Confronting Poverty
Facts & Myths

Few topics have as many myths, stereotypes, and misperceptions surrounding them as that of poverty in America. The poor have been badly misunderstood since the beginnings of the country, with the rhetoric intensifying in recent times. Our current era of fake news, alternative facts, and media partisanship has led to a breeding ground for all types of myths gaining traction and legitimacy.

This misinformation can be found virtually everywhere—from the political rhetoric emanating out of the highest office in the land to the neighborhood gossip down the street. It would seem as if everyone has heated opinion about the poor, often incorrect, with the heat rising even higher when the topic of welfare is thrown into the mix.

This section confronts some of the most common poverty myths with research evidence. These modules form part of a book entitled *Poorly Understood: What America Gets Wrong About Poverty* (co-authored with Lawrence Eppard and Heather Bullock) which will be published with Oxford University Press during the next year.

Fact
1
Most Americans Will Experience Poverty

We begin our dismantling of poverty myths with the widely held belief that most Americans will never experience poverty—that only a small minority of Americans will directly experience impoverishment during the course of their lives. Furthermore, that the use of a social safety net or welfare program is something very much out of the ordinary.

One of the consequences of this myth is that it encourages the idea that those in poverty are somehow different from the typical or average American. For example, survey research has found that in the general population, the words poverty and welfare often conjure up images of people on the fringes of society—unwed mothers with a multitude of children, inner-city unemployed black men, high school dropouts on drugs, the mentally disturbed homeless, and so on. The media, political rhetoric, and even at times the research of social scientists, often depict the poor as alien and out of step with the rest of America. In short, being poor and using welfare are widely perceived as behaviors that fall outside the American mainstream.

Yet it turns out that a majority of Americans will experience poverty first hand. Research indicates that most of us will encounter poverty at some point during our lives. Even more surprising, a majority of Americans will turn to public assistance at least once during their adulthood. Rather than poverty and welfare use being an issue of them, it is much more accurate to think of it as an issue of us.

Risk of Poverty

Using a life table approach, the risk of experiencing poverty for the American population can be assessed. Results indicate that between the ages of 20 and 75, nearly 60 percent of Americans will experience at least one year below the official poverty line, while three quarters of Americans will encounter poverty or near poverty (150 percent below the official poverty line). These findings indicate that a clear majority of Americans will directly experience poverty at some point during their adulthood.

Rather than a small fringe on the outskirts of society, the majority of Americans will encounter poverty. In Table 1 we can observe the cumulative percentages of the population who will be touched by poverty or near poverty. Between the ages of 20 and 35, 31.4 percent will have experienced poverty; by age 55, 45.0 percent; and by age 75, 58.5 percent. Similarly, 76.0 percent of the population will have spent at least one year below 150 percent of the official poverty line by the time they reach age 75.

Table 1. The Cumulative Percent of Americans Experiencing Poverty Across Adulthood

	Level of Poverty		
Age	*Below 1.00 Poverty Line*	*Below 1.25 Poverty Line*	*Below 1.50 Poverty Line*
20	10.6	15.0	19.1
25	21.6	27.8	34.3
30	27.1	34.1	41.3
35	31.4	39.0	46.9
40	35.6	43.6	51.7
45	38.8	46.7	55.0
50	41.8	49.6	57.9
55	45.0	52.8	61.0
60	48.2	56.1	64.2
65	51.4	59.7	67.5
70	55.0	63.6	71.8
75	58.5	68.0	76.0

Source: Panel Study of Income Dynamics, Rank and Hirschl computations

This pattern holds up regardless of how we might measure poverty. For example, in a complimentary analysis, Rank and Hirschl relied on a relative measure of poverty—they analyzed the likelihood of Americans falling into the bottom 20 percent of the income distribution as well as the bottom 10 percent. They calculated that 62 percent of Americans between the ages of 25 and 60 would at some point experience at least one year below the 20th percentile, while 42 percent would fall below the 10th percentile. Again, the likelihood of poverty was quite pronounced across the life course.

Using a broader definition of economic turmoil that includes experiencing poverty, receiving a social safety net program, or encountering a spell of unemployment, results in even higher rates. Consequently, between the ages of 25 and 60, 79 percent of the American population experienced one or more of these events during at least one year, and 49.8 percent experienced three or more years of such turmoil.

The reason why these percentages are so high is that over long periods of time, detrimental events are much more likely to happen to people, which can then throw them and their families into poverty. These include losing a job, families splitting up, or medical and health emergencies, all of which have the potential to start a downward spiral into poverty (see Fact 3). As we look across broad expanses of time, the probabilities of one or more of these events occurring increase significantly.

Poverty has often been understood by the U.S. public as something that happens to others. Yet by looking across the adult life span, we can see that poverty touches a clear majority of the population. For most Americans, it would appear that the question is not if they will encounter poverty, but rather, when, which entails a fundamental shift in the perception and meaning of poverty. Assuming that most individuals would rather avoid this experience, it is in their self-interest to ensure that society acts to reduce poverty and that a safety net is in place to soften the blow. ★

Fact 2

The Poor Tend to Live Outside of Impoverished Inner City Neighborhoods

An image of the poor often portrayed in the media and elsewhere is that of nonwhites living in high poverty inner city neighborhoods. It is a picture that reinforces the idea that the poor are somehow different than other Americans; that they reside in their own neighborhoods, far away from the rest of America.

As Paul Jargowsky writes,

> When poverty is discussed, the mental image that often comes to mind is the inner-city, and particularly high-poverty ghettos and barrios in the largest cities. Many people implicitly assume, incorrectly, that most of the nation's poor can be found in these often troubled neighborhoods.

It is certainly true that the United States remains highly segregated on the basis of race, and increasingly, class. Inner cities across the country have been plagued by ongoing economic and social problems. As scholars such as William Julius Wilson have researched and written about over the years, many of these areas are comprised of the "truly disadvantaged."

It is therefore surprising to many people to discover that the vast majority of the poor do not live in high poverty, inner city neighborhoods. In fact, only approximately 10 percent of those in poverty do so. In this section we explore several of these unexpected findings.

Percent of the Poor Living in High Poverty Neighborhoods

Based upon data from the U.S. Census Bureau, researchers are able to determine what percent of the poor live in high poverty neighborhoods. The Census Bureau allows one to analyze this data at the level of what is known as a "census tract" region. A census tract can be thought of as roughly corresponding to a neighborhood, and generally averages around 4,000 people (or about 1,500 housing units). In a densely populated urban area, this might comprise a ten by ten square block area, while in a rural location, a census tract would spread out over a much larger geographical region. High poverty neighborhoods are frequently defined as census tracts in which 40 percent or more of the residents are living below the poverty line.

Using this definition, Paul Jargowsky has analyzed the percentage of the poor that are living in impoverished neighborhoods. We can see in Table 1 these percentages for 1990, 2000, 2010, and 2015. In 1990, 15.1 percent of the poor were residing in high poverty neighborhoods. That figure dropped to 10.3 percent by 2000, rose to 13.6 percent for 2010, and then fell to 11.9 percent for 2015.

Table 1. Percentage of Poor Living in High Poverty Census Tracts and the Percentage of Overall High Poverty Census Tracts.

Year	*% of Poor Living in High Poverty Census Tracts*	*Overall % of High Poverty Census Tracts*
1990	15.1	5.7
2000	10.3	3.9
2010	13.6	5.6
2015	11.9	5.0

Note: High poverty census tracts are defined as census tracts in which 40 percent of more of residents are below the official poverty line.
Source: Paul A. Jargowsky, 2019.

The second column shows the percentage of all the census tracts in the United States that are considered high poverty. In 1990, 5.7 percent of all census tracts were counted as high poverty areas. In 2000, this percentage was 3.9 percent, by 2010, it had risen to 5.6 percent and then fell to 5.0 percent for 2015. Consequently, although there has been some fluctuation in the percentage of the poor living in high poverty neighborhoods, most individuals in poverty have not and do not live in such neighborhoods.

The overall finding of a minority of the poor living in high poverty neighborhoods is consistent with research indicating that only a small percentage of those experiencing poverty do so for a long, extended period of time. Certainly it is important to keep the deeply entrenched poor in mind when discussing poverty, but it is equally important to keep in mind that they constitute a relatively small proportion of the entire poverty population.

While no one should doubt that inner city poverty is quite real and debilitating, those in poverty live in a much wider range of areas than this image implies. In fact, the poor can be found in just about any location across America. Yet such poverty often seems invisible.

One reason for this is that poverty is not something that people wish to acknowledge or draw attention to. Rather, it is something that individuals and families would like to go away. As a result, many Americans attempt to conceal their economic difficulties as much as possible. This often involves keeping up appearances and trying to maintain a "normal" lifestyle. Such poverty down the block may at first appear invisible. Nevertheless, the reach of poverty is widespread, touching nearly all communities across America.

The myth that poverty is confined to a particular group of Americans, in very specific locations, is corrosive because it encourages the belief that poverty is an issue of "them" rather than "us." As we have discussed in Fact 1, poverty strikes a wide swath of the population. In addition, it touches Americans in cities, suburbs, and rural communities. Given this, it is much more accurate to think of poverty as affecting us, rather than them. ★

Fact

3

The Playing Field Is Not Level

America has been built upon a set of ideals and aspirations. These are epitomized in the concept of the American Dream. The Dream asserts that anyone in America can make it with enough hard work and talent. The reason for this, is that individuals from all walks of life are seen as being able to climb a ladder of opportunity. They are able to climb that ladder because the playing field is viewed as level. As a result, poverty can be avoided through motivation and skill.

Therefore, according to the mythology, inequality and poverty are neither unjust nor problematic because they represent the importance of individual agency, self-reliance, and meritocracy. Ultimately, American equality of opportunity is believed to provide the mechanism for anyone to succeed.

Unfortunately, the playing field in America is not level. Research has shown that the process begins with the financial resources of parents and the neighborhood a child is raised in. This then affects the quality of schooling a child receives, which then influences the type of job and career that they acquire and work at. All of these, in turn, can affect the quality of health an individual experiences, along with how well one is prepared for the retirement years.

Monopoly Analogy

One way to quickly visualize the uneven playing field is with a simple analogy to the game of Monopoly. The objective of Monopoly is to acquire properties, build houses and hotels, collect rent, make money, and eventually put the other players out of business. The rules themselves are straightforward. Normally, each player is given $1,500 at the start of the game. The playing field is in effect level, with each of the players' outcomes determined by the roll of the dice and by their own skills and judgments.

This notion of a level playing field is largely the way that we like to imagine the economic race in America is run. Each individual's outcome is determined by their own skill and effort, and by taking advantage of what happens along the road of life. Our belief in equality of opportunity as a nation underlies this principle.

However, let us now imagine a modified game of Monopoly, in which the players start out with quite different advantages and disadvantages, much as they do in life. Player 1 begins with $5,000 and several Monopoly properties on which houses have already been built. Player 2 starts out with the standard $1,500 and no properties. Finally, Player 3 begins the game with only $250.

The question becomes who will be the winners and losers in this modified game of Monopoly? Both luck and skill are still involved, and the rules of the game remain the same, but given the differing sets of resources and assets that each player begins with, these become much less important in predicting the game's outcome. Certainly, it is possible for Player 1, with $5,000 to lose, and for Player 3, with $250, to win, but that is unlikely given the unequal allocation of money at the start of the game. Moreover, while Player 3 may win in any individual game, over the course of hundreds of games, the odds are that Player 1 will win considerably more often, even if player 3 is much luckier and more skilled.

In addition, the way each of the three individuals are able to play the game will vary considerably. Player 1 is able to take greater chances and risks. If he or she makes several tactical mistakes, these probably will not matter much in the larger scheme of things. If Player 3 makes one such mistake, it may very well result in disaster. Player 1 will also be easily able to purchase properties and houses that Player 3 is largely locked out of, allowing the rich to get richer and the poor to get poorer. These assets, in turn, will generate further income later in the game for Player 1 and in all likelihood will result in the bankrupting of Players 2 and 3.

Consequently, given the initial advantages or disadvantages at the start of the game, the result is additional advantages or disadvantages as the games progresses. These, in turn, will then lead to further advantages or disadvantages, and so the process goes.

This analogy illustrates the concept that Americans are not beginning their lives at the same starting point. But it also illustrates the cumulative process that compounds advantages or disadvantages over time. Differences in parental incomes and resources exert a major influence over children's ability to acquire valuable skills and education. These differences in human capital will, in turn, strongly influence how well children compete in the labor market, and therefore help to determine the extent of their economic success during the course of their lives. ★

Fact

4

America's Poor Are Worse Off Than Elsewhere

The myth that the poor in the United States are not so bad off can be found in a wide range of places. It basically reflects the idea that those in poverty have nothing to complain about—that given the conditions in less developed countries, things could be much worse.

It is certainly true that if we compare the U.S. to countries in sub-Saharan Africa, physical poverty in the U.S. is obviously less extreme. The United States does not have the widespread famine and severe stunting of children that is sometimes found in extremely poor countries.

However, most analysts would argue that the more relevant comparison would be the group of other high economy countries such as those found in the European Union, Canada, Japan, Australia, and so on. In comparing poverty in the U.S. to these OECD countries, we find that American poverty is both more prevalent and more extreme.

How Does the U.S. Compare to Other Countries?

In Table 1 we can compare poverty rates across 26 OECD countries. In this table, poverty is being measured as the percent of the population falling below one half of a particular country's median household income. This is what is known as a relative measure of poverty, and is used extensively in making cross-national comparisons. The first column shows the overall poverty rate for each country; the second column displays the poverty rate for children; and the third column indicates the percentage distance from the poverty line to the average income of those in poverty.

Table 1. Extent of Poverty across 26 OECD Countries

Country	*Overall*	*Children*	*Poverty gap*
Iceland	5.4	5.8	27.2
Denmark	5.5	2.9	31.0
Finland	6.3	3.6	21.0
France	8.3	11.5	23.9
Netherlands	8.3	10.9	31.6
Norway	8.4	8.0	34.3
Switzerland	9.1	9.5	26.2
Sweden	9.3	9.3	22.5
Belgium	9.7	12.3	21.6
Austria	9.8	11.5	35.4
Ireland	9.8	10.8	23.3
Hungary	10.1	11.8	29.2
Poland	10.3	9.3	28.4
Germany	10.4	12.3	26.5
New Zealand	10.9	14.1	26.2
Luxembourg	11.1	13.0	28.9
United Kingdom	11.1	11.8	35.5
Australia	12.1	12.5	28.7
Canada	12.4	14.2	30.4
Portugal	12.5	15.5	29.4
Italy	13.7	17.3	40.8
Greece	14.4	17.6	35.3
Japan	15.7	13.9	33.7
Mexico	16.6	19.8	33.5
Korea	17.4	14.5	35.5
25 country average	10.7	11.7	29.6
United States	17.8	20.9	39.8

Source: OECD Data, 2019

What we find is that the U.S. rates of poverty are substantially higher and more extreme than those found in the other 25 nations. The overall U.S. rate using this measure stands at 17.8 percent, compared to the 25 country average of 10.7 percent. The Scandinavian and Benelux countries tend to have the lowest rates of poverty. For example, the overall rate of poverty in Denmark is only 5.5 percent.

Looking at the poverty rates for children we see similar patterns. The United States again leads all nations in having the highest rates of child poverty at 20.9 percent, while the overall average stands at 11.7 percent. Again, we see the Scandinavian countries having the lowest rates of child poverty, with Denmark seeing only 2.9 percent of its children falling into poverty.

Finally, the third column indicates the poverty gap, which is defined as the percentage by which the average income of the poor falls below the poverty line. This gives us an overall gauge of the depth and severity of poverty in each country. Once again we find that the United States is at the very high end in terms of this measure. The distance between the poor's average income and the poverty line is nearly 40 percent. Only Italy has a greater poverty gap than the U.S.

To summarize, when analyzing poverty as the number of persons who fall below 50 percent of a country's median income, we find that the United States has far and away the highest overall poverty rate in this group of 26 developed nations. Furthermore, the distance of the poor from the overall median income is extreme in the U.S. At the same time the United States is arguably the wealthiest nation in the world.

This paradox is revealed in additional analyses that have examined how well children and adults from the lower, middle, and upper ends of the income scale do. Not surprisingly, the United States has the highest standards of living at the middle and upper ends of the income distribution scale, yet for children at the lower end, their standards of living fall behind most other industrialized nations.

The reasons for such a discrepancy are twofold. First, as discussed in Discussion Module 8, the social safety net in the United States is much weaker than in virtually every other country in Table 1. Second, the United States has been plagued by relatively low wages at the bottom of the income distribution scale when compared to other developed countries. These factors combine to contribute to both the relative and absolute depths of U.S. poverty in comparison to other industrialized nations. ★

Fact

5

Poverty Is Not Inevitable

A widely held myth regarding why poverty exists, dates back centuries. It is the myth that poverty is simply inevitable. In fact, the origins of this myth can be traced back to Biblical times. A consequence of this myth is that it implies there really is not much we can do to alleviate poverty. That poverty is simply a part of the overall economic landscape. That like it or not, poverty is here to stay. In sharp contrast, we argue that this is demonstratively false. Poverty can indeed be alleviated, often dramatically so. It is simply incorrect to argue that poverty cannot be substantially reduced.

A Largely Successful War On Poverty

We begin with the widespread myth that President Lyndon Johnson's declared War on Poverty in 1964 was an abysmal failure. The War on Poverty put in place a wide array of government programs intended to reduce poverty. They included The Food Stamp Act, Medicare and Medicaid, the Special Supplemental Nutrition Program for Women, Infants, and Children, the School Lunch program, Job Corps, the Elementary and Secondary Education Act, Head Start, Legal Services, along with several others. All of these programs were designed to provide, as the administration often reiterated, "A hand-up, not a hand-out." In addition to federal programs, there was an attempt on the local level to create greater opportunities through an array of community action programs.

Was poverty eliminated during the War on Poverty? No. Was it dramatically reduced? Absolutely. From 1959 to 1973 the overall rate of poverty was cut in half, from 22.4 percent in 1959, to 11.1 percent in 1973. Likewise, poverty for children was dramatically reduced, from 27.3 percent to 14.4 percent. The 1960's were a span of time where poverty in the United States was cut in half. This should be seen as a major economic accomplishment. The War on Poverty played an important role in this decline, along with the robust economy of the period. It demonstrated that the nation's poverty is not immovable, and that genuine progress is possible with a concerted effort by the government, along with a growing economy.

The Case Of The Elderly

In 1959, the age group with the greatest risk of poverty was the elderly. By 2018 the age group with the lowest risk of poverty was the elderly. What happened? In four words— Social Security and Medicare.

In 1959 the overall rate of poverty for those age 65 and over was 35.2 percent. Consequently, over one third of all seniors in the United States found themselves in poverty at the end of the 1950's. There was a dramatic decline in elderly poverty throughout the 1960's and 1970's, with their overall rate falling to approximately 10 percent. By 2018, the rate of poverty for the elderly stood at 9.7 percent.

Elder poverty was reduced by two thirds across this span of time. Again, what happened? There was a concerted effort by the federal government to improve the well-being of the elderly. Social Security benefits were increased and expanded, as well as being indexed to the rate of inflation. Consequently, Social Security payments would keep up with the rising cost of living. In addition, in 1965 President Johnson signed into law the creation of the Medicare and Medicaid programs. President Nixon also signed off on the creation of the Supplemental Security Income program in 1972. This provided additional financial assistance to seniors who were disabled. In combination, all of these programs had a dramatic effect on lowering the rate of poverty for the elderly. It is estimated that if there were no Social Security today, the poverty rate for the elderly would rise from its current 9 percent, to approximately 40 percent.

Other Examples

Beyond the above examples, we could provide many more cases of situations and places where poverty has been dramatically reduced. Many European and OECD countries have much lower rates of poverty than the U.S. (see Fact 4). Perhaps the most monumental is terms of the sheer numbers of people affected has been the relatively recent decline of poverty in China. The estimate is that slightly over one billion people have been raised out of poverty from 1990 to 2015 largely as a result of the growing Chinese economy.

We can also point to cases where poverty has rapidly increased over short amounts of time. For example, the country of Venezuela has experienced an explosion in poverty due to the past policies of its leaders combined with a faltering economy.

The main point is that poverty is not fixed in time. Poverty can be dramatically reduced when the political will can be found to do so. ★

Fact

6

Poverty Myths May Benefit the Nonpoor

Fifty years ago, the sociologist Herbert Gans wrote a provocative essay detailing the economic, social, and political functions of poverty. Gans argued that in order for poverty to exist and persist, it must be serving a function or purpose within American society. He went on to describe over a dozen potential functions that poverty could be fulfilling. For example, it ensures that there is a labor pool willing to work at low-wage, dead-end jobs, which are undesirable but necessary.

In thinking about why the myths of poverty persist, we can ask a similar sociological question—who benefits from the existence of these myths? Furthermore, what functions might these myths play for the wider society?

With respect to the question of who benefits, several groups immediately come to mind. Perhaps most obvious are political actors. Politicians of various stripes have used the myth of the welfare freeloader to score political points with their constituents over the decades. A classic example of this is the case of Bill Clinton during his 1992 campaign in the Democratic presidential nomination race. Clinton was running well behind the frontrunners, when he began emphasizing that he would "end welfare as we know it." Internal polling showed that this resonated with voters in the early primary states, and indeed he began to rise in popularity as he increasingly used this issue to demonstrate that he represented a "new Democrat." Clinton exploited the myth of the undeserving welfare recipient to his advantage in appealing to more conservative voters. This was an important element in his winning the nomination and attaining the presidency.

Likewise, Ronald Reagan was notorious for his use of the "welfare queen" and the "strapping young buck" myths to appeal to voters who had become disillusioned with the Democratic Party. Reagan was able to use this messaging (along with others) to convert blue-collar Democrats into the Republican fold. The myths of poverty and welfare recipients clearly helped to facilitate Reagan's rise to the executive office.

These are but two examples of politicians who have strategically used various poverty myths to further their political careers. The myth of the lazy poor living off welfare has been utilized repeatedly by politicians to appeal to voters, and to garner their support in the ballot box. It has also been used as a code word for "black" in particular, again appealing to a certain segment of the population.

A second group that has clearly benefited from the myths of poverty has been the affluent. The myth that poverty is the result of individual inadequacies rather than structural failings, provides a convenient justification for the status quo of rising inequality. According to this myth, those at the top have earned it, while those at the bottom have deserved it. Consequently, no policy change is needed to redistribute some of the enormous gains in wealth over the past decades. The myths of poverty allow and justify the greater accumulation of income and assets for those with much to begin with.

One could also argue that the myth of poverty being the result of individual failure has discouraged low income groups from forming alliances to advocate for their shared interest. This, in turn, weakens the position of lower-in come workers and their unions, which in turn, facilitates the desire of big business over the past 50 years to seriously diminish the labor union movement in this country. The stigma of poverty, fueled by myths and stereotypes, works against people acknowledging their low income status, which then weakens any sense of a collective interest. Again, the argument is that the myths of poverty persist partially because specific groups within society are benefitting from their perpetuation.

This is not to say that the process is always a consciously deliberate one. For example, it is unlikely that big business sits around a conference table to discuss how the myths of poverty can be used to weaken union activity. Nevertheless, the persistence of poverty myths helps to undercut a collective impetus to organize, which in turn, dovetails with one component of the long-term stated agenda of corporate America.

It is also important to recognize that each of these groups—politicians, the wealthy, corporate America—yields considerable power. It is therefore not just a question of various groups benefitting from the myths, but who in particular benefits, and to what extent are they able to shape the narrative. Each of these groups, in various ways, are able to influence the discussion around poverty and welfare.

On a broader level, we can also ask what functions do the poverty myths serve for American society as a whole? In answering this question, we would argue that the myths ironically serve to legitimize the status of America as exceptional. The ideology of the United States has been steeped in the concept of the American Dream. The American Dream represents the idea that anyone can achieve economic success through their own hard work and talent. America is viewed as a land of abundant opportunities, with everyone having an equal chance to climb the ladder of success.

On the other hand, poverty represents the American nightmare. Given the ideology of the American Dream, how then do we explain the fact that many Americans are living in poverty. We do so through the poverty myths that have been described throughout this website—that those in poverty have simply not worked hard enough; have made poor decisions in their lives; have not acquired enough skills; or any number of such explanations. The implication is that there is something wrong with the individual, rather than the system. The alternative would be to question the very structure of American society. Consequently, the poverty myths provide for a ready explanation to the fact that some Americans do not achieve economic success in a land of plenty.

To acknowledge that poverty is simply endemic to America as a whole, is to challenge the very core of the nation's ideals and creed. Such a task is not taken on lightly. Rather, the cognitively easier approach is to explain those in poverty as outliers and exceptions to the rule. ★