obtain a job with good earnings, but somebody still loses out if there are not enough decent paying jobs to go around. In short, we are playing a large scale version of musical chairs in which there are many more players than there are chairs.

The recognition of this dynamic represents a fundamental shift in thinking from the old paradigm. It helps to explain why the social policies of the past two decades have been largely ineffective in reducing the rates of poverty. We have focused our attention and resources on either altering the incentives and disincentives for those playing the game, or, in a very limited way, upgrading individuals' skills and ability to compete in the game, but at the same time we have left the structure of the game untouched.

When the overall poverty rates in the United States do in fact go up or down, they do so primarily as a result of impacts on the structural level that increase or decrease the number of available

chairs. In particular, economic performance has been historically important. Why? When the economy expands, more opportunities (or chairs) are available for the competing pool of workers and their families. The reverse occurs when the economy slows down and contracts. Consequently, during the 1930s or early 1980s when the economy was doing poorly, poverty rates increased, while during periods of economic prosperity, such as the 1960s or the middle to later 1990s, the overall rates of poverty declined.⁵⁶

Similarly, changes in various social supports and the social safety net available to families will make a difference in terms of how well such households are able to avoid poverty or near poverty. When such supports were increased through the War on Poverty initiatives of the 1960s, poverty rates declined.⁵⁷ Likewise, when Social Security benefits were expanded during the 1960s and 1970s, poverty rates among the elderly declined precipitously.⁵⁸ Conversely, when social supports have been weakened and eroded, as was the case with children's programs during the past twenty-five years, poverty rates have gone up.⁵⁹

The recognition of poverty as a structural failing also makes it quite clear why the United States has such high poverty rates as compared to other Western countries. These rates have nothing to do with Americans being less motivated or less skilled than individuals in other countries, but have to do instead with the fact that our economy has produced a plethora of low-wage jobs in the face of global competition and that our social policies have done relatively little to support families compared to those of our European neighbors. From this perspective, one of the keys to addressing poverty is to increase the labor market opportunities and social supports available to American households.

In sum, a shift in thinking about the causes of poverty from an individually to a structurally based explanation allows us to distinguish and make sense of two specific questions. First, why does

56. JAMES T. PATTERSON, *AMERICA'S STRUGGLE AGAINST POVERTY IN THE TWENTIETH CENTURY* (2000).

57. *Id.*

58. *Id.*

59. *Id.*

poverty exist? Second, who is more likely to experience poverty? Poverty exists primarily as a result of a shortage of viable economic opportunities and social supports for the entire population. Given this shortage, a certain percentage of the population is ensured of experiencing poverty. Individuals with a heightened risk of being on the short end of this economic stick will be those who are least able to effectively compete for the limited number of decent economic opportunities. This includes those with fewer marketable skills, less education and ill health, as well as single parents, racial minorities, and residents in economically depressed areas. A new paradigm recognizes the fundamental distinction between understanding who loses out at the game, versus understanding how and why the game produces losers in the first place.

B. Poverty is a Conditional State that Individuals Move in and out of

A second major premise underlying a new paradigm is the recognition of poverty as a conditional state that individuals move in and out of. In the old way of thinking, we have talked and written about “poor people.” Yet this term is in many respects a misnomer. The more typical pattern is that individuals and households move in and out of poverty, rather than remaining “poor people” throughout their lives. In addition, a majority of Americans will experience impoverishment at some point during the life course.

Rather than framing the issue as one of poor people, our focus should be on the condition of poverty. Longitudinal research over the past twenty years has shown that most households are impoverished for one or two years, but then manage to rise above the poverty line.⁶⁰ They may stay there for a period of time, only to experience an additional fall into poverty at some later point.⁶¹ The condition of

60. See BLANK, *supra* note 51, at 22–27; GREG J. DUNCAN ET AL., YEARS OF POVERTY, YEARS OF PLENTY: THE CHANGING ECONOMIC FORTUNES OF AMERICAN WORKERS AND FAMILIES 40–42 (1984); Mary Jo Bane & David T. Ellwood, *Slipping into and out of Poverty: The Dynamics of Spells*, 21 J. HUM. RESOURCES 1, 11–13 (1986); Ann Huff Stevens, *The Dynamics of Poverty Spells: Updating Bane and Ellwood*, AM. ECON. REV., May 1994, at 34–37.

61. See Ann Huff Stevens, *Climbing out of Poverty, Falling Back in: Measuring the Persistence of Poverty over Multiple Spells*, 34 J. HUM. RESOURCES 557 (1999).

poverty also affects a very large percentage of the population at some point during the life span. For example, the work of Rank and Hirschl demonstrates that a majority of Americans will at some point experience at least one year below the poverty line.⁶²

The picture of poverty that emerges from this body of research is thus characterized by fluidity. Individuals and households weave their way in and out of poverty depending upon the occurrence or nonoccurrence of detrimental events (e.g., job loss, family disruption, or ill health). Of course, the amount by which individuals are above the poverty line is often quite modest, so that detrimental events in the future can throw them back below the line. The recognition of poverty as a conditional state that a majority of the population will move in and out of is a fundamentally different way of conceptualizing poverty than the static concept of “poor people.”

One way to illustrate this is with the concept of sickness. Most people are healthy for varying periods of time, but periodically experience some kind of illness, such as a cold or the flu. In such cases, we would not define these individuals as sick people (even though they have experienced sickness), but rather as individuals who occasionally experience the condition of being ill. The appropriate focus is to recognize the episodic nature of the condition, rather than to define the lives of the individuals themselves in terms of the condition.

It may certainly be the case that some people are more prone to sickness, just as some people are more prone to poverty. But even in these cases, we generally would not define such individuals as “sick people.” Only in the case of a chronic disease might we characterize such a person in terms of their illness.

The dynamics of poverty are much the same as those of sickness. Yet the old paradigm of poverty often lumps everyone who experiences poverty into the category of *poor people*, or the *underclass*, reinforcing a very static and unchanging image of who encounters poverty. Returning to our analogy, it would not make

62. See Mark R. Rank & Thomas A. Hirschl, *The Likelihood of Poverty Across the American Adult Life Span*, 44 SOC. WORK 201 (1999); Mark R. Rank & Thomas A. Hirschl, *Rags or Riches? Estimating the Probabilities of Poverty and Affluence Across the Adult American Life Span*, 82 SOC. SCI. Q. 651 (2001).

much sense to define everyone who at some point in their past experienced an illness as sick people. Yet this appears to be the case when defining those who have experienced poverty as poor people.

An additional consequence of such labeling is to solidify poverty as a dividing line that separates the population. The old paradigm strengthens the separation between notions of poor and non-poor. However, it fails to recognize the critical point that many Americans are actually both. Rather than pulling us together, the old paradigm pulls us apart.

Conversely, a new paradigm recognizes that poverty is a conditional state and an economic risk that many Americans will encounter. It recognizes the fluid nature of poverty and the fact that a majority of Americans will experience poverty at some point during their lives. Individuals typically move between being poor and non-poor during several periods of their life course.⁶³

A new paradigm considers the condition of poverty, rather than those who occupy the condition, as harmful and deleterious. As discussed below, poverty has the potential to undermine human well-being and development. It creates a number of problems for those who occupy its ranks. It can result in long-term consequences, depending upon the severity and the length of poverty experienced. This appears particularly true in the case of child development. Children who grow up with extended bouts of severe poverty may experience permanent scars in terms of health, educational attainment, or acquisition of skills and abilities.⁶⁴

Once again we may return to our illness analogy. On the one hand, ill health creates temporary pain and suffering for those experiencing it. Yet, individuals will generally pass through this condition, returning to a state of relatively good health. On the other hand, severe health problems, such as a heart attack or stroke, may produce more lingering damage. Here there may be permanent harm to the heart or brain that will undermine the individual's quality of

63. *See supra* note 62 and accompanying text.

64. CONSEQUENCES OF GROWING UP POOR (Greg J. Duncan & Jeanne Brooks-Gunn eds., 1997); SOCIAL INEQUALITY (Kathryn M. Neckerman ed., 2004).

life in the future. The dynamics of poverty can be understood in a similar fashion. Severe poverty over a prolonged period of time may create permanent damage to individuals and their families.

A second important building block for a new paradigm is therefore the recognition of poverty as a conditional state that individuals move in and out of. It represents an economic risk that many Americans will encounter. The appropriate focus is on the condition of poverty and the temporary, and sometimes long-term, effects that such a state has on the individuals who pass through it.

C. Poverty Constitutes Deprivation

A third component of the new paradigm broadens the scope and meaning of poverty from that of low income to a wider concept of deprivation. Poverty acts to deprive individuals and families in a number of ways. A new conception of poverty must recognize that impoverishment represents more than just a shortage of income. This has recently been emphasized by the attention that European governments and scholars (particularly within England, France, and the Netherlands) have placed on the concept of social exclusion, or “the inability to participate in the activities of normal living.”⁶⁵

There are many illustrations of this. Poverty undermines the quality of life of those inhabiting its ranks. It results in serious compromises and struggles in acquiring basic resources such as food, clothing, shelter, health care, and transportation.⁶⁶ These struggles further produce considerable stress in the lives of the poverty stricken and their families.⁶⁷

65. Howard Glennerster, *United States Poverty Studies and Poverty Measurement: The Past Twenty-Five Years*, 76 SOC. SERV. REV. 83, 89 (2002). See generally MATT BARNES ET AL., POVERTY AND SOCIAL EXCLUSION IN EUROPE (2002); A.S. BHALLA & FRÉDÉRIC LAPEYRE, POVERTY AND EXCLUSION IN A GLOBAL WORLD (1999); U.K. DEP'T OF SOC. SEC., OPPORTUNITY FOR ALL: TACKLING POVERTY AND SOCIAL EXCLUSION (1999); UNDERSTANDING SOCIAL EXCLUSION (Phil Agulnik et al. eds., 2002); Tania Burchardt et al., *Social Exclusion in Britain 1991–1995*, 33 SOC. POL'Y & ADMIN. 227 (1999).

66. See generally KATHRYN EDIN & LAURA LEIN, MAKING ENDS MEET: HOW SINGLE MOTHERS SURVIVE WELFARE AND LOW-WAGE WORK (1997); ARLOC SHERMAN, WASTING AMERICA'S FUTURE: THE CHILDREN'S DEFENSE FUND REPORT ON THE COSTS OF CHILD POVERTY (1994); DAVID K. SHIPLER, THE WORKING POOR: INVISIBLE IN AMERICA (1st ed. 2004).

67. See generally JILL DUERR BERRICK, FACES OF POVERTY: PORTRAITS OF WOMEN AND

Poverty also reduces the quality of one's health. Poverty is associated with a host of health risks, including undernutrition, elevated rates of heart disease, dental problems, diabetes, lead poisoning, hypertension, infant mortality, cancer, and mental illness.⁶⁸ The result is a death rate for poverty-stricken individuals between the ages of twenty-five and sixty-four that is approximately three times higher than that for affluent individuals of the same age range,⁶⁹ and a life expectancy that is considerably shorter.⁷⁰ For example, Americans in the top 5% of the income distribution can expect to live approximately nine years longer than those in the bottom 10%.⁷¹

Another area of reduced capabilities lies in the stunted or diminished life chances for impoverished children as they grow into adults. Poverty stricken neighborhoods may provide an inferior education. Both the quality and quantity of education are often substandard.⁷² Impoverished children also suffer a greater exposure to

CHILDREN ON WELFARE (1995); SHARON HAYS, *FLAT BROKE WITH CHILDREN: WOMEN IN THE AGE OF WELFARE REFORM* (2003); RANK, *supra* note 32; KAREN SECCOMBE, "SO YOU THINK I DRIVE A CADILLAC?": WELFARE RECIPIENTS' PERSPECTIVES ON THE SYSTEM AND ITS REFORM (1999); MARTHA SHIRK ET AL., *LIVES ON THE LINE: AMERICAN FAMILIES AND THE STRUGGLE TO MAKE ENDS MEET* (1999).

68. See Daniel T. Lichter & Martha L. Crowley, *Poverty in America: Beyond Welfare Reform*, POPULATION BULL., June 2002, at 1, 26–27. See generally NANCY B. LEIDENFROST, U.S. DEP'T OF AGRIC., *AN EXAMINATION OF THE IMPACT OF POVERTY ON HEALTH* (1993); RICHARD G. WILKINSON, *THE IMPACT OF INEQUALITY: HOW TO MAKE SICK SOCIETIES HEALTHIER* (2005); Stephen L. Isaacs & Steven A. Schroeder, *Class: The Ignored Determinant of the Nation's Health*, 351 NEW ENG. J. MED. 1137 (2004); John Mullahy & Barbara L. Wolfe, *Health Policies for the Non-Elderly Poor*, in UNDERSTANDING POVERTY, *supra* note 1, at 278; David R. Williams & Chiquita Collins, *U.S. Socioeconomic and Racial Differences in Health: Patterns and Explanations*, 21 ANN. REV. SOC. 349 (1995).

69. See Gregory Pappas et al., *The Increasing Disparity in Mortality Between Socioeconomic Groups in the United States, 1960 and 1986*, 329 NEW ENG. J. MED. 103 (1993).

70. See Arline T. Geronimus et al., *Inequality in Life Expectancy, Functional Status, and Active Life Expectancy Across Selected Black and White Populations in the United States*, 38 DEMOGRAPHY 227 (2001).

71. See Christopher Jencks, *Does Inequality Matter?*, DAEDALUS, Winter 2002, at 49.

72. See JENNIFER HOCHSCHILD & NATHAN SCOVRONICK, *THE AMERICAN DREAM AND THE PUBLIC SCHOOLS* (2003); RICHARD D. KAHLBERG, *ALL TOGETHER NOW: CREATING MIDDLE-CLASS SCHOOLS THROUGH PUBLIC SCHOOL CHOICE* (2001); Linda Darling-Hammond & Laura Post, *Inequality in Teaching and Schooling: Supporting High-Quality Teaching and Leadership in Low-Income Schools*, in A NOTION AT RISK: PRESERVING PUBLIC EDUCATION AS AN ENGINE FOR SOCIAL MOBILITY 127, 127–28 (Richard D. Kahlenberg ed., 2000); Meredith

other risks, such as crime.⁷³ These risks, in turn, result in a lower likelihood of acquiring the necessary skills to compete effectively in the labor market.

In addition, poverty undercuts adults' ability to build economic assets, which can affect later life chances.⁷⁴ The old saying that it takes money to earn money is certainly true and applies to financial and property assets as well. The ability to build equity in a house or a retirement fund is severely constricted by poverty.

Impoverishment is also closely associated with deprivation in the area of employment. Those in poverty may be out of work or employed at part-time or dead-end jobs that simply do not pay enough to support a family. Employment and work have historically been central parts of American identity. The failure to have a job that supports oneself and one's family is a major source of frustration and loss.

Finally, poverty undermines the ability of individuals to fully partake in the freedoms, rights, and opportunities to which all citizens are theoretically entitled.⁷⁵ Poverty diminishes an individual's ability to fully exercise specific rights, such as participating in the democratic process or receiving equal justice under the law.⁷⁶

A new paradigm of poverty must therefore recognize that impoverishment encompasses more than just low income. The lack of income is clearly a critical component of poverty, and represents a convenient, logical, and pragmatic starting point and measuring stick. But we must move beyond thinking of poverty solely in terms of low income. This involves incorporating a wider set of experiences and deprivations into our understanding. As Amartya Sen wrote: "[P]overty must be seen as the deprivation of basic capabilities rather

Phillips & Tiffani Chin, *School Inequality: What Do We Know?*, in *SOCIAL INEQUALITY*, *supra* note 64, at 467.

73. See generally JEFFREY REIMAN, *THE RICH GET RICHER AND THE POOR GET PRISON: IDEOLOGY, CLASS, AND CRIMINAL JUSTICE* (7th ed. 2004); Anne R. Pebley & Narayan Sastry, *Neighborhoods, Poverty, and Children's Well-Being*, in *SOCIAL INEQUALITY*, *supra* note 64, at 119.

74. See generally THOMAS M. SHAPIRO, *THE HIDDEN COST OF BEING AFRICAN AMERICAN: HOW WEALTH PERPETUATES INEQUALITY* (2004); John Karl Scholz & Kara Levine, *U.S. Black-White Wealth Inequality*, in *SOCIAL INEQUALITY*, *supra* note 64, at 895.

75. RANK, *supra* note 12, at 132-44.

76. *Id.*

than merely as lowness of incomes, which is the standard criterion of identification of poverty.”⁷⁷ Sen further noted:

Policy debates have indeed been distorted by overemphasis on income poverty and income inequality, to the neglect of deprivations that relate to other variables, such as unemployment, ill health, lack of education, and social exclusion. Unfortunately, the identification of economic inequality with income inequality is fairly common in economics, and the two are often seen as effectively synonymous. If you tell someone that you are working on economic inequality, it is quite standardly assumed that you are studying income distribution.⁷⁸

An example of bringing several aspects of deprivation to bear on the measure of poverty is the United Nations’ development of a human poverty index for industrialized countries. This index incorporates four measures: (1) deprivation in survival—the percentage of people not expected to survive to age sixty; (2) deprivation in knowledge—the percentage of people aged sixteen to sixty-five who are functionally illiterate; (3) deprivation in income—the percentage of the population below an income poverty line; and (4) social exclusion—the percentage of the total labor force that has been unemployed for twelve or more months.⁷⁹ Such an index reflects the wider meaning and scope of poverty.

This index also reveals variations and differences that may not be apparent by using a single measure of poverty. For example, we have seen that the United States does quite poorly in a comparison of poverty across developed nations. The United States has the highest overall poverty rate in the industrialized world. Yet, if we examine deprivation in terms of long-term unemployment, the United States does exceedingly well. That is, while European countries have much lower levels of poverty and inequality than does the United States, they also have significantly higher levels of long-term

77. AMARTYA SEN, *DEVELOPMENT AS FREEDOM* 87 (1999).

78. *Id.* at 108.

79. UNITED NATIONS DEV. PROGRAMME, *HUMAN DEVELOPMENT REPORT 2005* (2005), available at <http://hdr.undp.org/reports/global/2005/>.

unemployment.⁸⁰ Consequently, a focus on various measures of deprivation reveals a more nuanced perspective of poverty. It suggests that there are different dimensions to poverty, and that there may be some important variations across these dimensions.

Finally, conceptualizing poverty in terms of deprivation brings with it a more humane and accessible image. It is sometimes difficult to imagine what \$19,311 (the weighted poverty line for a family of four in 2004)⁸¹ really means. It may be more intuitive to talk about long-term unemployment, illiteracy, or a shortened life expectancy. Broadening our focus to one of deprivation brings with it a more human dimension and scale.

D. Poverty as an Injustice

Whereas the old paradigm's moral compass has been largely centered on individual blame, the moral compass of a new paradigm rests instead on the notion of injustice. The new paradigm recognizes that poverty constitutes an injustice of substantial magnitude. This is based largely upon a juxtaposition of the first and third premises discussed earlier.

Poverty represents severe deprivation and hardship. This has been documented in countless studies, not to mention in millions of human lives.⁸² The question of justice centers on whether such deprivation is deserved. From the perspective of the old paradigm, the answer is largely yes, with the blame for poverty lying with the poor themselves.

In contrast, a new paradigm views the condition of poverty as undeserved and unwarranted. As discussed in the first premise, poverty can be traced to the lack of economic opportunities and social supports. There simply are not enough decent paying jobs and mechanisms in place (such as affordable health care, housing, or child care) to adequately support all American households. The condition of poverty represents an economic wrong falling upon too

80. *Id.*

81. CARMEN DENAVAS-WALT, U.S. CENSUS BUREAU, INCOME, POVERTY, AND HEALTH COVERAGE IN THE UNITED STATES: 2004, at 45 (2005), available at <http://www.census.gov/prod/2005pubs/p60-229.pdf>.

82. RANK, *supra* note 12.

many of our fellow citizens. What makes this injustice particularly grievous is the stark contrast between America's wealth and abundance on the one hand, and destitution on the other.

One way to illustrate this is by Adam Smith's thoughtful consideration of what such circumstances might look like to an "impartial spectator."⁸³ Smith raised the question of what would an impartial spectator make of a particular scenario—in this case, of the high levels of U.S. poverty within the context of vast material resources and wealth.⁸⁴ As the impartial spectator delves into the current situation, he or she would soon learn that at any point in time, over one third of the poor are children, and another 10% are elderly.⁸⁵ Individuals of working age who encounter poverty generally have labored most of their lives, but are often employed at jobs that do not pay enough to raise their families above the poverty line. Health care and child care assistance for such families is minimal. Those not working often suffer from a physical disability or illness that prevents employment. In fact, nearly 40% of poor individuals between the ages of twenty-five and sixty-four have some type of disability.⁸⁶ The impartial spectator would also see isolated cases of individuals who appear to have brought poverty upon themselves. He or she would observe that these isolated cases are often used to characterize the entire population that experiences poverty.

On the other hand, the impartial spectator would also see the vast amounts of American prosperity and wealth. The standard of living for families in the upper portion of society surpasses that of all other nations in the world.⁸⁷ The impartial spectator would note that these families enjoy many tax benefits and public policies to further strengthen their economic position.⁸⁸ He or she would observe that although these individuals work hard, much of their wealth has been

83. ADAM SMITH, *THE THEORY OF MORAL SENTIMENTS* (D.D. Raphael & A.L. Macfie eds., Oxford Univ. Press 1976) (1759).

84. DENAVAS-WALT, *supra* note 81.

85. SMITH, *supra* note 83.

86. JACK MCNEIL, U.S. CENSUS BUREAU, *AMERICANS WITH DISABILITIES: 1997* (2001), available at <http://www.census.gov/prod/2001pubs/p70-73.pdf>.

87. LEE RAINWATER & TIMOTHY M. SMEEDING, *POOR KIDS IN A RICH COUNTRY: AMERICA'S CHILDREN IN COMPARATIVE PERSPECTIVE* (2003).

88. CHRISTOPHER HOWARD, *THE HIDDEN WELFARE STATE: TAX EXPENDITURES AND SOCIAL POLICY IN THE UNITED STATES* (1997).

inherited from generation to generation.⁸⁹ Yet, the impartial spectator would rarely hear this factor used to characterize the affluent portion of the population. Rather, hard work and ingenuity have become the key words used to account for their success. He or she would also note that there are only scattered cases in which individuals have indeed risen from rags to riches.

The impartial spectator would soon learn that in spite of the material resources of American society and assistance for the well-to-do, the U.S. government does the least of any nation in the industrialized world to help its economically vulnerable escape from poverty.⁹⁰ Rather, it encourages the poor to engage in moral and responsible behavior, while at the same time cutting back its social safety net and economic supports.⁹¹ By doing so, the government argues that it is helping the most vulnerable escape poverty.

What would an impartial spectator make of all of this? I believe that the answer would be a moral outrage at the injustice of the situation. The impartial spectator would be able to see this for what it is—a charade that gives to the economically comfortable while taking away from those who have the least, and then justifies the process in terms of virtue. The injustice of this situation would be abundantly clear.

A new paradigm acknowledges this. Injustice, rather than blame, becomes the moral compass upon which such a perspective is based. Poverty is viewed as a societal injustice and an economic wrong. It is particularly glaring because it is both unnecessary and preventable. If the United States were an extremely impoverished country with a bankrupt economy, widespread poverty would be regrettable but certainly understandable given the economic constraints. Yet, this is not the situation we face. The United States has both the means and the resources available to address and substantially reduce its high levels of poverty, yet we have chosen not to do so. This inaction is

89. See generally UNEQUAL CHANCES: FAMILY BACKGROUND AND ECONOMIC SUCCESS (Samuel Bowles et al. eds., 2005); William G. Gale & John Karl Scholz, *Intergenerational Transfers and the Accumulation of Wealth*, J. ECON. PERSP., Fall 1994, at 145.

90. RAINWATER & SMEEDING, *supra* note 87.

91. RANK, *supra* note 12.

simply unconscionable given that we have the ability to confront such deprivation and human misery.

This injustice constitutes a strong impetus for change. It signals that a wrong is being committed that cries out for a remedy. From the Revolutionary War, to the Abolitionists, Women's suffrage, and Civil Rights movements—all have been fueled by an understanding and a passion to correct specific injustices taking place within particular historical times. The existence of poverty amidst widespread prosperity must be seen in a similar light.

The new paradigm recognizes this and is premised on the idea that change is essential in addressing the injustices of poverty. This is in sharp contrast to the old paradigm, in which the moral focus is on individual blame. This old focus has simply reinforced the status quo of doing little, resulting in continuing rates of elevated poverty. A new paradigm allows us to actively engage with and confront poverty, rather than comfortably settling for the status quo of widespread impoverishment.

E. The Condition of Poverty Affects and Undermines Us All

A final building block of a new paradigm is the recognition that poverty impacts and undermines us all. In the past, we have viewed poverty as primarily affecting those who fill its ranks, and occasionally their proximate neighborhoods. The old paradigm consistently fails to recognize the connection that all Americans have to poverty. This is epitomized by the distinction that we often implicitly make between *them* versus *us*—that is, between the poor and the non-poor.

The new paradigm breaks down this distinction by demonstrating that poverty affects virtually all Americans in one way or another. For example, the entire population incurs significant economic costs as a consequence of excessive poverty. Impoverishment produces greater health problems, inadequately educated children, and higher rates of criminal activity.⁹² As a result, America pays more for health care, produces fewer productive workers, and diverts needed resources into the building and maintenance of correctional

92. SHERMAN, *supra* note 66.

facilities.⁹³ In each of these cases, money is spent on the back end of the problem rather than on the front end; this is assuredly a more expensive approach to take. To argue that we do not pay a steep price for widespread poverty is to put our heads in the sand.

Researchers have also demonstrated that a majority of the American population will encounter poverty directly at some point during their lifetimes.⁹⁴ Fifty-nine percent of Americans between the ages of twenty and seventy-five will experience at least one year below the official poverty line, and seventy-six percent will encounter poverty or near poverty (at the 1.50 level of the official poverty line) at some point.⁹⁵ In addition, two thirds of Americans will utilize some type of safety net program, such as food stamps or Medicaid, by the time they reach the age of sixty-five.⁹⁶ These numbers drive home the fact that poverty casts a very long shadow across the entire population. Rather than being a question of *them*, poverty is clearly a question of *us*.

Yet, we are also connected to poverty in a somewhat different fashion as well because its presence undermines us as a people and as a nation. It diminishes us all by tarnishing the integrity of our values. For example, the presence of widespread poverty juxtaposed against immense material prosperity contradicts much of what the Judeo-Christian ethic teaches. The Judeo-Christian ethic emphasizes that the barometer for a just and compassionate society lies in its treatment of the poor and vulnerable.⁹⁷ As a nation and as a people, we are badly failing at this test.

Similarly, poverty impedes lower income Americans' ability to enjoy the full blessings of liberty, equality and justice. The words

93. *Id.*

94. See Rank & Hirschl, *The Likelihood of Poverty Across the American Adult Life Span*, *supra* note 62; Rank & Hirschl, *Rags or Riches?*, *supra* note 62; Mark R. Rank & Thomas A. Hirschl, *The Occurrence of Poverty Across the Life Cycle: Evidence from the PSID*, 20 J. POL'Y ANALYSIS & MGMT. 737 (2001).

95. RANK, *supra* note 12.

96. Mark R. Rank & Thomas A. Hirschl, *Likelihood of Using Food Stamps During the Adulthood Years*, 37 J. NUTRITION EDUC. & BEHAV. 137 (2005); Mark R. Rank & Thomas A. Hirschl, *Welfare Use as a Life Course Event: Toward a New Understanding of the U.S. Safety Net*, 47 SOC. WORK 237, 243 (2002).

97. NAT'L CONFERENCE OF CATHOLIC BISHOPS, ECONOMIC JUSTICE FOR ALL: PASTORAL LETTER ON CATHOLIC SOCIAL TEACHING AND THE U.S. ECONOMY (1986).

“liberty and justice for all” take on a hollow meaning when a significant percentage of the population is economically and politically disenfranchised. This undermines every citizen, for it suggests that the American ideals in which we profess to believe apply to some more than others. This contradicts the very core of the American promise, diminishing us all.

Just as each of us is affected by poverty, each of us also has a responsibility for ending poverty. A new paradigm suggests that alleviating poverty will require a collective commitment from all Americans. This is in sharp contrast to the old paradigm, in which the poor are basically left to fend for themselves. A new paradigm recognizes that poverty is an issue of public policy that requires a broad-based commitment. Within the old paradigm, public apathy towards the poor has been part of the problem; within the new paradigm, public engagement in alleviating poverty is part of the solution.

In short, a new paradigm views poverty on a very different conceptual level. We have traditionally placed both the problem and the solution to poverty within the context of the individual. In contrast, a new paradigm suggests that we understand the condition of poverty within the wider context of an interconnected environment.

This shift in thinking can be illustrated by how we have begun to think differently about environmental protection. Until recently, we have failed to recognize the harm befalling us all as a result of air, water and ground pollutants. Pollution was seen as having little consequence beyond its immediate location. However, mounting evidence suggested that this way of thinking was incorrect and dangerous.⁹⁸ We have now begun to understand pollution’s impact within a wider environmental context. Pollutants that occur in one community may very well affect other communities down wind or down stream. For example, the use of coal in Midwestern power plants results in acid rain in Northeastern forests.⁹⁹ The burning of

98. See generally PAUL L. BISHOP, POLLUTION PREVENTION: FUNDAMENTALS AND PRACTICE (2004); RICHARD P. TURCO & CARL SAGAN, EARTH UNDER SIEGE: FROM AIR POLLUTION TO GLOBAL CHANGE (2002).

99. *Id.*

fossil fuels or the use of chlorofluorocarbons can have a profound impact on the global climate, resulting in global warming or the loss of the atmospheric ozone layer.¹⁰⁰ The physical environment is increasingly understood as an interconnected system—what occurs in one part of the system may very well affect other parts as well.

As our awareness of these interconnections has increased, we have realized that we each have a role to play in the solution. The increased popularity of recycling programs illustrates this realization. Very small individual acts, such as bringing newspapers or aluminum cans to the curbside for weekly pick up, can collectively have an important effect on reducing environmental degradation. At the same time, we have realized the necessity of regulation and governmental controls to help curb pollution. Leaving the problem solely to individual polluters is no longer a viable solution. Structural changes are increasingly needed to alleviate levels of national and global pollution.

In a similar fashion, we must understand poverty within the context of an interconnected environment. Here, however, the environment consists of the social, economic and political institutions of society. Poverty must be understood as having profound ripple effects that denigrate and diminish those environments. This understanding also allows us to appreciate that we each have a role to play in alleviating poverty. Individual actions over a sustained period of time can result in sizeable changes. Yet, as with our environmental problems, it is vital to recognize the important role that local, state, and federal governments must also play in providing the resources, supports, and structure needed for a sustained effort.

III. ADDRESSING AMERICAN POVERTY

Let us take stock of what has been covered up to this point. I have argued that the manner in which we have typically understood the issue of poverty is both erroneous and a hindrance to constructive change. In fact, it provides a justification for doing little to address the problem. A first step toward reducing poverty is to replace the

100. *Id.*

existing paradigm that has dominated our understanding of the issue with a new understanding.

The basic shift must begin by moving from a perspective that interprets poverty as an individual failing to one that recognizes the structural inadequacies that result in poverty. Second, the focus must be on poverty as a conditional state that individuals move in and out of, rather than on the static concept of poor people. Third, the human meaning of poverty must be reinforced by moving beyond the traditional emphasis on low income to the broader concept of deprivation. Fourth, a new perspective must point its moral compass towards injustice rather than blame, with a conviction that poverty amidst American prosperity is a moral outrage. Finally, a new paradigm must recognize that we are all affected and undermined in countless ways by the existence of widespread poverty within our communities. Likewise, a new paradigm asserts that we are each part of the solution.

Given this framework, what policies and approaches can reduce the extent of poverty in America? Although space does not allow for an extensive discussion, three basic strategies are critical in starting the process.¹⁰¹ They include: (1) ensuring that work is available that pays a living wage; (2) providing greater access to and attainability of key social goods, such as health care and a quality education; and (3) implementing policies that encourage the building of individual assets, particularly among the lower income levels. To return to our musical chairs analogy, these strategies are designed to provide more chairs (that is, opportunities and supports) for those in the game. They are largely aimed at correcting some of the structural failings discussed earlier.

Perhaps the most important initiatives for reducing American poverty are to adopt policies that ensure a sufficient number of jobs for all who are in need of support for themselves and their families, and to ensure that the current supply of jobs are able to lift individuals and families above the poverty line. As Bradley Schiller noted: “Jobs—in abundance and of good quality—are the most needed and most permanent solution to the poverty problem.”¹⁰² Or, as

101. For greater detail, see RANK, *supra* note 12.

102. SCHILLER, *supra* note 18, at 272.

the title of William Quigley's book puts it: *Ending Poverty As We Know It: Guaranteeing a Right to a Job at a Living Wage*.¹⁰³

In terms of creating enough jobs, various labor demand policies may potentially generate a more robust rate of job growth. These include fiscal policies, such as enhancing tax incentives for investment, enacting consumer tax cuts, or increasing government expenditures. Monetary policy can also provide a stimulus by making access to credit easier and cheaper. In addition, targeted wage subsidies to employers can stimulate job creation, as can public service employment.

There are at least two approaches that can be taken to ensure that the current supply of jobs are able to lift families above the poverty line. The first is to raise and index the minimum wage to a level that would sustain a modest sized family. Currently, the minimum wage (\$5.15 per hour in 2005)¹⁰⁴ is woefully inadequate to support a family. Working full-time at this level will not bring a family of three even close to the poverty line (\$15,071 in 2004).¹⁰⁵ Rather, the minimum wage should be brought up to a level that would raise a family of three (whose head of household works full-time) out of poverty. If full-time is defined as working thirty-five hours per week for a fifty-two week period, the hourly minimum wage should be set at \$8.28 per hour. This amount should then be indexed each year to the Consumer Price Index to keep up with the cost of inflation. Such a policy would enable millions of workers to support a modestly sized family above the poverty line.

A second approach to supplementing and raising the earnings of low-income workers can be achieved through the tax structure, specifically through the use of tax credits. The primary example of such a credit is the Earned Income Tax Credit (EITC).¹⁰⁶ The EITC was enacted in 1975 and underwent significant expansion during the

103. WILLIAM P. QUIGLEY, *ENDING POVERTY AS WE KNOW IT: GUARANTEEING A RIGHT TO A JOB AT A LIVING WAGE* (2003).

104. See U.S. Dep't of Labor, Compliance Assistance—Fair Labor Standards Act (FLSA), <http://www.dol.gov/esa/whd/flsa/> (last visited May 10, 2006).

105. DENAVAS-WALT, *supra* note 81.

106. *MAKING WORK PAY: THE EARNED INCOME TAX CREDIT AND ITS IMPACT ON AMERICAN FAMILIES* (Bruce D. Meyer & Douglas Haltz-Eakin eds., 2002).

1990s.¹⁰⁷ It currently represents the largest cash anti-poverty program in the United States.¹⁰⁸

The EITC delivers economic relief at the low end of the earnings distribution. For example, if a head of household earns \$7.50 per hour (and her total earnings are under \$10,000), the EITC effectively raises her wage by an additional \$3.00 per hour, to a total of \$10.50 per hour.¹⁰⁹ The program thus provides a significant supplement to low earners, and also provides an economic incentive to work. In 2002, an estimated nineteen million Americans benefitted from the EITC, and the program pulled approximately five million individuals above the poverty line who otherwise would have fallen into poverty.¹¹⁰ For families that remain in poverty, the EITC has helped to reduce the distance between their household incomes and the poverty line. Efforts should be made to expand the EITC's coverage (for example, to include low-income workers without children), along with its benefits.

Another key strategy for addressing poverty is to increase the accessibility of several vital social and public goods. In some respects, the conditions of poverty and near poverty in the United States are worse than the statistics indicate. This is because several key resources have become increasingly unattainable for a number of American households. In particular, quality education, health care, affordable housing, and child care are either out of reach or obtainable only at considerable economic expenditure and hardship.¹¹¹ Yet, these social goods are vital in building and maintaining healthy and productive citizens and families.

Virtually every other Western industrial society provides greater access to health care, affordable housing, and child care than does the United States.¹¹² These societies also do not display the wide fluctuations in educational quality to which American children are subjected at the primary and secondary levels.¹¹³ The underlying

107. *Id.*

108. *Id.*

109. *Id.*

110. SCHILLER, *supra* note 18, at 267.

111. MAKING WORK PAY, *supra* note 106.

112. DEREK BOK, THE STATE OF THE NATION (1997).

113. Darling-Hammond & Post, *supra* note 72.

reason for this is the belief that there are certain social and public goods to which all individuals have a right, and that making such resources accessible results in more productive citizens and societies in both the short and the long run. In addition, these countries recognize that such goods and services reduce the harshness of poverty and economic vulnerability. If the United States is to seriously address the widespread nature of poverty, it must address the fact that too many Americans are unable to access affordable and quality health care, child care, housing, and education. Many ideas exist on how to provide universal or near universal coverage of these vital social goods.¹¹⁴

A third strategy for reducing American poverty is to adopt policies that encourage the building of individual assets. Social policies are frequently designed to alleviate the current conditions of poverty. Indeed, the strategies of making work pay and providing access to key social goods are each aimed at improving the current economic conditions of individuals and families. This is understandable, given that poverty affects individuals in the here and now. Yet, poverty alleviation approaches must also pay attention to longer-term processes and solutions. In particular, asset accumulation is crucial, both during the individual life course and within the communities in which Americans reside. The acquisition of assets allows individuals to more effectively function and to reduce their risk of poverty. Assets enable individuals to ride out periods of economic vulnerability. They also allow for the growth and strengthening of individual development. Assets build a stake in the future that income by itself often cannot provide.

Unfortunately, opportunities to acquire such assets have been in short supply for lower-income individuals. This is in contrast to middle and upper income families, who have been able to take advantage of asset building policies through the tax code, including the home mortgage deduction, the lower tax rate on capital gains, the deduction allowed for contributions to individual retirement accounts (IRAs), and the exclusion of employer contributions to pension funds.¹¹⁵

114. See RANK, *supra* note 12.

115. See Laurence S. Seidman, *Assets and the Tax Code*, in ASSETS FOR THE POOR: THE

Various policies can encourage asset building at the lower income level. One innovative tool for asset building by lower income families is the Individual Development Account (IDA).¹¹⁶ IDAs allow lower income individuals and families to participate in matched savings accounts, with a match of at least one to one, and often much higher.¹¹⁷ Assets accumulated in these accounts can be used for a broad array of development purposes intended to strengthen a family's economic position, such as job training, education, starting a small business, or owning a home. The 1996 federal welfare reform legislation included a provision allowing each state to use part of its block grant money to establish and fund IDAs; more than forty states currently have some form of IDA policy.¹¹⁸

Additional asset-based development policies should also be developed. One example is a children's trust fund policy. Under this policy, the government would contribute monetary funds on a regular basis to an account for each child, beginning at the child's birth. The program would be universal in that all children would be entitled to such a fund, yet it would also be progressive in that lower income families would receive a greater proportional amount of resources than middle- or upper-income children. At age eighteen, children would be allowed to use their trust funds for particular purposes, such as furthering their education, receiving technical training, or perhaps investing in a home a bit later in life. The idea of children's trust funds has been adopted in the United Kingdom, and discussions are beginning to take place in the United States.¹¹⁹

In summary, the strategies discussed here have the potential to move millions of Americans out of poverty, and to prevent millions from falling into poverty. They are built on an understanding of poverty that is quite different from the common view that exists

BENEFITS OF SPREADING ASSET OWNERSHIP 324 (Thomas M. Shapiro & Edward N. Wolff eds., 2001).

116. See MICHAEL W. SHERRADEN, *ASSETS AND THE POOR: A NEW AMERICAN WELFARE POLICY* (1991); see also Michael Sherraden, *Asset-Building Policy and Programs for the Poor*, in *ASSETS FOR THE POOR*, *supra* note 115, at 302.

117. MARK SCHREINER & MICHAEL W. SHERRADEN, *CAN THE POOR SAVE?: SAVING AND ASSET BUILDING IN INDIVIDUAL DEVELOPMENT ACCOUNTS* (2006).

118. *Id.*

119. *Id.*

today. Such an understanding recognizes that much of American poverty is the result of failures within our economic and political structures. The strategies discussed here focus on moderating these structural failures. They include ensuring that work exists that pays a living wage, increasing the availability of and access to key resources, such as education and health care, and encouraging the building of individual assets. Taken together, these policies can dramatically reduce the extent of poverty and economic vulnerability that currently exists in the United States.

Such policies also have the capacity to make America a more productive and livable society. These strategies all focus on investing in people and families. Making work pay invests in those employed at low-wage jobs. Increasing access to quality education and health care invests in children and families. Building assets is a direct investment in the lives of individuals and the communities in which they live. Taken as a whole, these strategies are about alleviating poverty, but they are also about investing in Americans so that they are able to live up to their full potentials. As a result, the initiatives outlined here are clearly beneficial to the majority of the American population.

In conclusion, a new way of thinking is needed to confront the widespread nature of American poverty. As George Bernard Shaw once wrote: "Progress is impossible without change; and those who cannot change their minds cannot change anything."¹²⁰ For too long, we have followed a path that has produced the highest rate of poverty in the Western industrialized world. Clearly, the time has come for a new way of thinking and dealing with the problem of American poverty.

120. THE CONCISE COLUMBIA DICTIONARY OF QUOTATIONS 37 (Robert Andrews ed., 1989).