as american as apple pie: poverty and welfare

Few Americans see poverty as a normal state of affairs. Yet most will experience poverty and will use welfare at some point in their lives. How can this be, and how does (or should) it change the way we look at poverty in the United States?

For many Americans, the words poverty and welfare conjure images of people on the fringes of society: unwed mothers raising several children, inner-city black men, high school dropouts, the homeless, and so on. The media, political rhetoric, and often even the research of social scientists depict the poor as alien and often undeserving of help. In short, being poor and using welfare are perceived as outside the American mainstream.

Yet, poverty and welfare use are as American as apple pie. Most of us will experience poverty during our lives. Even more surprising, most Americans will turn to public assistance at least once during adulthood. Rather than poverty and welfare use being an issue of them, it is more an issue of us.

the risk of poverty and drawing on welfare

Our understanding about the extent of poverty comes mostly from annual surveys conducted by the Census Bureau. Over the past three decades, between 11 and 15 percent of Americans have lived below the poverty line in any given year. Some people are at greater risk than others, depending on age, race, gender, family structure, community of residence, education, work skills and physical disabilities. (See sidebar, "Counting the Poor," p. 44.)

Studies that follow particular families over time—in particular, the Panel Study of Income Dynamics (PSID), the National Longitudinal Survey (NLS), and the Survey of Income and Program Participation (SIPP)—have given us a further understanding of year-to-year changes in poverty. They show that most people are poor for only a short time. Typically, households are impoverished for one, two, or three years, then manage to get above the poverty line. They may stay above the line for a while, only to fall into poverty again later. Events triggering these spells of poverty frequently involve the loss of a job and its pay, family changes such as divorce, or both.
There is, however, an alternative way to estimate the scope of poverty. Specifically, how many Americans experience poverty at some point during adulthood? Counting the number of people who are ever touched by poverty, rather than those who are poor in any given year, gives us a better sense of the scope of the problem. Put another way, to what extent is poverty a "normal" part of the life cycle?

My colleague Tom Hirsch and I have constructed a series of "life tables" built from PSID data following families for over 25 years. The life table is a technique for counting how often specific events occur in specific periods of time, and is frequently used by demographers and medical researchers to assess risk, say, the risk of contracting breast cancer after menopause. It allows us to estimate the percentage of the American population that will experience poverty at some point during adulthood. We also calculated the percentage of the population that will use a social safety net program—programs such as food stamps or Aid to Families with

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Dependent Children (AFDC, now replaced by the Temporary Assistance for Needy Families [TANF] program)—sometime during adulthood. Our results suggest that a serious reconsideration of who experiences poverty is in order.

Figure 1 shows the percentage of Americans spending at least one year living below the official poverty line during adulthood. It also graphs the percentage who have lived
between the poverty line and just 25 percent above it—what scholars consider "near poverty."

By the age of 30, 27 percent of Americans will have experienced at least one year in poverty and 34 percent will have fallen below the near-poverty line. By the age of 50, the percentages will have risen to 42 and 50 percent, respectively. And finally by the time Americans have reached the age of 75, 59 percent will have spent at least a year below the poverty line during their adulthood, while 68 percent will have faced at least a year in near poverty.

If we included experiences of poverty in childhood, these percentages would be even higher. Rather than an isolated event that occurs only among the so-called "underclass," poverty is a reality that a clear majority of Americans will experience during their lifetimes.

Measuring impoverishment as the use of social safety net programs produces even more startling results. Figure 2 draws on the same PSID survey to show the proportion of people between the ages of 20 and 65 who will use one of the major need-based welfare programs in the United States, including food stamps, Medicaid, AFDC, Supplemental Security Income, and other cash subsidies such as general assistance. By the time Americans reach the age of 65, approximately two-thirds will have, as adults, received assistance for at least a year, while 40 percent will have used a welfare program in at least five separate years. (Again, adding childhood experiences would only raise the rates.) Contrary to stereotypes, relying on America's social safety net is widespread and far-reaching.

Of course, people with disadvantages such as single parents or those with fewer skills will have even higher cumulative rates of poverty and welfare use than those shown in Figures 1 and 2. Yet to portray poverty as an issue affecting only marginalized groups is clearly a mistake.
why is the risk of poverty so high?

**Time.** First, most discussions of poverty look at single years, or five or ten years at a stretch. The life table techniques employed in Figures 1 and 2 are based upon assessing the risk of poverty across a lifetime, more than 50 years. Over so many years, individuals face many unanticipated events—households split up, workers lose their jobs, family members become sick, and so on—that become financial emergencies. The familiar saying of being "one paycheck away from poverty" is particularly apt. For example, it is estimated that families with average incomes have enough assets to maintain their standards of living for just over one month.

**The Safety Net.** A second reason poverty rates are so high is that there is little government help to tide households over during financial emergencies. Although most Americans will eventually rely on need-based government aid (as shown in Figure 2), that assistance often fails to save them from poverty. Contrary to the rhetoric about vast sums being spent on public assistance, the American welfare system can be more accurately described as minimal. Compared to other Western

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**counting the poor**

When President Johnson declared his War on Poverty in 1964, the United States had no official measure of the number of people who were poor. The official poverty line that was subsequently developed estimated the minimum amount of income necessary in order to purchase a basic "basket" of goods and services. If a family's income falls below that level, members in the household are counted as poor. The poverty line is adjusted for the size of the family and increased each year to keep up with the cost of living. For example, in 2001 the poverty line for a household of one was $9,039, for a household of four, $18,104, while for a household of nine or more it was $36,286.
Contrary to the rhetoric about vast sums being spent on public assistance, the American welfare system can be more accurately described as minimal. Compared to other Western industrialized countries, the United States devotes far fewer resources to assisting the economically vulnerable.

Most European countries provide a wide range of social and insurance programs that effectively keep families from falling into poverty. These include substantial cash payments to families with children. Unemployment assistance is far more generous in these countries than in the United States, often providing support for more than a year following the loss of a job. Furthermore, universal health coverage is routinely provided along with considerable support for child care.

These social policies substantially reduce the risk of poverty in Europe and Canada, while U.S. social policies—aside from programs specifically directed to aid the elderly—have reduced poverty modestly at best. As economist Rebecca Blank notes in _It Takes a Nation_, "the national choice in the United States to provide relatively less generous transfers to low-income families has meant higher relative poverty rates in the 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" (pp. 141-142).

Scholars who have used the Luxembourg Income Study (LIS), an international collection of economic surveys, have documented the inability of the American safety net to reduce the risk of poverty. For example, Finnish social scientist Veli-Matti Ritakallio has examined the extent to which cash assistance reduces poverty across eight European countries, Canada, and the United States. European and Canadian programs reduce rates of poverty by an average of 79 percent from what they would have been absent the assistance. Finland, for instance, reduced the percentage of its residents who would have been poor from 33 percent down to 4 percent. In contrast, the United States was only able to reduce its
percentage in poverty at any given time from 29 percent to 18 percent. As a result, the current rates of U.S. poverty are among the highest in the industrialized world.

**The Labor Market.** A third factor elevating the risk of American poverty across the life course is the failure of the labor market to provide enough jobs that pay well enough. During the past 30 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 who were paid hourly wages in 2000 was $9.91. At the same time, approximately 3 million Americans were working part-time because of a shortage of full-time jobs. As journalist Barbara Ehrenreich and others have shown, these jobs simply do not support a family.

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

In addition, there are simply not enough jobs to go around. Labor economist Timothy Bartik used several different approaches to estimate the number of jobs that would be needed to significantly reduce poverty in the United States. Even in the booming economy of the late 1990s, between 5 and 9 million more jobs were needed in order to meet the needs of the poor and disadvantaged.

To use an analogy, the demand for labor versus the supply of decent paying jobs might be thought of as an ongoing game of musical chairs. That is, the number of workers in the labor market is far greater than the number of jobs that pay a living wage. Using SIPP data for 1999, I estimated this imbalance as ranging between 9 percent and 33 percent, depending upon how poverty and labor market participation were defined. Consequently, between 9 and 33 percent of American household heads were either in non-living-wage jobs or looking for work. The very structure of the labor market ensures that some families will lose out at this musical chairs game and consequently will run a significant risk of poverty.
Some may point out that U.S. rates of unemployment are fairly low when compared to European levels. Yet Bruce Western and Katherine Beckett demonstrate that these lower rates are largely a result of extremely high rates of incarceration. By removing large numbers of American men from the labor force and placing them into the penal system (thus out of our musical chairs analogy altogether), unemployment rates are kept artificially low. When this factor is taken into account and adjusted for, U.S. unemployment rates fall more into line with those of Europe.

changing the poverty paradigm

A life course perspective shows us that Americans are highly susceptible to experiencing poverty first-hand. Understanding the normality of poverty requires us to rethink several of our most enduring myths. Assuming that most Americans would rather avoid such an experience, it becomes in our enlightened self-interest to ensure that we reduce poverty and establish an effective safety net. This risk-sharing argument has been articulated most notably by the philosopher John Rawls. As well as being charitable, improving the plight of those in poverty is an issue of common concern.

We are also beginning to recognize that, as a nation, we pay a high price for our excessive rates of poverty. Research shows that poverty impairs the nation’s health, the quality of its workforce, race relations, and, of course, its future generations. Understanding the commonality of poverty shifts how we choose to think about the issue—from a distant concept of them, to an active reality of us. In addition, much of the public’s resistance to assisting the poor and particularly those on welfare is the perception that the poor are often undeserving of assistance, that their poverty arises from a lack of motivation, questionable morals, and so on. Yet my analysis suggests that, given its pervasiveness, poverty appears systemic to our economic structure. In short, we have met the enemy, and they are us. C. Wright Mills made a similar point about unemployment:

| When, in a city of 100,000, only one man is unemployed, that is his personal trouble, and for its relief we properly look to the character of the man, his skills, and his immediate opportunities. But when in a nation of

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After suffering a heart attack, this 56-year-old woman could no longer care for herself. Her daughter and five grandchildren moved in to assist her, but they were soon all evicted for violating the occupancy limit of her two bedroom apartment. They camped out for a while, but as the weather turned cold and money ran low, they moved from one shelter to another.

50 million employees, 15 million men are unemployed, that is an issue, and we may not hope to find its solution within the range of opportunities open to any one individual. The very structure of opportunities has collapsed. Both the correct statement of the problem and the range of possible solutions require us to consider the economic and political institutions of the society, and not merely the personal situation and character of a scatter of individuals.

So too with poverty. That America has the highest poverty rates in the Western industrialized world and that most Americans will experience poverty during their lifetimes has little to do with individual motivation or attitudes. Rather, it has much to do with a labor market that fails to produce enough decent paying jobs, and social policies that are unable to pull individuals and families out of poverty when unforeseen events occur. The United States has the means to alleviate poverty, and a range of models from other countries to borrow from. Allowing our policies to be mired in self-righteous moralism while millions of citizens suffer is unconscionable. It is time to shift the debate from one of blame, to one of justice and common concern.

**recommended resources**


This 92-year-old Danish-American immigrant picked up a wild goose on a day trip away from his shared room in a nursing home. After a productive and comfortable life as a laborer, parent, grandparent and outdoorsman, physical infirmities and the costs of assisted living forced him into poverty for the last 5 years of his life. This photo was taken a year before he died.


