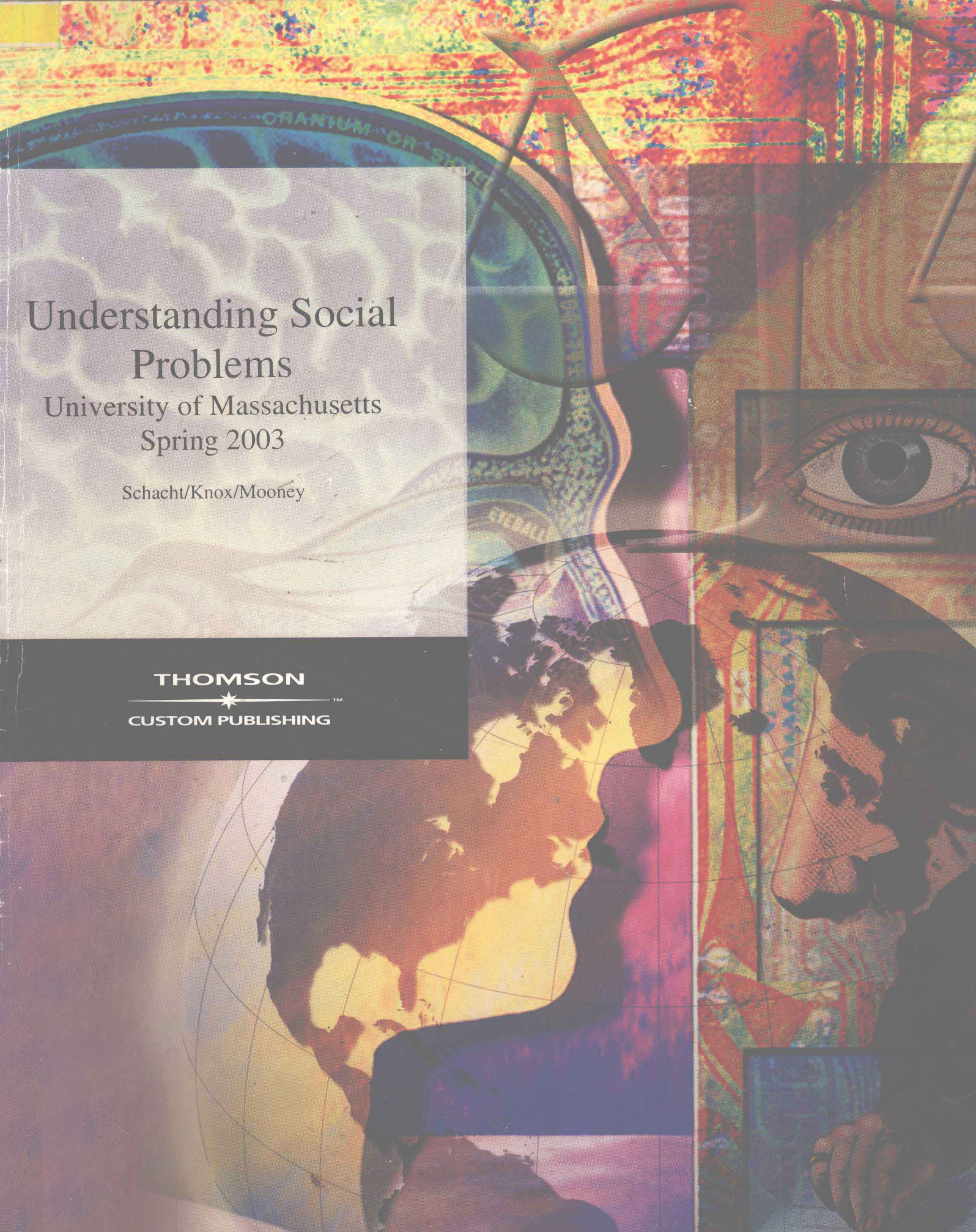

Understanding Social Problems

University of Massachusetts
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Caroline Schacht
East Carolina University

David Knox
East Carolina University

Linda A. Mooney
East Carolina University

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Understanding Social Problems

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Understanding the Haves and the Have-Nots

Is It True?

1. The United States has the lowest poverty rate of all industrialized nations.

2. Nearly half of the world's population live on less than $2 per day.

3. In 1999, a U.S. worker with a full-time minimum-wage job could keep a family of three above the poverty line.

4. Families receiving welfare tend to be large, with an average of 4 children.

5. The average cost of child care for a 4-year-old in an urban area is $10,000 or more per year, more than the average annual cost of public college tuition in all but one state.

Answers to "Is It True?": 1 = F; 2 = T; 3 = F; 4 = F; 5 = T

f all of the afflictions of the world were assembled on one side of the scale and poverty on the other, poverty would outweigh them all.

RABBA, MISHPATIM 31:14

From the outside, Jamal's building looks like an ordinary house that has seen better days. . . . But once you walk through the front door, all resemblance to a real home disappears. . . . The building has been broken up into separate living quarters, a rooming house with whole families squeezed into spaces that would not even qualify as bedrooms in most homes . . . Six families take turns cooking their meals in the only kitchen . . .

The plumbing breaks down without warning . . . Windows . . . are cracked and broken, pieced together by duct tape that barely blocks the steady, freezing draft blowing through on a winter evening. Jamal is of the opinion that for the princely sum of $300 per month, he ought to be able to get more heat. . . .

Jamal feels the walls closing in on him, on his relations with [his common law wife] Kathy, because they are so cramped . . . It does not help his temper, which has its explosive side, to be stuck in such a dump . . .

At the age of 22, he does a full shift whenever Burger Barn [a pseudonym for a national chain of fast food restaurants] . . . will give him the hours . . . .When their daughter was born . . . the young couple had nothing to live on besides Jamal's part-time wages . . . They wedged the crib into their single room in a Brooklyn tenement and struggled to manage the piles of Pampers and a squalling child in this tiny, claustrophobic space. But Tammy developed colic and became difficult to handle . . . To his eternal regret, Jamal lost his temper one day and lashed out at the helpless child . . . He insisted that he had accidentally pushed the baby's crib and the little one fell out. Social Services didn't buy this though, and they removed Tammy from her home, charging Jamal with abuse and Kathy with neglect . . . .

They were absolutely determined to get their baby back. Every week they visited her . . . supervised closely by the foster mother who had temporary custody of Tammy. They attended parenting classes, trying to learn how to take better care of the little girl . . . .The biggest problem, though, was that they couldn't meet the court's conditions for the return of Tammy. Somehow on his Burger Barn salary, Jamal was supposed to provide an apartment with a separate bedroom for Tammy. Kathy was forbidden to work, since the law's position was that she had neglected the baby's care. The cheapest place they had seen that met these conditions, deep in the heart of the South Bronx, a place known nationwide for its mean streets, was still $600 a month . . . .Landlords were asking for a security deposit as well, a reservoir of cash that was completely beyond the family's means. In the very best month Jamal had ever had, he earned only $680 before taxes—and that meant working full-time, something he could never count on. (Newman 1999, 3–9)

The substandard housing, stress, economic insecurity, and family problems experienced by Jamal and Kathy are problems common among the more than 32 million people in the United States who are officially poor (Dalaker & Proctor 2000). Despite its enormous wealth, the United States is characterized by persistent economic inequalities that divide the population into haves and have-nots. This chapter examines the extent of poverty globally and in the United States, focusing on the consequences of poverty for individuals, families, and societies. Theories of poverty and economic inequality are presented and strategies for rectifying economic inequality and poverty are considered.

The Global Context: Poverty and Economic Inequality around the World

Who are the poor? Are rates of world poverty increasing, decreasing, or remaining stable? The answers depend on how we define and measure poverty.

Defining and Measuring Poverty

Poverty has traditionally been defined as the lack of resources necessary for material well-being—most importantly food and water, but also housing, land, and health care. This lack of resources that leads to hunger and physical deprivation is known as **absolute poverty**. **Relative poverty** refers to a deficiency in material and economic resources compared with some other population. Consider, for example, Jamal and Kathy, whom we introduced in the opening of this chapter. Although they are poor compared with the majority of Americans, they have resources and a level of material well being that millions of people living in absolute poverty can only dream of.

Various measures of poverty are used by governments, researchers, and organizations. Next, we describe international and U.S. measures of poverty.

International Measures of Poverty The World Bank sets a "poverty threshold" of $1 per day to compare poverty in most of the developing world; $2 per day in Latin America, $4 per day in Eastern Europe and the Commonwealth of Independent States (CIS); and $14.40 per day in industrial countries (which corresponds to the income poverty line in the United States). An estimated 2.8 billion people, nearly half of the world's population, survive on less than $2 per day and a fifth of the world's population (1.2 billion people), live on less than $1 per day (Flavin 2001).

Another poverty measure used by the World Health Organization (WHO) is based on a household's ability to meet the minimum calorie requirements of its members. According to this poverty measure, a household is considered poor if it cannot meet 80 percent of the minimum calorie requirements (established by WHO), even when using 80 percent of its income to buy food.

In industrial countries, national poverty lines are sometimes based on the median household income of a country's population. According to this relative poverty measure, members of a household are considered poor if their household income is less than 50 percent of the median household income in that country.

Human poverty is more than income poverty—it is the denial of choices and opportunities for living a tolerable life.

HUMAN DEVELOPMENT REPORT 1997

Recent poverty research concludes that poverty is multidimensional and includes such dimensions as food insecurity; poor housing; unemployment; psychological distress; powerlessness; hopelessness; lack of access to health care, education, and transportation; and vulnerability (Narayan 2000). To capture the multidimensional nature of poverty, the United Nations Development Programme (1997) developed a composite measure of poverty: the **Human Poverty Index** (HPI). Rather than measure poverty by income, three measures of deprivation are combined to yield the Human Poverty Index: (1) deprivation of a long, healthy life, (2) deprivation of knowledge, and (3) deprivation in de-

Table 10.1 *Measures of Human Poverty in Developing and Industrialized Countries*

	Longevity	Knowledge	Decent Standard of Living
For developing countries	Probability at birth of not surviving to age 40	Adult illiteracy	A composite measure based on: 1. Percentage of people without access to safe water 2. Percentage of people without access to health services 3. Percentage of children under five who are underweight
For industrialized countries	Probability at birth of not surviving to age 60	Adult functional illiteracy rate	Percentage of people living below the income poverty line, which is set at 50% of median disposable income

Source: Adapted from the United Nations Development Programme. 2000. *Human Development Report 2000*. New York: Oxford University Press.

cent living standards. As shown in Table 10.1, the Human Poverty Index for developing countries (**HPI-1**) is measured differently than for industrialized countries (**HPI-2**). Among the 18 industrialized countries for which the HPI-2 was calculated, Norway has the lowest level of human poverty (7.3 percent), followed by Sweden (7.6 percent), and the Netherlands (8.2 percent) (United Nations Development Programme 2000). Those with the highest rates of human poverty are the United States (15.8 percent), Ireland (15.0 percent), and the United Kingdom (14.6 percent). The Human Poverty Index is a useful complement to income measures of poverty and "will serve as a strong reminder that eradicating poverty will always require more than increasing the income of the poorest" (United Nations Development Programme 1997, 19).

Measures of poverty tell us how many, or what percentage of people are living in poverty in a given year. Another way to assess poverty is to note the degree to which those who are poor stay in poverty from year to year. This can be done by calculating the average annual poverty exit rate—the share of the poor in 1 year that have left poverty by the following year. One study followed the same families over a 5-year period in six countries—Canada, Germany, Netherlands, Sweden, United Kingdom, and United States (reported in Mishel, Bernstein, & Schmitt 2001). The results indicated that the poor in the United States are less likely than the poor in other countries to leave poverty from one year to the next. According to this research, 28.6 percent of the poor in the United States escape poverty each year, compared with 29.1 percent in the United Kingdom, 36 percent in Sweden, 37 percent in Germany, 42 percent in Canada, and 44 percent in the Netherlands. The poor in the United States are also more likely to fall back into poverty once they make it out.

U.S. Measures of Poverty In 1964 the Social Security Administration devised a poverty index based on a 1955 Agriculture Department survey that estimated the cost of an economy food plan for a family of four. Because families with three or more members spent one-third of their income on food at the time, the poverty line was set at three times the minimum cost of an adequate diet. Poverty thresholds differ by the number of adults and children in a family and, for some family types, by the age of the family head of household (see Table 10.2). Poverty thresholds are adjusted each year for inflation. Anyone liv-

Table 10.2 *Poverty Thresholds: 1999 (householder under 65 years old)*

One adult	$8,667
Two adults	$11,214
One adult, one child	$11,483
Two adults, one child	$13,410
Two adults, two children	$16,895

Source: Dalaker, Joseph and Bernadette D. Proctor. 2000. *Poverty in the United States: 1999.* Current Population Reports P60-210. U.S. Census Bureau. Washington, D.C.: U.S. Government Printing Office. www.census.gov/hhes/poverty/threshold/thresh99.html

ing in a household with income (before tax) below the official poverty line is considered "poor." Individuals living in households that are above the poverty line, but not very much above it, are classified as "near poor" and those living below 50 percent of the poverty line live in "deep poverty."

The U.S. poverty line has been criticized on several grounds. First, the poverty line is based on the assumption that low-income families spend one-third of their household income on food. That was true in 1955, but because other living costs (e.g., housing, medical care, and child care) have risen more rapidly than food costs, low-income families today spend closer to one-fifth (rather than one-third) of their income on food (Pressman 1998). So current poverty lines should be based on multiplying food costs by five rather than three. This would raise the official poverty line by two-thirds, making the poverty level consistent with public opinion regarding what a family needs to escape poverty.

Another shortcoming of the official poverty line is that it is based solely on money income and does not take into consideration noncash benefits received by many low-income persons, such as food stamps, Medicaid, and public housing. Family assets, such as savings and property, are also excluded in official poverty calculations. The poverty index also fails to account for tax burdens that affect the amount of disposable income available to meet basic needs. The U.S. poverty line also disregards regional differences in the cost of living and, because poverty rates are based on surveys of households, the homeless—the most destitute of the poor—are not counted among the poor.

Another important shortcoming of the official poverty lines is that "they do not reflect overall income growth and thus fail to capture changing standards of what is an acceptable poverty threshold" (Mishel, Bernstein and Schmitt 2001, 297). As overall standards of living rise, the economic "distance" between those above and below the poverty line expands. A relative measure of poverty is better suited to capture this distance. The relative poverty threshold of 50 percent of median family income yields a higher poverty rate than the poverty rate based on the official poverty line. For example, whereas in 1998 12.7 percent of the U.S. population were poor according to the official poverty measure, 22.3 percent of the population were in families with incomes below one-half of the median family income (Mishel et al. 2001).

The Extent of Global Poverty and Economic Inequality

The *Global Poverty Report* (2000) finds that globally, the proportion of people living on less than $1 per day fell from 29 percent in 1987 to 26 percent in 1998. Social indicators have also improved over the last three decades. In developing countries, life expectancy rose from 55 years in 1970 to 65 years in 1998 and infant mortality rates have fallen from 107 per 1,000 live births to 59. However, sub-Saharan Africa, Central Asia, and Eastern Europe have not shared in this progress (*Global Poverty Report* 2000). South Asia has the greatest number of people affected by poverty and sub-Saharan Africa has the highest proportion of people in poverty. Indeed, in every region of the world except Africa, the share of the population that is hungry is diminishing (Brown 2001). Recent estimates of world hunger and malnourishment vary from 830 million (Wren 2001) to 1.1 billion people worldwide (Flavin 2001). In some African countries, such as Kenya, Zambia, and Zimbabwe, as much as 40 percent of the population is malnourished (Flavin 2001).

The 1997 *Report on the World Social Situation* notes that "infant mortality has fallen almost steadily in all regions and life expectancy has risen all over the globe. Educational attainment is rising, health care and living conditions are improving in most countries and the quantity, quality and range of goods and services available to a large majority of the world's population is increasing" (United Nations 1997, 80). But the report goes on to say that "not everyone has shared in this prosperity. Economic growth has been slow or non-existent in many of the world's poorest countries . . . The plight of the poor stands in stark contrast to the rising standards of living enjoyed by those favoured by growing abundance" (p. 80).

Global economic inequality has reached unprecedented levels. Consider that in 1999, the combined wealth of the world's 200 richest people was $1 trillion. In the same year, the combined incomes of the 582 million people living in the 43 least developed countries was $146 billion (United Nations Development Programme 2000). And global economic inequality widening the gap between the haves and the have-nots is likely to increase, if past trends continue. In 2000, the average income of the richest 20 countries was 37 times that of the poorest 20 countries—a gap that has doubled in the past 40 years (World Bank 2001). As the global gap between the rich and the poor increases, wealthy populations increase their consumption. As we discuss in chapter 14, overconsumption by the rich is a significant environmental problem. The wealthiest 25 percent of the world population consumes 85 percent of the world's resources and produces 90 percent of its wastes (Cracker & Linden 1998).

Global inequalities in income increased in the 20th century by orders of magnitude out of proportion to anything experienced before.

HUMAN DEVELOPMENT REPORT 2000

Sociological Theories of Poverty and Economic Inequality

The three main theoretical perspectives in sociology—structural-functionalism, conflict theory, and symbolic interactionism—offer insights into the nature, causes, and consequences of poverty and economic inequality. Before reading further, you may want to take the "Attitudes Toward Economic Opportunity in the United States" survey in this chapter's *Self and Society* feature.

In a nation as smart, inventive, and rich as America, the continuation of widespread poverty is a choice, not a necessity.

MICHAEL KATZ
University of Pennsylvania

Structural-Functionalist Perspective

According to the structural-functionalist perspective, poverty and economic inequality serve a number of positive functions for society. Decades ago, Davis and Moore (1945) argued that because the various occupational roles in society re-

Attitudes toward Economic Opportunity in the United States

In a 1998 Gallup poll of 5,001 U.S. adults, respondents were asked questions to assess their attitudes toward economic opportunity in the United States. After responding to the questions below, compare your answers with the results from a national sample.

1. Using a one-to-five scale, where "1" means not at all important, and "5" means extremely important, indicate how important each of the following is as a reason for a person's success.

Item	**Ranking (1 = not at all important; 5 = extremely important) 1 2 3 4 5**
a. Hard work and initiative	________
b. Member of a particular race/ethnic group	________
c. Getting right education and training	________
d. Dishonesty and willingness to take whatever one can get	________
e. Parents and family	________
f. Willingness to take risks	________
g. Gender (whether one is male or female)	________
h. Connections/knowing the right people	________
i. Money inherited from family	________
j. Ability or talent one is born with	________
k. Good luck/in right place at right time	________
l. Physical appearance/good looks	________

2. For the following two questions, indicate your answer from the choices provided:

a. Why are some people poor?

Answer choices: _____ lack of effort
_____ circumstances beyond their control
_____ both _____ don't know

b. Why are some people rich?

Answer choices: _____ strong effort
_____ circumstances beyond their control
_____ both _____ don't know

quire different levels of ability, expertise, and knowledge, an unequal economic reward system helps to assure that the person who performs a particular role is the most qualified. As people acquire certain levels of expertise (e.g., B.A., M.A., Ph.D., M.D.), they are progressively rewarded. Such a system, argued Davis and Moore, motivates people to achieve by offering higher rewards for higher achievements. If physicians were not offered high salaries, for example, who would want to endure the arduous years of medical training and long, stressful hours at a hospital?

3. Complete the following sentence with one of the two choices provided:

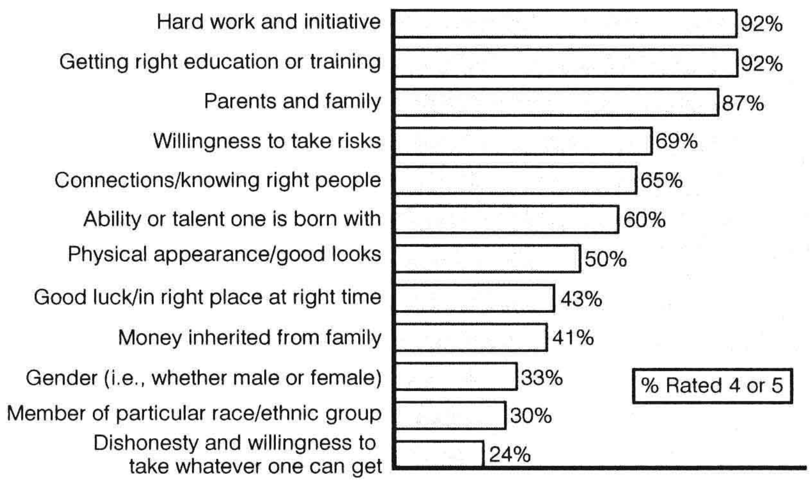
   a. The economic system in the United States:

      _____ is basically fair, since all Americans have an equal opportunity to succeed.

      _____ is basically unfair, since all Americans do not have an equal opportunity to succeed.

HOW DO YOUR ANSWERS COMPARE WITH A NATIONAL SAMPLE OF U.S. ADULTS?

1. This figure reveals the percentages of U.S. adults who rated the items in question #1 as important for success.



2a. In explaining why some people are poor, 43 percent of respondents indicated "lack of effort," 41 percent indicated "circumstances beyond their control," and 16 percent indicated "both" or "don't know."

2b. In explaining why some people are rich, 53 percent of respondents indicated "strong effort," 12 percent indicated "circumstances beyond their control," and 15 percent indicated "both" or "don't know."

3. Sixty-eight percent of respondents indicated that they believe the nation's economic system is basically fair; 29 percent believe it is basically unfair; and 3 percent had no opinion.

Source: Adapted from Gallup News Service Social Audit. 1998. (April 23 to May 31). http://www.gallup.com/poll/socialaudits/have_havenot.asp (Used by permission).

The structural-functionalist view of poverty suggests that a certain amount of poverty has positive functions for society. Although poor people are often viewed as a burden to society, having a pool of low-paid, impoverished workers ensures that someone will be willing to do dirty, dangerous, and difficult work that others refuse to do. Poverty also provides employment for those who work in the "poverty industry" (e.g., welfare workers) and supplies a market for inferior goods such as older, dilapidated homes and automobiles (Gans 1972).

The structural-functionalist view of poverty and economic inequality has received a great deal of criticism from contemporary sociologists, who point out that many important occupational roles such as child care workers are poorly paid (the average salary of a child care worker is less than $15,000 per year) (Children's Defense Fund 2000), whereas many individuals in nonessential roles (e.g., professional sports stars and entertainers) earn astronomical sums of money. Functionalism also ignores the role of inheritance in the distribution of wealth.

Conflict Perspective

Although I have made a fortune in the financial markets, I now fear that the untrammeled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society. The main enemy . . . is no longer the communist threat but the capitalist threat.

George Soros
Billionaire financier

Conflict theorists regard economic inequality as resulting from the domination of the **bourgeoisie** (owners of the means of production) over the **proletariat** (workers). The bourgeoisie accumulate wealth as they profit from the labor of the proletariat, who earn wages far below the earnings of the bourgeoisie. The U.S. educational institution furthers the ideals of capitalism by perpetuating the belief in equal opportunity, the "American Dream," and the value of the work ethic. The proletariat, dependent on the capitalist system, continue to be exploited by the wealthy and accept the belief that poverty is a consequence of personal failure rather than a flawed economic structure.

Conflict theorists note how laws and policies benefit the wealthy and contribute to the gap between the haves and the have-nots. Laws and policies that favor the rich—sometimes referred to as **wealthfare** or **corporate welfare**—include low-interest government loans to failing businesses, special subsidies and tax breaks to corporations, and other laws and policies that benefit corporations and the wealthy. A study of 250 large companies found that 41 companies paid no federal income tax in at least one year from 1996 to 1998 (McIntyre & Nguyen 2000). In those tax-free years, the 41 companies reported $25.8 billion in profits. But instead of paying $9 billion in federal income tax at the 35 percent rate, these companies received $3.2 billion in rebate checks from the U.S. Treasury. In 1998, 24 corporations—including General Motors, Pfizer, PepsiCo, Goodyear, Texaco, and Chevron—received tax rebates totaling $1.3 billion. The study found that 71 of the 250 companies paid taxes at less than half the official 35 percent corporate rate during 1996 to 1998. Companies use a variety of means to lower their federal income tax, including the growing use of stock options, which are an expense for tax purposes but do not count against profits reported to shareholders. Microsoft and Cisco Systems paid no federal income taxes in 1999 because stock options exercised by employees canceled profits for tax purposes (McIntyre & Nguyen 2000). The authors note that corporate tax avoidance is achieved "with significant help from Congress." Wealthy corporations use financial political contributions to influence politicians to enact corporate welfare policies that benefit the wealthy.

Corporate welfare is provided by government, but it is taxpayers and communities who pay the price. Consider the case of Seaboard Corporation, an agribusiness corporate giant that received at least $150 million in economic incentives from federal, state, and local governments between 1990 and 1997 to build and staff poultry- and hog-processing plants in the United States, support its operations in foreign countries, and sell its products (Barlett & Steele 1998). Taxpayers picked up the tab not just for the corporate welfare, but also for the costs of new classrooms and teachers (for schooling the children of Seaboard's employees, many of whom are immigrants), homelessness (because Seaboard's low-paid employees are unable to afford housing), and dwindling property values resulting from smells of hog waste and rotting hog carcasses in areas surrounding Seaboard's hog plants. Meanwhile, wealthy investors in Seaboard have earned millions in increased stock values.

Conflict theorists also note that throughout the world, "free-market" economic reform policies have been hailed as a solution to poverty. Yet, while such economic reform has benefited many wealthy corporations and investors, it has also resulted in increasing levels of global poverty. As companies relocate to countries with abundant supplies of cheap labor, wages decline. Lower wages lead to decreased consumer spending, which leads to more industries closing plants, going bankrupt, and/or laying off workers (downsizing). This results in higher unemployment rates and a surplus of workers, enabling employers to lower wages even more. Chossudovsky (1998) suggests that "this new international economic order feeds on human poverty and cheap labor" (p. 299).

Symbolic Interactionist Perspective

Symbolic interactionism focuses on how meanings, labels, and definitions affect and are affected by social life. This view calls attention to ways in which wealth and poverty are defined and the consequences of being labeled as "poor." Individuals who are viewed as poor—especially those receiving public assistance (i.e., welfare)—are often stigmatized as lazy; irresponsible; and lacking in abilities, motivation, and moral values. Wealthy individuals, on the other hand, tend to be viewed as capable, motivated, hard working, and deserving of their wealth.

> **In today's economy a woman is considered lazy when she's at home taking care of her children. And to me that's not laziness . . . Let some of these men that work in the government, let some of them stay home and do that. They'll find that a woman is not lazy when she's taking care of her family.**
>
> **Denise Turner**
> ***Welfare recipient***

The symbolic interaction perspective also focuses on the meanings of being poor. A qualitative study of over 40,000 poor women and men in 50 countries around the world explored the meanings of poverty from the perspective of those who live in poverty (Narayan 2000). Among the study's findings is that the experience of poverty involves psychological dimensions such as powerlessness, voicelessness, dependency, shame, and humiliation.

Meanings and definitions of wealth and poverty vary across societies and across time. For example, the Dinka are the largest ethnic group in the sub-Saharan African country of Sudan. By global standards, the Dinka are among the poorest of the poor, being among the least modernized peoples of the world. In the Dinka culture, wealth is measured in large part according to how many cattle a person owns. But, to the Dinka, cattle have a social, moral, and spiritual value as well as an economic value. In Dinka culture, a man pays an average "bridewealth" of 50 cows to the family of his bride. Thus, men use cattle to obtain a wife to beget children, especially sons, to ensure continuity of their ancestral lineage and, according to Dinka religious beliefs, their linkage with God. Although modernized populations might label the Dinka as poor, the Dinka view themselves as wealthy. As one Dinka elder explained, "It is for cattle that we are admired, we, the Dinka . . . All over the world, people look to us because of cattle . . . because of our great wealth; and our wealth is cattle" (Deng 1998, 107). Deng (1998) notes that many African peoples who are poor by U.S. standards resist being labeled as poor.

Definitions of poverty also vary within societies. For example, in Ghana men associate poverty with a lack of material assets, whereas for women poverty is defined as food insecurity (Narayan 2000).

The symbolic interactionist perspective emphasizes that norms, values, and beliefs are learned through social interaction and that social interaction influences the development of one's self-concept. Lewis (1966) argued that, over time, the poor develop norms, values, beliefs, and self-concepts that contribute to their own plight. According to Lewis, the **culture of poverty** is characterized by female-centered households, an emphasis on gratification in the present rather than in the future, and a relative lack of participation in society's major institutions. "The people in the culture of poverty have a strong feeling of marginality, of helplessness, of dependency, of not belonging . . . Along with this feeling of powerlessness is a widespread feeling of inferiority, of personal unworthiness" (Lewis 1998, 7). Early sexual activity, unmarried parenthood, joblessness, reliance on public assistance, illegitimate income-producing activities (e.g., selling drugs), and substance use are common among the **underclass**—people living in persistent poverty. The culture of poverty view emphasizes that the behaviors, values and attitudes exhibited by the chronically poor are transmitted from one generation to the next, perpetuating the cycle of poverty. Critics of the culture of poverty approach point out that behaviors, values, and attitudes of the underclass emerge from the constraints and blocked opportunities that have resulted largely from the disappearance of work as jobs have moved out of inner-city areas to the suburbs (Van Kempen 1997; Wilson 1996) (see also chapters 7 and 13).

Many of today's problems in the inner-city ghetto neighborhoods—crime, family dissolution, welfare, low levels of social organization, and so on—are fundamentally a consequence of the disappearance of work.

William Julius Wilson
Sociologist

> Where jobs are scarce . . . and where there is a disruptive or degraded school life purporting to prepare youngsters for eventual participation in the workforce, many people eventually lose their feeling of connectedness to work in the formal economy; they no longer expect work to be a regular, and regulating, force in their lives . . . These circumstances also increase the likelihood that the residents will rely on illegitimate sources of income, thereby further weakening their attachment to the legitimate labor market. (Wilson 1996, 52–53)

Wealth, Economic Inequality, and Poverty in the United States

The United States is a nation of tremendous economic variation ranging from the very rich to the very poor. Signs of this disparity are visible everywhere, from opulent mansions perched high above the ocean in California to shantytowns in the rural South where people live with no running water or electricity.

Wealth in the United States

Wealth refers to the total assets of an individual or household, minus liabilities (mortgages, loans, and debts). Wealth includes the value of a home, investment real estate, the value of cars, unincorporated business, life insurance (cash value), stocks/bonds/mutual funds/trusts, checking and savings accounts, individual retirement accounts (IRAs), and valuable collectibles. In the United States, wealthy households tend to have much of their wealth in stocks and bonds, whereas the less well-to-do typically hold most of their wealth in housing equity (Mishel et al. 2001).

The accumulation of material goods is at an all-time high, but so is the number of people who feel an emptiness in their lives.

Al Gore
Former U.S. Vice President

Economic Inequality in the United States

The 1990s was a decade of U.S. economic growth: interest rates were down, unemployment low, and stock market averages reached record levels before declining at the end of 1999. At the close of the twentieth century, the United States had experienced the longest period of peacetime economic expansion in history.

But contrary to the adage that "a rising tide lifts all boats," economic prosperity has not been equally distributed in the United States. Economic inequality—the gap between the haves and the have-nots—has increased considerably.

From 1950 to 1978, all U.S. social classes enjoyed increases in economic prosperity. Family income for the bottom fifth of the U.S. population increased substantially more than for the top fifth of the population (a 138 percent increase for the former versus a 99 percent increase for the latter) (Briggs 1998). However, between 1979 and the end of the 1990s, inflation-adjusted income of the top 20 percent of the population grew by 26 percent while for the poorest it decreased by 9 percent. The average CEO pay, which increased 535 percent in the 1990s, is 475 times the pay of the average worker (Anderson, Cavanagh, Collins, Hartman, & Yeskel 2000). If the minimum wage had risen as fast as CEO pay in the 1990s, it would be $23.13 per hour instead $5.15.

The distribution of wealth is much more unequal than the distribution of wages or income. In 1998, the one percent of households with the highest incomes received 16.6 percent of all income. In the same year, the wealthiest one percent of households owned 38.1 percent of all wealth (Mishel et al. 2001).

Patterns of Poverty in the United States

Poverty is not as widespread or severe in the United States as it is in many less developed countries. Nevertheless, poverty represents a significant social problem in the United States. In 1999, the U.S. poverty rate of 11.8 percent was the lowest rate since 1979 (Dalaker & Proctor 2000), but that was no consolation to the more than 32 million Americans living in poverty in that year. Poverty rates vary considerably among the states, from 7.2 percent in Maryland to 20.5 percent in New Mexico. The average dollar amount needed to raise a poor family out of poverty in 1999 was $6,687 (Dalaker & Proctor 2000).

Poverty rates vary according to age, education, sex, family structure, race/ethnicity, and labor force participation. As discussed in this chapter's *Social Problems Research Up Close* feature, media portrayals of the poor do not accurately reflect the demographic characteristics of the poor.

We talk about the American Dream, and want to tell the world about the American Dream, but what is that dream, in most cases, but the dream of material things? I sometimes think that the United States for this reason, is the greatest failure the world has ever seen.

EUGENE O'NEILL
Playwright

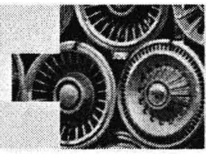
Age and Poverty Children are more likely than adults to live in poverty (see Table 10.3). The 1999 U.S. poverty rate for people under age 18 was 16.9 percent—the lowest child poverty rate since 1979 (Dalaker & Proctor 2000). The poverty rate for young children is at least one-third higher and usually two to three times as high in the United States as in any other Western industrialized nation (Levitan, Mangum, & Mangum 1998).

Since the 1970s the poverty rate among the elderly has experienced a downward trend, largely as a result of more Social Security benefits and the growth

Table 10.3 *U.S. Poverty Rates, by Age, 1999*

Age	Poverty Rate
Under 18 years	16.9
18 to 64	10.0
65 years and over	9.7

Source: Dalaker, Joseph and Bernadette D. Proctor. 2000. *Poverty in the United States: 1999*. Current Population Reports P60-210. U.S. Census Bureau. Washington, D.C.: U.S. Government Printing Office. www.census.gov/hhes/poverty/threshold/thresh99.html



Social Problems Research Up Close

Media Portrayals of the Poor

In the 1990s, intense political activity surrounding welfare reform placed poverty and welfare high on the nation's agenda. Throughout this period, the media focused significant attention on poverty and welfare reform issues. Researchers Clawson and Trice (2000) examined photographs of the poor found in newsmagazines during this period to determine whether the media perpetuate inaccurate and stereotypical images of the poor.

Sample and Methods

The sample consisted of every story on the topics of poverty, welfare, and the poor that appeared between January 1, 1993, and December 31, 1998 in five newsmagazines (*Business Week, Newsweek, New York Times Magazine, Time,* and *U.S. News & World Report*). A total of 74 stories were included in the sample, with a total of 149 photographs of 357 poor people.

In analyzing the photographs, researchers noted the race/ethnicity (white, black, Hispanic, Asian American, or undeterminable), sex (male or female), age (young: under 18; middle-aged: 18-64; or old: 65 and over); residence (urban or rural), and employment status (working/job training or not working). The researchers also analyzed whether each poor individual was portrayed in stereotypical ways, such as pregnant, engaging in criminal behavior, taking or selling drugs, drinking alcohol, smoking cigarettes, or wearing expensive clothing or jewelry. After coding all the photographs according to the aforementioned variables, the researchers compared the portrayal of poverty in their sample of photographs to poverty statistics reported by the U.S. Census Bureau or the U.S. House of Representatives Committee on Ways and Means.

Findings and Conclusions

Clawson and Trice found that the newsmagazine photographs overestimated the percentage of the poor who are black. U.S. Census data (from 1996) showed that African Americans made up 27 percent of the poor, but in the magazine portrayals, they made up nearly half (49 percent) of the poor. Whites, who according to Census data made up 45 percent of the poor, were depicted in the magazine portrayals as 33 percent of the poor. There were no magazine portrayals of Asian Americans in poverty, and Hispanics were underrepresented by 5 percent. The researchers suggest that "this underrepresentation of poor Hispanics and Asian Americans may be part of a larger phenomenon in which these groups are ignored by the media in general" (pp. 56-57).

The elderly were also underrepresented in the magazine portrayals of the poor. According to Census data, the elderly made up 9 percent of the true poor, yet they were only

of private pensions (see also Chapter 6). In 1970, the poverty rate among U.S. elderly was 24.6 percent; this rate fell to 15.7 in 1980 and in 1999 reached a record low of 9.7 percent (Dalaker & Proctor 2000; Levitan et al. 1998).

Education and Poverty Education is one of the best insurance policies to protect against an individual living in poverty. In general, the higher a person's level of educational attainment, the less likely that person is to be poor (see also Chapter 12). Among adults over age 25, those without a high school diploma are the most vulnerable to poverty (see Table 10.4).

Sex and Poverty Women are more likely than men to live below the poverty line—a phenomenon referred to as the **feminization of poverty.** The 1999 poverty rate of U.S. females was 13.2 percent, compared to 10.3 percent for males (U.S. Census Bureau 2000). As discussed in Chapter 8, women are less likely than men to pursue advanced educational degrees and tend to be concentrated in low-paying jobs, such as service and clerical jobs. However, even with the same level of education and the same occupational role, women still earn significantly less than men. Women who are minorities and/or who are single mothers are at increased risk of being poor.