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For the Public Good

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The Compassion Gap in American Poverty Policy

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The Compassion Gap

Every thirty or forty years, Americans seem to “discover” that millions of our citizens are living in horrible and degrading poverty. Jacob Riis shocked the nation in 1890 with his book, *How the Other Half Lives*, which helped to inspire a change in public opinion and the reforms of the Progressive Era. In the 1930’s, the devastation of the Great Depression led FDR to place poverty at the top of the national agenda. In the early 1960’s, Michael Harrington’s *The Other America* made poverty visible and paved the way for Lyndon Johnson’s brief War on Poverty. In 2005, an act of nature became the next muckraker – Hurricane Katrina, which shockingly revealed the human face of poverty among the displaced and helpless victims of the storm’s devastation in New Orleans.

But what makes poverty so invisible in between these episodes of discovery? The poor are always with us, but why do they repeatedly disappear from public view? Why do we stop seeing the pain poverty causes?

Our society recognizes a moral obligation to provide a helping hand to those in need, but those in poverty have been getting only the back of the hand. They receive little or no public assistance. Instead, they are scolded and told that they have caused their own misfortunes. This is our Compassion Gap. It is a deep divide between our moral commitments and the way that we actually treat those in poverty.

The Compassion Gap doesn’t just happen. It results from two key dynamics. First, powerful groups in American society argue insistently that public help for the poor actually hurts them by making recipients weak and dependent. After every epoch in which poverty is rediscovered and generosity increases, there is a backlash in which these

arguments re-emerge and lead to sharp reductions in public assistance. Second, the consequence of reduced help is that the claims made by these welfare critics turn into self-fulfilling prophecies. They insist that immorality is the root cause of poverty. But when assistance becomes inadequate, those in poverty can no longer survive by obeying the rules; they are forced to break them. These infractions, in turn, become the necessary proof that “the poor” are truly intractable and that their desperate situations are rightly ignored.

The results are painfully clear in our official data. In 2004, 37 million people, including 13 million children, lived below the government’s official poverty line of \$15,219 for a family of three. The number of people in poverty has increased every year for the last four years, rising from 31.6 million in 2000. Moreover, our government’s official poverty line is quite stingy by international standards. If we used the most common international measure, which counts people who live on less than half of a country’s median income as poor, then almost 55 million people in the U.S., or almost 20% of the population, would be counted as poor.

Most distressingly, the number of people living in catastrophic poverty—in households with incomes less than 50% of the official U.S. poverty line—has increased every year since 1999. There are now 15.6 million people living in this kind of desperate poverty. This is close to the highest number ever, and it is twice the number of extremely poor people that we had in the mid-1970’s, before the cuts in poverty programs of the Reagan Administration.

Children, single mothers with children, and people of color—particularly African Americans and Latinos—make up a disproportionate segment of the nation’s poorest

groups, with women in each group consistently more likely to be poor than men in that group (See Table 1). But poverty is not an unusual or rare occurrence—as many as 68% of all Americans will spend a year or more living in poverty or near-poverty as adults. Nor is poverty always related to not working; there are still 9 million working poor adults in the United States.

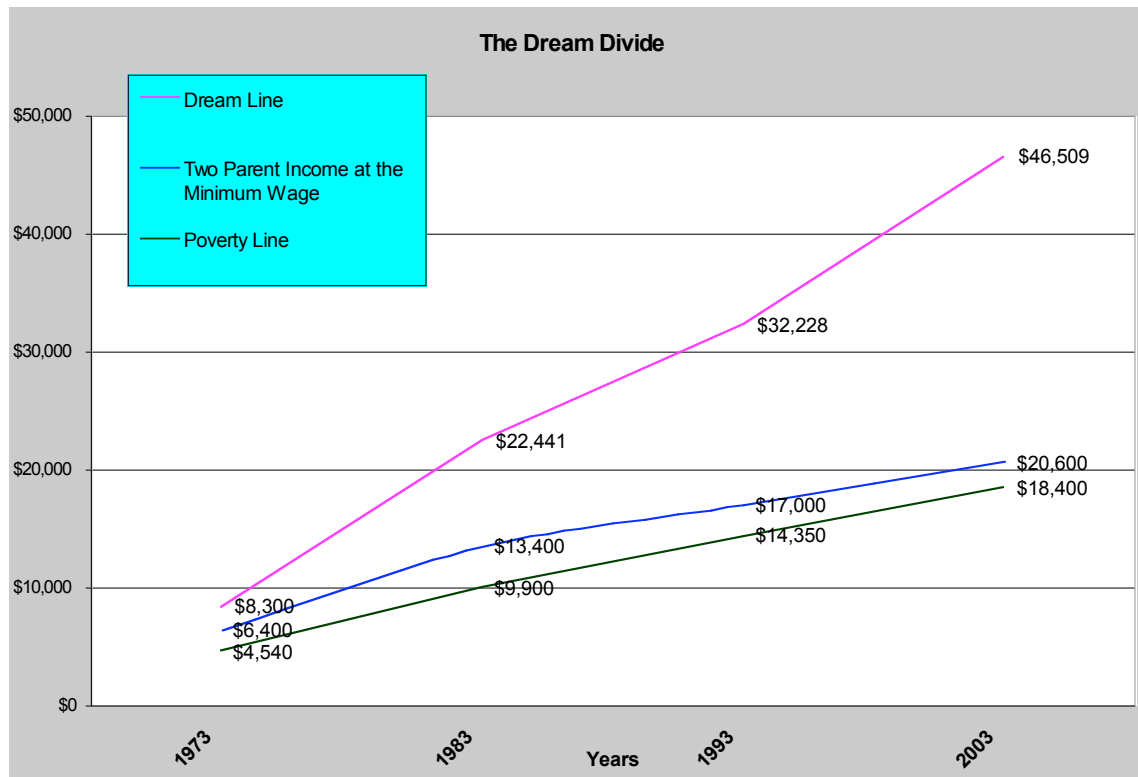
Table 1. Percent of women, men, children and female-headed households in poverty by racial/ethnic group.

	All	Women	Men	Children Aged 18 and under	Female-Headed Households
Non-hispanic whites	8.6	9.5	7.7	10.5	28.2
Blacks	24.7	26.5	22.6	33.6	45
Hispanics	21.9	24.0	19.9	28.9	45.1
Asians	9.8	11.3	9.3	10	16.3

Source: *Income, Poverty, and Health Insurance Coverage in the United States: 2004, Detailed Poverty Tables: 2004*. U.S. Census Bureau, Current Population Reports.

Moreover, poverty has become more devastating over the past generation. Thirty years ago, a family living at the poverty line—earning a living at low wage work—could still see the American Dream as an achievable goal (see figure 1). With a bit more hard work and some luck, they, also could afford a single family home, comprehensive health insurance, and a college education for their children. Today, for many of the poor, including many of the faces that we saw at the New Orleans Superdome and Convention Center, that Dream has become a distant and unattainable vision. Even a two-parent family working full-time at the minimum wage earns less than half of what is needed to realize the Dream at today’s prices. The old expectation that the poor would pull themselves up by their own bootstraps is increasingly unrealistic.

Figure 1. The Dream Divide



The Dream Line is an estimate of the cost for an urban or suburban family of four to enjoy a no-frills version of the American Dream that includes owning a single family home, full health insurance coverage, quality child care for a four year old, and enough annual savings to assure that both children can attend a public, four year college or university. The Dream Line is not a wage figure because it includes the full cost of health insurance coverage that is often, but decreasingly, offered as a benefit by employers. The figures are national averages and are lower than what people would pay for these services in the largest and most expensive metropolitan areas on the East and West coasts. The housing figure reflects the cost of mortgage payments on the median priced existing family home at current interest rates. The Dream Line rises so dramatically because the costs of the 4-H's-- housing, health insurance, high quality child care, and higher education have risen so much more rapidly than other consumer prices. Dollar figures have not been adjusted for inflation.

Price Rises for the 4 H's.

	HOUSING	HIGH QUALITY CHILD CARE	HIGHER EDUCATION	HEALTH INSURANCE
1973 (annual cost)	\$1,989	\$978	\$736	\$509
2003 (annual cost)	\$10,245	\$7,200	\$5,000	\$8933
% increase	515%	736%	679%	1755%

When the Dream Line is compared to the Federal poverty line or to the income that a two parent family would earn if both parents were working full-time at the minimum wage, it is clear that the Dream has become increasingly distant for millions. Details on the way the Dream Divide was calculated are available at <http://www.longviewinstitute.org/research/block/amerdream/view>

Despite the growing poor population, and the increasing difficulty of escaping poverty into economic security through paid work, the government has been doing less and less to help. Aid to Families with Dependent Children (AFDC) used to be our biggest program to help poor people, but Federal legislation passed in 1996 ended AFDC and replaced it with Temporary Aid to Needy Families (TANF). TANF's focus on moving recipients from "welfare to work" has led to a major decline in the number of households receiving benefits and a huge drop in cash assistance to the poor. The average monthly TANF benefit was \$393 in 2003, compared to \$490 in 1997.

Not only are our programs miserly, they reach too few people among those who are eligible, further reducing the chances that those in poverty can achieve the American Dream. To wit, only 60% of eligible households receive food stamps. Despite a commitment to provide health insurance to all children under 18, nearly 12% of those children remained without such insurance in 2004. And only 27% of all poor families

received TANF in 2000. Finally, subsidized housing is provided to only 25% of those who need it and current budget proposals would cut this program dramatically.

Against this backdrop of ever decreasing spending on most anti-poverty measures, the Earned Income Tax Credit (EITC) has become our biggest anti-poverty program for the working age population. EITC aids the working poor by providing an income tax refund to lift the poorest workers above the poverty line. But for families to benefit significantly from the EITC, they need someone in the household to be earning at least several thousand dollars per year. Each year, there are millions of households who do not have such an earner because of unemployment, illness, lack of child care, or a mismatch between available skills and job demands. The consequence is a relentless increase in our rate of catastrophic poverty.

Figure 2. Assistance to those in poverty from 1990-2004 in Billions of Dollars

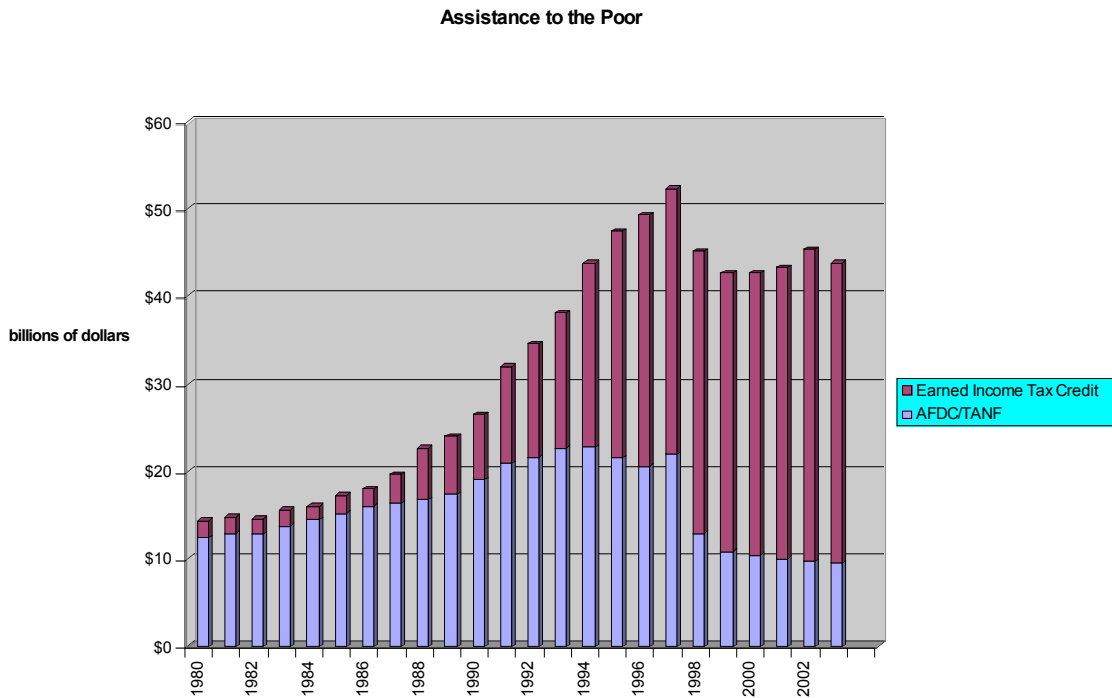
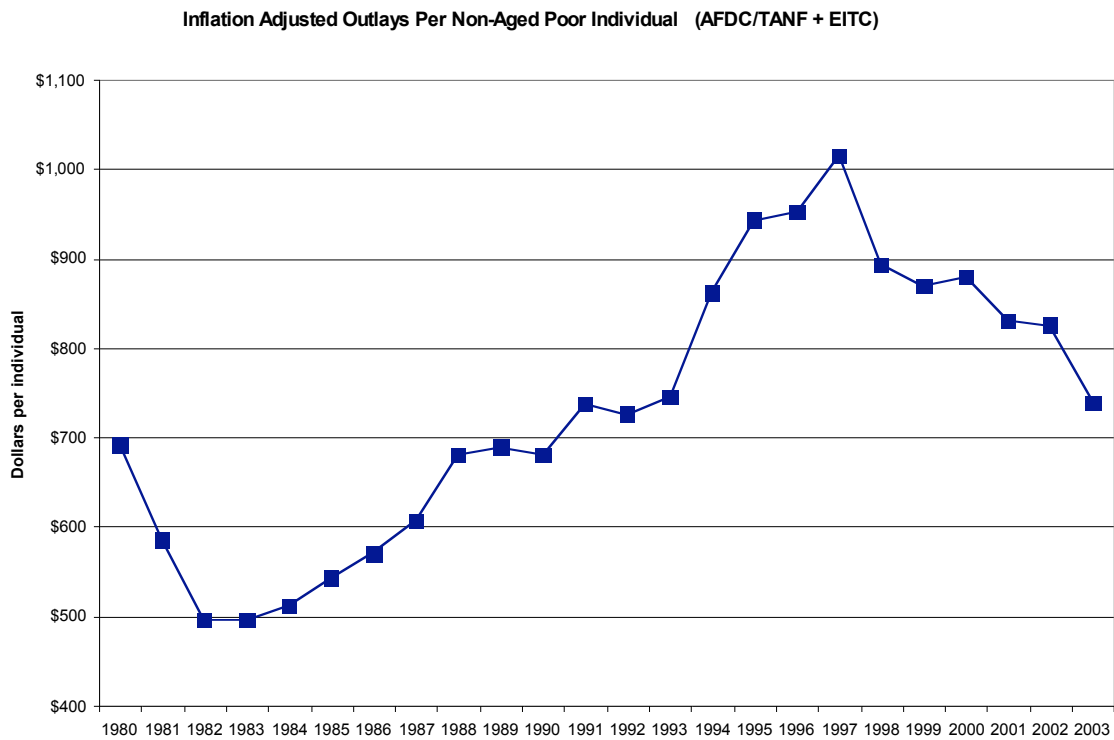


Figure 2 shows the combined spending for the two most important cash assistance programs—AFDC/TANF and the EITC. It demonstrates that despite increases in EITC outlays, our total spending on the poor peaked in 1997 and has dropped almost 20% since then. Figure 3 takes the further step of adjusting the annual spending for the impact of inflation and the shifting size of the poor population. Spending for each non-elderly poor person peaked at around \$1,000 in 1997 and has dropped every year since, with a total decline of close to 30%. And if one added food stamps to this chart, the trend would be even stronger since their real value has also fallen since 1997. There is no clearer evidence that our Compassion Gap has deepened poverty.

Figure 3. Annual outlays per non-aged poor individual (AFDC/TANF and EITC) adjusted for inflation.



The Compassion Gap has been greatly intensified by the revival in the 1980's and 1990's of the very old theory that the real source of poverty is bad behavior. Since African-American and Latino/a women and men, as well as single mothers of all ethnicities and races are disproportionately represented among the poor, this theory defines these people as morally deficient. The theory's proponents assume that anyone with enough grit and determination can escape poverty. They claim that giving people cash assistance worsens poverty by taking away people's drive to improve their circumstances through work. Arguing that poor people bear children irresponsibly and that they lack the work ethic necessary for economic success, they have launched a sustained war on bad behavior, a war that targets those groups most at risk of poverty.

One of the key events in this war was the passage in 1996 of the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) that replaced AFDC with TANF. TANF requires single mothers who receive welfare to find paid work, encourages them to marry, and limits their time on aid to a lifetime maximum of five years. Some states have even shorter time limits. Ultimately, this new program treats the inability to work as a personal, moral failing.

Can Governments Solve Poverty?

The flipside of the premise that poverty is the result of such moral failings is that government actions cannot solve poverty. Yet our own national experience points in the opposite direction. For generations, many of the elderly lived in extreme poverty because they were no longer able to work. But the creation of the Social Security system has sharply reduced poverty among seniors by recognizing that most people need government assistance as they age. Yet, rather than celebrating the compassion reflected in this

program, the current Administration is proposing destructive changes in Social Security that will diminish its effectiveness in preventing poverty among this group. And instead of recognizing that most young families also need assistance to survive and thrive, our major anti-poverty program, the EITC, leaves out all those families who find themselves squeezed out of the labor market.

Looking abroad also shows that government policies can dramatically reduce poverty levels. The probability of living in poverty is more than twice as high for a child born in the United States than for children in Belgium, Germany, or the Netherlands. Children in single mother households are four times more likely to be poor in the U.S. than in Norway. The fact that single parent households are more common in the U.S. than in many of these countries where greater assistance is given to the poor undermines the claim that more generous policies will just encourage more single women to have children out of wedlock. These other countries all take a more comprehensive government approach to combating poverty, and they assume that economic and structural factors, rather than bad behavior, cause poverty.

Table 2. Poverty Rates for Children (counting all sources of income, including income from government programs).

Country	Year	For all children	For those in single-mother homes	Percent of all children living with single mothers
U.S.	2000	21.9	49.3	19.5
U.K.	1999	15.3	33.8	19.5
Canada	2000	14.9	40.7	13.1
Netherlands	1999	9.8	35.1	8.1
Germany	2000	9.0	37.8	12.5

Belgium	2000	6.7	24.5	10.6
Norway	2000	3.4	11.3	14.5

This table uses the international convention of measuring poverty as income less than 50% of the nation's median income. Source: Luxemburg Income Survey: www.lisproject.org/keyfigures/povertytable.htm.

Understanding the Compassion Gap I: A Misguided Focus on Moral

Poverty

The miserliness of our public assistance is justified by the claim that poverty is the consequence of personal moral failings. Most of our policies incorrectly assume that poverty can be avoided or overcome through hard work alone. Yet believing this ignores the realities of our failing urban schools, ever increasing employment insecurities, and lack of affordable housing, health care, and child care. It ignores that the American Dream is rapidly becoming unattainable for an increasing number of Americans, whether employed or not.

The preoccupation with the moral failings of the poor disregards the structural problems underlying poverty. Instead, we see increasing numbers of policies that are obsessed with preventing “welfare fraud”. This obsession creates multiple barriers to help for those who need it. Welfare offices have always been required to force recipients to “prove” their eligibility. Agency employees are in effect trained to begin with the presumption of guilt; every seemingly needy face they encounter is that of a cheater until the potential client can prove the contrary. With the passage of TANF, the rules have become so complex that even welfare caseworkers do not always understand them, let alone their clients. Some of those who need help choose to forego it rather than facing this humiliating eligibility process.

But this system of suspicion also produces the very welfare cheaters that we fear. Adults in poor households are caught in a web of different programs each with its own complicated set of rules and requirements that together provide less assistance than is needed to keep a family going. Recipients have no choice but to break the rules—most commonly by not reporting all of their income. A detailed study from ten years ago, conducted by Kathryn Edin and Laura Lein, showed that most welfare mothers worked off the books or took money under the table from relatives since they could not make ends meet with only their welfare check. Since then we have reduced benefits and added more rules, undoubtedly increasing this kind of “cheating.”

Those who lack compassion have made their own predictions come true. They begin by claiming that the ranks of the poor are filled with those whose moral character is wanting. They use the specter of welfare cheaters to fan the public’s worries about people getting something for nothing. As a consequence, our patchwork of poorly funded programs reaches only fractions of those in need and provides them with inadequate levels of assistance. Those who must depend on these programs have no choice but to cut corners and break rules to keep their families together. This disregard for rules “proves” the original proposition that the poor lack moral character and the “discovery” of cheating provides a justification for ever more stringent policies. The result is a vicious spiral of diminishing compassion and greater preoccupation with the moral failings of the poor.

Understanding the Compassion Gap II: The War on Bad Behavior

The focus on moral poverty shifts our gaze from the social forces that create material poverty to the perceived moral failings of the poor. This shift has led to a war on

bad behavior, exemplified by PRWORA, a war that is not achieving its goals. This war focuses on social problems like teenage pregnancy, high drop-out rates, and drug addiction. But research shows that this war on bad behavior has been ineffective. Poverty has risen and punitive measures have had little effect on the behaviors they were supposed to change.

The reduction of teen pregnancy through abstinence only sex education was one of the main goals of the Personal Responsibility and Work Opportunity Act. Its drafters were operating on the erroneous premise that teen pregnancy is one of the root causes of poverty. In fact, if the teenagers who are having children were to wait until they were adults, their children would be just as likely to be born into poverty. But the drafters' other error was ignoring the fact that teen pregnancy rates had *already been* declining for years when the new law went into effect, primarily because teenagers were using more effective methods of birth control. (These gains are now threatened by the dramatic expansion of "abstinence only sex education" that provides no information on birth control techniques.)

PRWORA also makes assistance to teen mothers contingent on "good behavior." Teen mothers must stay in school or be enrolled in a training program and live with their parents or under other adult supervision in order to receive aid. While it makes sense to help teens stay in school and learn skills, these coercive efforts are failing the children of teen parents. Teen mothers are just as likely today to drop out of school or live on their own as when the Act was passed. The only change is that they are now much less likely to receive government assistance. What ill-conceived reforms have ensured is that children born to teen mothers experience deeper deprivation.

Neither have PRWORA's efforts at controlling the behavior of those in poverty had much impact on rates of illicit drug use. Under TANF, states were required to deny benefits to anyone convicted of a drug crime. This was so obviously counter productive that Congress amended the law in 1999 to allow states to opt out of this ban. Yet neither policy shift appears to have had much impact. According to Justice Department data, adult drug arrests have been increasing relentlessly from 1 million per year in the early 1990's to 1.5 million in 2003.

But advocates of the war on bad behavior always have a convenient scapegoat for the failure of their punitive policies. They simply shift the blame to single mothers. TANF requires that single mothers work outside the home regardless of whether work gets them out of poverty. But long hours of work and inadequate child care mean that children of recipients are often left with inadequate supervision. When these children get into trouble, it is obviously the fault of the mother. Teen-age pregnancy, drug use, and delinquency are then attributed to the mother's lack of parenting skills. Poor single mothers can't win; they are failures if they stay home with their kids. But they are also failures if they work and leave their children unsupervised. Understanding poverty as the result of bad behavior produces the conclusion that poor single mothers are bad by definition.

Since a disproportionate number of these poor single mothers are African-American or Latina, this rhetoric also hides the racial history that excluded people of color from opportunities for generations, and the systemic racism that persists today.

This war on bad behavior is a deeply mistaken approach to poverty. It ignores the lived reality of people who face crushing poverty on a daily basis. It ignores the

fundamental wisdom that we should not judge people until we have walked a mile in their shoes. Most basically, it denies compassion to those who are most in need of it.

What Can We Do? Revitalize the American Dream

Reversing the Compassion Gap will not happen overnight. We have to persuade our fellow citizens that the war on bad behavior violates our society's fundamental values. We have to show them how far reality has departed from the American Dream which holds that a child born in poverty in a ghetto or a barrio has a chance for success and happiness that is comparable to a child born in suburban affluence. We have to focus national debate on what policy measures would revitalize the American Dream for all of our citizens.

The reason that the American Dream is now beyond reach for so many of our families is that the price of four critical services has risen much more sharply than wages and the rate of inflation. These are the 4-H's—health care, higher education, high quality child care, and housing. Unfortunately, these are not luxuries, but the indispensable ingredients of the Dream.

Over the last three decades, our society has relied largely on market solutions to organize delivery of these services. But these solutions have not worked to expand the supply of these indispensable services. Instead, we use the price mechanism to ration their distribution; poor and working class people are at the end of the queue and they find themselves priced out of the market. Significantly increasing the minimum wage so that it becomes a living wage is one important way to help many working poor families better afford these services. But it is not enough.

We need new initiatives to expand the supply of these key services while also

assuring their quality. This requires accelerated movement towards universal health insurance and universal availability of quality child care and preschool programs. We need to move towards universal access to higher education for all students who meet the admissions criteria. We also need to ensure that *all* our public schools are preparing students for the higher education and training most will need in order to succeed in the labor market. And we need to create new public-private partnerships to expand the supply of affordable housing for poor and working class families. These efforts would restore the American Dream for millions of working class and lower middle class families, while also putting the Dream within reach for the poor.

But we also need new policies that are targeted more directly at those in poverty. This requires restoring the value of the minimum wage. Between 1968 and 2002, the purchasing power of the Federal minimum wage fell by a third. We need to reverse this trend and assure that in the future the minimum wage continues to rise with inflation. Most fundamentally, we have to do what most other developed nations do-- provide a stable income floor for all poor families so that no children grow up in horrible and degrading poverty. We could establish such a floor by transforming our present Earned Income Tax Credit into a program that provided all poor families with sufficient income to cover food and shelter. Households would be eligible for a monthly payment even if they had no earnings. Since such payments would be targeted at the poorest individuals and families, this would be a cost-effective way to immediately rescue millions of people from catastrophic poverty. Moreover, since payments would be coordinated through the tax system, a household's income would definitely improve as its labor force earnings rose.

The key to making any of these policy initiatives feasible is to remind our fellow citizens what true compassion requires. The war on bad behavior offers us an easy way out. It is easy to believe that those in poverty are responsible for their own problems and that ignoring their needs is the best thing for them. It absolves those of us who are better off from a responsibility to care for others. However, if we want to live up to our national commitment to compassion, we need to recognize that we have a collective responsibility—a responsibility to ensure that in the wealthiest nation in the world there are not millions of people going hungry, millions without health insurance, and hundreds of thousands without a home. Sure, some of those in poverty have made bad choices, but who has not? It is deeply unfair that those who are not poor get second chances, but those who are poor do not. Rush Limbaugh pays no price for becoming addicted to painkillers, but millions of poor people go to jail and lose access to public housing and welfare benefits for the same offense.

True compassion requires that we build a society in which every person has both a first chance, a second chance, and, if needed, a third and fourth chance, to achieve the American Dream. We are our brother's and our sister's keepers, and we need to use every instrument we have—faith groups, unions, community groups, but most of all government programs—to address the structural problems that reproduce poverty in our affluent society.

Dealing with the inadequacies of our current anti-poverty programs can be a first step in moving the debate in the right direction. Since the Fall of 2002, Congress has been stalemated on reauthorizing the TANF legislation that was first passed in 1996. Action in the immediate future seems unlikely because changes proposed by the Bush

Administration and their conservative allies in the House are strongly opposed by many governors who would have to pay for new work experience programs if more stringent work requirements for TANF recipients are adopted.

A compassionate reauthorization of TANF requires four basic steps. First, assistance levels have to be calibrated upward to assure that families are rescued from the deepest poverty and given an income that puts them over the poverty line. Second, the whole system of mandatory time limits on aid must be abandoned, so that families in poverty no longer have the doors to help closed in their faces. Eliminating time limits is particularly important in ensuring that the program serves the many poor women who are victims of domestic abuse. While on paper, TANF is supposed to protect such women, too often they are being forced back into the arms of their abusers. Third, basic and postsecondary education and training must be recognized as a “work activity,” so that recipients have the opportunity to prepare for jobs that would get them out of poverty. Finally, we need to improve the childcare provisions in TANF. We must do better than providing child care subsidies to only 1 in 7 children who are federally eligible. Moreover, we must ensure that TANF children get a head start and are not relegated to the lowest quality childcare.

By themselves, these reforms would not end the Compassion Gap, but they would mark an end to the futile and destructive war on bad behavior. They could represent an initial down payment on restoring the American Dream.

Suggested Readings

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