

May 4, 2004

## **Economic Issues and Problems IV: Differential Rates of Poverty in Racial and Ethnic Groups**

Read: Stack 45-106

### I. Demography

#### A. 2000 US Census

1. 275 million people<sup>1</sup>
  - a. 82.1% classified as white, 12.9% classified as black, 13.6% “other”
2. 1997: 70.2 million “family households”
  - a. A shift from the earlier “head of household,” which saw the husband as the reference person

### II. Poverty

#### A. Incidence over time:

1. Individual people below poverty level in 1970: 12.6% of the population
2. Individual people below poverty level in 1996: 13.7% of the population
3. In 1997, 11.6% of *families* were below poverty level<sup>2</sup>
  - a. 8.4% of all white families (not Hispanic origin)
  - b. 10.2 of all Asian families
  - c. 23.6 of all black families
  - d. 24.7 of all Hispanic-origin families
4. Among female householders, no spouse present:
  - a. 31.6% of the white families below the poverty line
  - b. 39.8% of black families

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<sup>1</sup> Statistics taken from J. Ross Eshleman, 2000, *The Family Experience*. 9<sup>th</sup> edition. Boston: Allyn and Bacon: 235.

<sup>2</sup> Eshleman 2000: 324.

- c. 47.6% of Hispanic families

### III. Children and Poverty

#### A. Children under age 18 in poverty:

1. 1970: 15.1%
2. 1996: 21.8%

#### B. Children are the most likely group to be poor

1. Rates fell quite dramatically from the 1950s to the late 1960s
2. Remained fairly low through the 1970s, but rose in the 1980s and 1990s.
3. Another measure:

“Between 1981 and 1984, nearly half the children who died in New York City before their second year of life were buried at Potter’s Field. Almost 1/3 of all persons buried at Potter’s Field during those years were infants.”<sup>3</sup>

- a. No one can attend the burial or visit the graves (trenches; 40 buried at once)

#### C. Child poverty rates vary with race/ethnicity; in 1999:

1. 13.5% white children were poor
2. 33.1% black children
3. 30.3% Hispanic
4. Note, however, that there are more poor white children in absolute numbers

#### D. Possible consequences of poverty for children?

1. Poverty associated with
  - a. Lower birth weight

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<sup>3</sup> Material in this section from Judy Root Aulette, 2002. *Changing American Families*. Boston: Allyn and Bacon: 93-106.

- b. Greater likelihood of childhood injury
  - c. Increased behavioral problems
  - d. Lower cognitive and academic achievement
  - e. Greater likelihood of out-of-wedlock pregnancy
2. Poor children most likely to be younger
- a. Poverty before age 6 is particularly detrimental to positive development

#### IV. Homelessness

- A. In early 1980s, when first seen as a problem, appeared to be a problem of single men
- 1. They still are the most visible
    - a. Families aren't literally "out on the streets"
  - 2. But in 1986 families were estimated to comprise about 40% of the homeless population
    - a. And children under 18 comprised 25%.
    - b. Average homeless family consisted of a mother and 2 or 3 children
- B. Alliance Housing Council (1988) estimated that 2 million people were homeless for at least one night in 1987
- C. The number of "worse case needs"—families who are paying 50% or more of their income for housing—grew by 12% from 1991 to 1997.
- D. Inadequate responses by cities and states
- 1. Shelters are especially inadequate for families
  - 2. Families are broken up, children separated from parents, wives from husbands
  - 3. And there's an economic cost to staying together
    - a. AFDC payments in New York State: \$262 a month (food, clothes, rent) if child stays with parents

- b. If child goes to a foster home, grant is increased to \$631 a month
  - 4. Families are required to leave the shelter early in AM, not return till evening
  - 5. Shelters aren't safe
  - 6. Shelters are located away from schools, parents lack transportation
- E. Other option: welfare hotels
  - 1. No facilities for food storage or preparation
  - 2. Extremely costly
    - a. Massachusetts spent \$16,000 per year per family for a room in a welfare hotel in mid-1980s

V. Hypothesized causes of increase in poverty

A. Global<sup>4</sup>

- 1. Expansion of industrialized capitalism throughout the world
  - a. Increased competition for US business
- 2. Increased investment by US businesses in other countries
  - a. Jobs are “outsourced”
- 3. Shift from manufacturing to information and services
  - a. Unskilled, semi-skilled have far fewer job opportunities
- 4. Microelectronics, computers, robotics—automation
  - a. Production expands, an expanded flow of goods and services
    - 1) But the number of jobs declines
  - b. For example, automatic teller machines replaced 37% bank tellers between 1983 and 1993

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<sup>4</sup> This section from Root Aulette 103-106.

- c. Retail: automated warehousing, scanners, televised shopping networks

## B. Macro, US-based

1. Increases in unemployment
  - a. Large layoffs
2. Stagnating wages, particularly men's
3. Increasing inequality in the distribution of earnings
  - a. Ownership of private wealth in the US:
    - 1) 1976: the wealthiest 1% owned 19%
      - a) The bottom 90% owned 51%
    - 2) 1995: wealthiest 1% owned 40%
      - a) The bottom 90% owned 29%
4. Reduced governmental income transfers
5. Coontz points to stagnating educational attainment in young adults
  - a. A more indirect cause, but needs attention
  - b. Since 1975, proportion of Americans aged 25-29 who completed high school has remained constant (85%)
  - c. While value of education over the past 20 years has increased substantially re. earning power

## C. Micro

1. Family structure
  - a. More workers per family is one response to economic decline
    - 1) 75% of teenagers have been in the paid work force by the time they finish high school
    - 2) Many more mothers working means many more parents experiencing problems finding quality child care

2. Increase in personal and household debt
  - a. More people in debt, and the average debt is larger
  - b. 1973 average household debt as percent of disposable income was 65.2%
  - c. 1999 figure rose to 103.0%
3. Increased numbers of single mothers needing to work and pay child care
  - a. “Deadbeat dads”
4. Housing costs have risen faster than wages
  - a. 1950s: two-thirds of families could afford a new house without spending more than 25% of their income
  - b. 1980s: only 1 family in 10 could manage this
  - c. Renters face the same problem

## VI. Government response

### A. Welfare<sup>5</sup>

1. Originally (19<sup>th</sup> century) conceived to be providing aid to those who were out of work through no fault of their own
  - a. But a punitive approach to the “undeserving poor”
    - 1) Seen as “intemperate,” “immoral,” “idle”
    - 2) Subjected to forced work, live in poor-houses
  - b. Earlier concerns about children led to placing them in good homes
  - c. Only later did a concern for protecting mothers and maintaining family cohesion develop
    - 1) Early 20<sup>th</sup> century state laws provided for “Mother’s Pensions” for widows so they could keep family together

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<sup>5</sup> Material in this section from Sharon Hays, 2003 “Work, the Family, and Welfare.” In Scott Coltrane, 2004, *Families and Society*. Belmont, CA: Thomson Wadsworth: 481-489.

2. The New Deal following the Great Depression
  - a. Legislation Aid to Dependent Children in 1935
  - b. So mothers could stay home to care for young children
3. A rise in welfare rolls began in 1960s
  - a. This was the era of the “War on Poverty”
    - 1) Federal programs like food stamps and Medicaid were begun
4. Numerous “reforms” were subsequently passed to make welfare less attractive
5. Finally: the 1996 “Personal Responsibility Act”
  - a. “End welfare as we know it”
  - b. The Act begins with “Marriage is the foundation of a successful society”
  - c. “Welfare” changed to “Temporary Assistance to Needy Families”
  - c. Mothers absolutely had to participate in paid labor force
  - d. Interesting, given that we are extremely ambivalent about mothers of young children in the paid labor force
  - e. No matter what the circumstances, all welfare recipients are expected to be self sufficient in 5 years; are ineligible after that
    - 1) Some states cut them off after 2 years
  - f. The work requirements are intended as a deterrent: discourage women from choosing divorce or single parenthood
  - g. To think twice before they decide to raise children without the help of men
6. The Personal Responsibility Act in fact sends two contradictory messages:
  - a. Women are (or should be) self-sufficient, independent, productive members of society, no longer dependent on men or the state

- 1) Classical liberal individualism: women no longer should be embedded in family life, but should be treated just like men
- b. But second message:
- 1) Stresses importance of systems of social connection, obligation, and commitment—traditional family life—are essential to maintenance of social order
  - 2) Traditional hierarchy should be maintained, too
    - a) Women to be subservient nurturers, and men are the financial heads of households
  - 3) Logic of classical conservatism