

A photograph of a person holding a cardboard sign. The sign has handwritten text in black marker. The text is arranged in four lines, with horizontal lines underlining the first and third lines. The person's hand is visible on the left side, holding the sign. The background is dark and indistinct.

SASHA ABRAMSKY

THE AMERICAN
WAY OF
POVERTY

HOW THE OTHER
HALF STILL LIVES

**THE AMERICAN
WAY OF
POVERTY**

Also by

SASHA ABRAMSKY

Hard Time Blues (2002)

Conned (2006)

American Furies (2007)

Breadline USA (2009)

Inside Obama's Brain (2009)

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*This book is dedicated to
my darling children, Sofia and Leo.
May you always keep your exquisitely
fine-tuned sense of fairness.*

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Acknowledgments

The American Way of Poverty is a book with many benefactors and champions. I wish I could say that I woke up one morning with the concept fully formed in my mind, but I didn't. Rather, there were an array of themes that I was exploring in my journalism and a slew of economic and political issues that, in the years surrounding the 2008 economic collapse, I found to be increasingly fascinating. The unifying concept of the book—the notion that there is something quintessentially American in how we, as a country, think about and experience poverty—emerged over time, with the issues crystallizing as I talked them over with editors; fellow writers; policy analysts and activists; and, of course, hundreds of people experiencing increasingly difficult economic conditions around the country.

The conceit is a large one: that a single book can both paint a vivid, reportage-based portrait of life on the margins of the world's richest nation and, at the same time, develop a blueprint for a set of programmatic and conceptual changes that offer a way to a fairer future. Without a strong network of supporters who believed both that the issue was important and that I had it within me to tell this story, *The American Way of Poverty* would never have been written.

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Almost always, any list of acknowledgments is incomplete and somewhat arbitrary. Let me, therefore apologize in advance if I neglect to include individuals who feel they ought to have been included.

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A Scandal in the Making



Graffiti at the ruins of the Packard auto factory in Detroit.

Fifty years after the social critic Michael Harrington published his groundbreaking book *The Other America*, in which he chronicled the lives lived of those excluded from the Age of Affluence, poverty in America is back with a vengeance. It is made up both of the long-term, chronically poor and the newly impoverished, the victims of a broken economy and a collapsed housing market.

The saga of the timeless poor, of individuals immersed in poverty for decades, of communities mired in poverty for generations, is something of a dog-bites-man story: It's sad, but it's not new. The tale of the newly poor, however, is more akin to the man-bites-dog story: It is surprising and counterintuitive. It is the narrative of millions of Americans who had economic security, enjoyed something of the comforts of an affluent society, and then lost it. Not since the Great Depression have so many millions of people been so thoroughly beaten down by vast, destructive forces. Yet while the story of the more recent poor has more of a sensation factor to it, in reality the stories of the long-term poor and the newly destitute increasingly blend together, creating a common set of experiences that pummel the bodies and minds of those who live them; that corrode communities; and that, all too often, obliterate optimism.

As with the men and women Harrington wrote about in 1962, too frequently these poor Americans are invisible. "Here are the unskilled workers, the migrant farm workers, the aged, the minorities, and all the others who live in the economic underworld of American life," Harrington wrote in his opening chapter. "The other America, the America of poverty, is hidden today in a way that it never was before. Its millions are socially invisible to the rest of us. . . . The new poverty is constructed so as to destroy aspiration; it is a system designed to be impervious to hope."¹

Harrington was a Jesuit-educated political activist, born and raised in St. Louis during the years between the world wars. Over several decades he carved out a reputation for himself as a long-time chronicler of the American condition. In the run-up to his book's publication, he had spent years in poor communities as a volunteer with Catholic Worker and as a left-leaning political organizer—hardly the most fruitful of pursuits in the conservative, affluent era following the end of World War II. In fact, *The Other America* hit a raw nerve at least in part because so many Americans, living comfortably in suburbias miles from the epicenters of hardship, thought their country had already solved the poverty conundrum. With many having a mind-set of out of sight, out of mind, poverty simply wasn't a part of the national political discourse in the 1950s. Indeed, the Harvard Kennedy School of Government lecturer and author Richard Parker, in his biography of the progressive economist John Kenneth Galbraith, noted that when the Joint Economic Committee of Congress commissioned University of Wisconsin economist Robert Lampman to put together "a complete bibliography of postwar books and articles by economists on modern poverty, his typed list required only two pages."² That the Gordian knot of poverty hadn't actually been unraveled, and that it could continue to exist alongside the Affluent Society, was a source of tremendous national embarrassment for many. In the wake of *The Other America's* publication, a critical mass of policy makers doubled down, using Harrington's writings as a Virgil-like guide to America's hidden underbelly and laying the foundations for an all-out assault on the causes and conditions of poverty that would fundamentally impact American social policy for a generation.

Liberal America's belief during the 1960s that with one more great push the scourges associated with poverty could be forever eradicated from America's shores was naïve, possibly even disingenuous. After all, no society in human history has ever successfully banished poverty; and no polity with a modicum of respect for individual liberty has entirely negated the presence of inequality. But it did reflect a confidence in America's innate sense of possibility; in an era of space travel and

antibiotics, computers and robots, poverty was just one more frontier to be conquered, one more communal obstacle to be pushed aside. When it turned out to be an order of magnitude more complicated, Americans quickly grew tired of the effort. In 1968, four years after the War on Poverty was launched, Richard Nixon won election to the White House, in part by stoking popular resentment against welfare recipients. Twelve years after that, Ronald Reagan was elected president on a platform of rolling back much of the Great Society. Today, after four decades during which tackling economic hardship took a distant backseat to other priorities, one in six Americans live below the poverty line, their lives as constricted and as difficult as those of the men, women, and children who peopled the pages of *The Other America* in the Kennedy era. And this is despite the fact that the president, Barack Obama, is a onetime community organizer who understands the impact of poverty on people's lives better than almost any other of his predecessors.

Too poor to participate in the consumption rituals that define most Americans' lives, too cash-strapped to go to malls, to visit cafés or movie theaters, to buy food anywhere other than dollar stores, these men and women live on America's edge. The poorest of the poor live under freeway ramps and bridges in out-of-the-way neighborhoods such as the Alphabet district of northern Las Vegas or Los Angeles's Skid Row. Others live in trailer parks far from central cities. Then there are those living in apartment buildings and even suburban houses, who for a variety of reasons have lost their financial security; their deprivation remains hidden behind closed doors. All of these people share an existential loneliness, a sense of being shut out of the most basic rituals of society.

In mid-2011, the Open Society Foundation's Special Fund for Poverty Alleviation gave me a grant to chronicle the faces and voices of economic hardship in America. To do so, I began traveling around the country interviewing and photographing people on the economic margins—Harrington, the "economic underworld"—and the environments in which they lived.

As the stories accumulated, three things struck me with particular force.

The first is the sheer loneliness of poverty, the fact that profound economic hardship pushes people to the psychological and physical margins of society—isolated from friends and relatives, shunted into dilapidated trailer parks, shanties, or ghettoized public housing; and removed from banks and stores, transit systems and cultural institutions. The poor live on society's scraps—a few dollars in government assistance or charity, donated food, thrift-store clothes. They can afford neither transport to venture out of their communities nor simple luxuries such as movies or a cup of coffee with friends in a café. They cannot afford to vary the routines of their daily lives. Embarrassed by their poverty, worried about being judged failures in life, and humiliated by that judgment, many tell me that they have essentially withdrawn from all but the most necessary, unavoidable social interactions.

The second thing that one realizes in telling this story is the diversity, the complexity, of poverty. Its causes, and therefore its potential solutions, cannot meaningfully be reduced to a pat list of features. There are people with no high school education who are poor, but there are also university graduates on food bank lines. There are people who are poor because they have made bad choices, gotten addicted to drugs, burned bridges with friends and family—and then there are people who have never taken a drug in their lives, who have huge social networks, and who still can't make ends meet. There are people who have never held down a job, and others who hold down multiple, but always low-paying, jobs, frequently for some of the most powerful corporations on earth. There are people

who have never had a bank account and use payday loans and other predatory lending sources whenever they need access to extra cash, and there are others who, during more flush times, own huge suburban houses and expensive cars. There are children whose only hot meals are what they are given at school, and young adults who have nothing now and never really had anything earlier in life either. There are military veterans who have struggled to find a place in civilian life, middle-aged and once-middle-class people falling down the economic ladder as the recession fails to fully lift, and elderly people cascading into destitution as savings evaporate and expected equity in their homes fails to materialize.

Poverty is, in other words, as diverse as the United States itself. What the poor have in common, however, is an increasingly precarious existence in a country seemingly unable—or at least unwilling—to come to grips with their collective despair.

Yet if the lives of America's poor are increasingly desperate, the desire to make something of those lives remains a force to be reckoned with. That leads to the third thing that fascinated me in my travels around the country: the sheer resilience of people who, battered by tough economic times, could be excused for thinking that life never gives them any breaks. Instead, many of the men and women I talked to were doing everything they could to ensure that their futures would look brighter than their pasts. They were going to school, taking job-training classes, looking for any and every source of income, and struggling to make sure that their kids had enough food to eat and little extra to enjoy. It was, in many ways, a humbling, inspiring experience.

WHOSE FUTURE?

The poverty being stockpiled in the early twenty-first century, at the back end of a forty-year stampede toward ever-greater economic inequality, will leave generational legacies affecting current workers, their children, and as likely as not their children's children. What starts off as a temporary hiccup too often results in a permanent downgrading of family prospects.

How we as a society deal with this challenge will determine what kind of a country we become the years and decades ahead.

As I detail in the second part of this book, we already have the contours outlined for a credible and fair new social compact. That the first Obama administration didn't focus on poverty to the extent the issue deserved was, I believe, largely the product of a political calculus. Assuming power in the midst of a financial system meltdown, the new administration had to stabilize a collapsing economy early on; they did so, but in so doing they churned up a roiling, ugly opposition. As a result, by the time the free-fall stopped, they had to swiftly start navigating one of the most treacherous political landscapes in modern history en route to the 2012 election. Now that that election is over, however, his second term Obama will have to not simply enact technocratic anti-poverty measures but also take the country with him as he explains the moral imperative of a fairer social compact. He will have to employ all of his extraordinary narrative powers to craft a new American story in which tens of millions of citizens feel that they have a stake. If Obama accomplishes this, he will secure for himself a legacy as one of the country's great progressive presidents. If he doesn't, it will be a serious blot on his tenure in the White House.

Were we as a society to implement this new story in affordable and equitable ways, the result would be a fundamental reimagining of the American economic landscape. We can use four major

revenue sources: (1) a public works fund to protect against mass unemployment; (2) a new education opportunity fund to dramatically expand access to, and affordability of, higher education; (3) a poverty-mitigation fund built up from the introduction of a financial transaction tax and energy production taxes; and (4) money to stabilize Social Security and start reducing the national deficit, made available from higher taxes on capital gains, high-end inheritances, and the income of the most affluent of wage earners. I detail the mechanisms of these in Part Two. If we used these revenue sources, we could change both our expectations of society and our long-term financial calculus in a way beneficial to tens of millions of people.

Too often in recent decades, our political leaders have ignored what's staring them in the face and instead enacted policies that make economic hardship worse for those already on the margins and starting the long slide into destitution. As detailed in this book, they do so because America's political process is increasingly beholden to powerful financial interests, its priorities shaped by what used to be seen as Southern mores: a belief not just in the inevitability of inequality, but in the *desirability* of oligarchy as a social structure, in the usefulness of poverty as a social control mechanism, its reaction to that poverty punitive and unforgiving. Increasingly, it is a democracy in which the voices, and the basic economic needs, of ordinary Americans are drowned out by the noise generated by advocates and lobbyists for the well-heeled and already-influential. It is an economy that, to a large extent, revolves not around the making of things but around the shuffling of money—hence the overblown impact of financial sector, insurance, and real estate instability on the broader economic system. And it is one in which, for the last several decades, ordinary Americans have borrowed against home equity, run up credit card debt, and taken out loans to go to school, all just to survive on a daily basis. Data compiled by the Federal Reserve show that just before the financial crash of 2008, the average American household was spending nearly 19 percent of its disposable income servicing debt.³

Increasingly, our leaders either ignore the scale of poverty present in our midst—or, tacking to the Southern winds, they seek to blame or to punish those who fail to economically thrive. For proof of the former, witness the fact that throughout the three televised presidential debates in 2012, the plight of the tens of millions of Americans living below the poverty line was *never* meaningfully addressed, nor were the implications of proposed cuts to Medicaid, food stamps, and other safety net programs properly teased out.

That Obama's first administration was unable to fully break out of this mold after 2008, leaving largely untouched the scourge of poverty and inequality that as an insurgent, grassroots candidate he had talked about tackling, was a source of bemusement to many of his supporters. The election of 2012 gave him a new opportunity to so do, which can only be a source of hope. After all, few political leaders are given the sort of second chance to rewrite their story that Obama was granted by the electorate. Unhappy with the status quo, voters nevertheless reelected him as president. One can argue that they did so, at least in part, in the expectation that his second term would deliver on promises never followed through on in the first four years.

THE MINERS' CANARY

Shake a stick in post-financial collapse America, and one hits poverty. It's everywhere: tent cities in municipal parks, under freeway overpasses, along river walks. Food lines stretching down city blocks. Foreclosure signs dotting suburban landscapes. Overstretched free clinics providing a modicum

healthcare to people no longer insured. Elderly people whose pensions have vanished and whose hopes for a decent old age have evaporated. Unemployed men and women looking for clothes for their kids at thrift stores and food for their families at pantries. Mothers begging for free turkeys from churches so they can at least partially partake in the national ritual of Thanksgiving.

By the end of 2010, according to the U.S. Census Bureau, 15.1 percent of Americans were living below the federally defined poverty line, an increase of approximately fifteen million people since the start of the century. Fully 34.2 percent of single mothers and their children were in poverty, up from 28.5 percent in 2000. Some of the poor lived in traditionally deprived communities; many others lived in the suburbs. In fact, according to Georgetown University's Peter Edelman, in his book *So Rich, So Poor*, in the first decade of the twenty-first century, suburban poverty increased by fully 53 percent. Much of that was due to an extraordinary collapse in the worth of assets owned by middle-class African American and Hispanic families. In 1984, the median value of household asset ownership for African American families was \$6,679. By 2009, as the recession destroyed the worth of homes, that number had declined to a mere \$4,900—thirty years of asset accumulation vanished. White households, despite suffering during the recession, by contrast still had a median net worth of \$92,000.⁵

The disparate impact of the crisis could be measured in soaring regional unemployment numbers and age- and race-specific poverty data. In Imperial County, California, for example, residents were experiencing a collapse on a scale that most of the country didn't witness even at the height of the Great Depression. Nearly one in three workers were unemployed, and for the 68 percent of the working population in the county who had jobs, average income was abysmally low, hovering not far above the poverty line.⁶

In Detroit, more than one-third of the total population was in poverty, and upward of two-thirds of children were in families living below the poverty line.⁷ New Orleans fared almost as badly: there more than four in ten kids were in poverty, and, in the African American community, fully 65 percent of children five and under lived below the poverty line.⁸ These numbers were so extraordinary that they made Philadelphia's abysmal data look almost good in comparison: there, a mere one in three children lived at or below the poverty line.⁹ In Indiana, nearly one in ten kids lived in "extreme poverty," meaning their family incomes didn't even reach half of the poverty line threshold.¹⁰ In northern St. Louis in 2010, the poverty rate for kids stood at a dispiriting 30 percent.¹¹

Not surprisingly, in May 2012, UNICEF reported that of the world's developed countries, the United States had the second highest rate of child poverty, with more than 23 percent of its kids officially poor. Only Romania, still struggling to shed itself of the awful legacy left by Nicolae Ceaușescu's dictatorship, had worse numbers.¹²

We look at the scale of misery unleashed; shake our heads; listen to that inner voice saying sadly, "What a tragedy"; and then, assuming we're fortunate enough not to be poor ourselves, we try to get on with our lives. Yet, if we thought a little harder, we'd realize that what we're witnessing isn't so much a tragedy as a scandal.

It's a subtle difference, but an important one. What turns poverty into a scandal rather than a tragedy is the political landscape out of which it bubbles. "It makes a difference if we treat it as a bug or a feature," argued longtime community organizer and Harvard Kennedy School of Government senior lecturer Marshall Ganz. "Is it a bug in the system for which we provide a safety net, or a *feature* of the system? It's a moral, political, and economic crisis. It's a process of suicide. When countries stratify themselves into a wealthy few and an impoverished many, they go down the tubes."

For Ganz, poverty was akin to the “miners’ canary.” It was the warning signal of a more general malaise—of school systems in disrepair, healthcare delivery mechanisms that were no longer delivering healthcare to large swaths of the population, a degraded environment, and more. “As long as people think poverty is the problem,” Ganz explained, “they’re missing the whole point. Poverty is evidence of a problem; it’s not the source of the problem. They’re all based on the weakening of collective institutions—the decline of labor, of common interests. The core question is not about poverty, it’s really about democracy. The galloping poverty in the United States is evidence of a retreat from democratic beliefs and practices.”

When people go hungry because of, say, drought or a plague of locusts; when thousands die in an epidemic; when natural disasters convert whole countries into wastelands, religious people say they are acts of God—the less religious might say they are acts of nature. But the process of casting around for someone to blame takes a back seat. Tragedy is, somehow, beyond the realm of the deliberate, the product not so much of malign decisions as of confounded bad luck, of happenstance.

By contrast, when poverty flourishes as a direct result of decisions taken, or not taken, by political and economic leaders, and, either tacitly or explicitly, endorsed by large sectors of the voting population, then it acquires the rancid aroma of scandal. It is a corrosive brew, capable of eating away at the underpinnings of democratic life itself.

My aim in writing *The American Way of Poverty* is to shine a light on this travesty; to bring poverty out of the shadows; and, ultimately, to suggest ways for moving toward a fairer, more equitable, and more truly American social compact. For what is caused by human choices can, mostly, be solved by human choices. Tragedies, quite legitimately, tend to generate hand-wringing; scandal, by contrast, ought first and foremost to lead to action.

The American Way of Poverty is a plea for a more morally cogent political approach to poverty for an acknowledgment of a crisis that existed *before* the 2008 financial collapse and shows every sign of continuing to exist even as the broader economy slowly recovers *from* that collapse. It is more than a technocratic discussion of poverty; rather, it is a portrait of a political system in crisis, of a democracy that has ceased to be able to address the basic needs of a growing proportion of its population.

At the same time, my book also offers a blueprint for change, exploring how a new politics could emerge that prioritizes poverty as a moral challenge, and how once that politics takes root, we could retool our welfare systems; better craft our tax policies; set up new social insurance systems as ambitious as that of Social Security; rethink our strategies on private and public debt; invest more thoroughly in education, housing, healthcare, and other vital parts of the public commons; and set in place wage and pension protections all aimed squarely at providing basic security to the American population.

It is, after all, of little use to identify problems if one doesn’t also spend time exploring solutions. The second part of *The American Way of Poverty* details a comprehensive, and creative, set of policies to be rolled out over a period of years, which would not only tackle the consequences of wholesale poverty but would go a long way toward dealing with its underlying causes. I explain how support for such policies can be generated—how many of the organizing methods and outreach used by Barack Obama’s campaign team in both 2008 and 2012 lend themselves to just such a mission—and how the rigid anti-government, anti-tax rhetoric popularized by conservatives over the past few decades could over time be successfully neutralized.

Fifty years ago, Michael Harrington warned his readers that unless attention was paid, another journalist decades in the future would end up writing about the exact same conditions that he had

chronicled. “After one read these facts, either there are anger and shame, or there are not,” he opined. “And, as usual, the fate of the poor hangs upon the decision of the better-off. If this anger and shame are not forthcoming, someone can write a book about the other America a generation from now and it will be the same, or worse.” It was, Harrington believed, a moral outrage that in a country as wealthy as America, so many people could be so poor, and so many other people could turn blind eyes to the plight.¹³

Fifty years on, I am chronicling these conditions, as alive today as they were in the early 1960s. Unfortunately, Harrington’s prophecy has come true: conditions are again getting worse for a vast number of Americans, yet for millions of others, it is all too easy to downplay, or to simply ignore these dire straits.

The Voices of Poverty

POVERTY IN THE LAND OF THE PLUTOCRATS



Food pantry manager Ginny Wallace opens up an empty freezer in her Appalachian Pennsylvania pantry. Demand is up; donations are down.

In the fall of 2011, with hunger rearing up across America, the large freezer bins at the Port Carbon Food Pantry (PCFP), in the small, gritty, Appalachian town of Pottsville, Pennsylvania, were empty. The shelves next to the freezers were also largely barren. A few boxes of egg noodles provided about the only sign that this was a place in the business of giving out food to those who could no longer afford to buy it. An adjacent room was doing slightly better, displaying stacks of canned fruit, canned corn, beans, and bags of pasta. But, taken as a whole, these were slim pickings. Clients who walked or drove up the hill, the remnants of an unseasonably early snow storm still on the ground, from the center of town to the two-story building were eligible for six to ten days of food, but that food was all they'd be able to get from the pantry for the next two months.

Three years earlier, explained PCFP's coordinator, Ginny Wallace, the rooms were filled to bursting with food. Then the economy tanked; demand for the free food soared; and at the same time, the locals' ability to donate to the pantry crumbled.

Pottsville, and neighboring communities such as Mechanicsville and Schuylkill, made up a bleak region even in the good times. A onetime coal mining hub, it was a center of labor militancy in the early years of the twentieth century. But in recent decades most of the mines had closed down; many of the jobs that replaced the unionized mine work were low-paying, service-sector ones that provided few benefits. Add into the mix rising unemployment and home foreclosures, and an already precarious situation suddenly got a whole lot worse. "The need has increased and the surplus food given has decreased," Wallace explained, holding open the lids of the large freezers to emphasize the emptiness. "The only thing in here is frost building up. Three years ago, we used to have to turn down deliveries."

Many of the men and women who were helped by food pantries such as this were elderly people on fixed incomes who increasingly found they couldn't stretch meager monthly checks to pay all the bills, buy all their medicines, and also feed themselves. People such as 86-year-old widow Mary, a onetime factory worker and bookkeeper of Polish immigrant stock, whose \$592 Social Security check didn't come close to covering all her costs. "I manage," she said flintily. "You've got to know how to manage. And if you're a boozier and a smoker, then you don't manage. I live according to my means. That's what life is all about." Yet despite her pride, Mary, who picked up some additional money helping to care for a 102-year-old woman nearby, recently had had to turn to the pantry for help. "Every time you go to the store or turn around," she explained, "the bills are higher."

Other pantry clients were younger, families whose breadwinners lost their jobs during the recession that followed the financial collapse of 2008. Take 53-year-old Luann Prokop, an accountant who was laid off when the local manufacturing company she worked for could no longer stay afloat. She started an independent business and was taken over, and restructured, by a multinational corporation. "I had to apply for food stamps. Money was really tight. By the grace of God I was able to hold onto my house, but I did have to apply for two deferments during the two years I was on unemployment. I became more introverted, especially after getting rejected [from jobs she'd applied for] over and over and over again. I had a good, solid background; I have fabulous references. I couldn't understand why. It was a difficult, dark period."

Having burned through her savings, her retirement accounts, and her unemployment benefits, and having fallen far behind on her mortgage, Luann realized that unless she started using the food pantry, she and her two teenage children would literally go without meals. Then, adjusting her expectations ever downward, she took an accounting job at the center that housed the pantry. She was bringing in about \$20,000 per year, whereas a few years earlier she had earned \$60,000—not enough to live well.

but too much to qualify for many government benefits.

Now, I shop in thrift stores. I live paycheck to paycheck. I make sure my children have necessities before I buy for myself. Fortunately, I don't have a car payment, but my car is on its last lap. I'm barely holding onto the house. I'm on assistance for electricity—a state program, which allows me to keep my lights on. I don't know how I'm going to make it through the winter with heating. I saved up money for oil, but it's a fraction of what I'm going to need to get through the winter. I don't get food stamps. I'm strictly on my own. Last year it was really, really rough—coming up with the money to heat the house. I had to defer my mortgage for three months; they added the interest I would have paid onto my new payments.

When she ran out of food, Luann improvised. “Chicken bouillon plus rice tastes like chicken rice soup,” she said, and shrugged. “Of course, there's no chicken in it.”

And then there were the pantry denizens escaping domestic violence who had run up against draconian cuts to the shelter system. One client, Wallace recalled, was a woman in her late forties about to enter a shelter. “We got a request to provide her food because she has to bring her own food to the shelter. The programs that assist the working poor and the poor are in dire straits.”

Variations on the stories from Appalachian Pennsylvania could be encountered in cities and regions across America. After all, an economic free-fall of the kind that the United States underwent after the housing market collapse and then the broader financial meltdown leaves carnage in its wake. For those born into poverty, the hardship is magnified. For millions of others who thought of themselves as upwardly mobile, with middle-class aspirations and middle-class spending patterns, the crisis flung them down the economic ladder, replacing a precarious fiscal stability with a continuous struggle to survive.

In the working-class, immigrant community of Pomona, a few miles east of downtown Los Angeles, in fall 2008 five eleventh-grade and ten twelfth-grade students in Village Academy teacher Michael Steinman's English classes began compiling their stories of poverty for a video project. “I was aware of the economy, but I wasn't personally affected too terribly,” Steinman explained. “But when I asked my students how things were going, in my AP class—we were studying *The Great Gatsby* at the time—every single student had been affected. I wanted them to give testimony to what they had witnessed and they were going through. The concept of the American Dream has either evaporated or gone away. Daily, I work with kids who are very much stressed. They hide it well, but there's a certain amount of shame that they carry about being poor or struggling. But I do know they're going through circumstances that definitely impact their studies and their ability to think about the future and be positive.” The video footage that they created and put up on YouTube went viral in January 2009. Barack Obama's presidential transition team was shown the video. A couple of months later when he visited Southern California, the newly inaugurated president held a rally in a lot adjacent to the buildings that housed the experimental school—whose student body is overwhelmingly made up of young people from ethnic minority backgrounds, and one ranked by *U.S. News & World Report* as one of California's best educational establishments. Obama also invited Steinman and his students to the White House.

Yet for all the hoopla around their project, nearly a full presidential cycle later, conditions for many of the students at the Village Academy high school remained appalling.¹ Large numbers of the kids lived with parents who had lost their jobs during the recession and either failed to find new employment or were working long hours at jobs that paid only minimum wage. Many had lost hom-

to foreclosure—either because of variable-rate, subprime mortgages or because of unemployment—or, behind on mortgage or rent payments, lived in constant fear of losing their homes to the banks or to landlords. Almost all of Steinman’s students qualified for free school breakfasts and lunches—and for many of these kids, these were the only hot meals they ate. Evenings and weekends, they either went without or grabbed some dry cereal to stanch their hunger. Several honors students at the high-performing school, who should have been applying to college, were instead thinking of quitting education and getting dead-end work just to help their families pay the bills.

“Sometimes I cry,” Oliver Lopez explained as he described his family’s struggles—his mother out of work, his father working two part-time minimum-wage jobs, he and his three younger brothers living from meal to meal. “I see how hard my father works; and I’m 18 years old and just come to school. I don’t do nothing. Sometimes we don’t even have food to eat.”

One of Oliver’s classmates described how he, his mother, his two sisters, his grandmother, two uncles, an aunt, and her daughter all lived in a one-bedroom apartment, most of them sleeping on the floor, until they fell behind on their rent and were evicted in early 2010. The family had split up, with groups of two or three going off to stay with different relatives. The young man was living with his mother, who in a good week was earning \$300 as a housecleaner, and his two younger sisters in a single room in a friend’s house. During mealtimes, the mother would eat leftovers off of his and his sisters’ barely filled plates. “I’m depressed. I spend most of my time crying alone. My mom tells me I should get a job. She gets mad at me. She works from 6 A.M. to 5 P.M. I’m actually out trying to find a job. But there’s nothing.”

In the tiny community of Anthony, just outside of Las Cruces, New Mexico, Lorenza and Jorge Caros lived on a piece of scrubby land in the harsh but beautiful high desert. Their living conditions were, to say the least, extraordinary. At the back end of a sandy, cluttered lot, the pastel blues of the New Mexican sky providing a backdrop, they lived in an uninsulated, windowless, cinder-block storage space with an unfinished concrete floor. One half was crammed floor to ceiling with pickings from street fairs and yard sales—they toured the region, buying goods on the cheap and then reselling them at a fraction above what they paid in the street markets of Las Cruces. The other half of the room, divided from the pile by a hung blue tarpaulin, contained a high bed, a propane-fueled stove, huge piles of clothes and bric-a-brac, and a plastic chair with a circular hole cut in its wicker seat. When in use, a chamber pot would be placed beneath the chair. This, said Lorenza in Spanish, her eyes lowered as she talked, was the device on which they performed their morning ablutions.

It was a strange scene, at once theatrical and also deeply depressing. The storage space was dark and chilly, an incubator of germs. Its occupants, wrapped up in heavy layers against the cold—she in lilac sweatpants and a thick white coat, he in workmen’s boots, jeans, a wool-lined blue jean jacket, and a woolen hat—were edgy, kind yet skittish, nervous that they were being judged for how they lived.

The Caros lost their mobile home in 2010, when they fell behind on their payments after Jorge lost his job. Now, despite the fact that Jorge had managed to get another minimum-wage job as a cleaner for a local company, and that Lorenza brought in a few dollars from her flea market sales, they lived in the storage room on the land that used to host their home. “We meet our necessities, we don’t have anything beyond our necessities, but we meet our necessities here,” explained Lorenza in a soft voice. “It’s very, very cold when I use the toilet seat. We have electricity, so we have little heaters right now. But

when we run out of gas—the stove is propane and helps to keep the heat—it gets colder. Last January it was very bad for us. We had the freezer, didn't have any water. I had colds. When we need medical care we drink whatever herbs we can, [take] Tylenol.”

During the toughest times, they had gotten food on credit from women at the flea market and made do on one or two meals a day. “In the morning we'd have a cup of coffee and a piece of bread; in the afternoon a burrito or gorditas—Mexican sandwiches. Nothing in the evening. Sometimes we had those little instant soup cups out here.” On the rare instances they had spare money, they bought potatoes and beans in bulk and made them last for weeks.

The dreams the Caros had were impossibly modest. “I expect things to get better,” said Lorenza. “Now that Jorge has a full-time job we hope things will get better. I want to live in a house with an indoor toilet. A nice, big toilet.” She laughed, the nervous laugh of someone on the verge of tears. Jorge fiddled with a kettle of water on the propane stove. The sun was starting to go down, and already the mid-December evening was desperately cold.

Residents of the United States increasingly inhabit two economies. Prokop, the kids in Steinman's class, the Caros—they are the denizens of the ill-starred half of this reality, of that “economic underworld” conjured up in Harrington's writing.

Statistics from the Organization of Economic Cooperation and Development (OECD) and the United Nations (UN) show that the United States has the lowest average life expectancy and the highest infant mortality rates of any affluent democracy with a population of more than ten million. “Back in 1987 only seven other countries had longer life expectancies,” wrote the UN health economist Howard Friedman in his book *The Measure of a Nation*. “Today we're not even in the top twenty.”

Having posted huge increases in life expectancy in the first two-thirds of the twentieth century, the United States rested on its laurels. While other countries extended healthcare to all residents and provided decent antenatal care to all women regardless of income, America in the latter years of the twentieth and first years of the twenty-first centuries witnessed an epidemic of uninsurance, with tens of millions of Americans having no access to routine medical care.² The poor health outcomes Friedman noted, were concentrated in particular parts of the population. Asian American women, he wrote, had a life expectancy twenty years higher than that of African American men, living to nearly 90 years on average.³ Well-off white women could also expect to live well into their 80s.⁴ In stark contrast, several news organizations have reported in recent years that the life expectancy for African American men in New York's Harlem neighborhood is lower than that for residents of Bangladesh. And in August 2012, the journal *Health Affairs* published a paper showing that white women without a high school diploma had seen a catastrophic five-year decline in their average life expectancy since 1990. For white men in the same educational grouping, the decline was slightly smaller, at three years, but still highly disturbing.⁶

The prevalence of low-birth weight babies and of infant mortality was far higher in the South—where a lower percentage of the population had access to healthcare and where, historically, the safety net was weaker—than in the Northeast, and was far more common among African Americans than among whites. Similarly, according to research carried out by a team funded by the Social Science Research Council, the eleven states in America with the lowest life expectancy were *all* in the South. It wasn't that American life expectancy was declining, or that infant mortality was going up; rather,

was that because of the huge inequalities in American society and the well of poverty at the bottom, other countries were now improving at a faster rate than was the United States.

In education, the same trends held. The poorer the family one was born into, the higher the likelihood that a child would struggle in school. Even if he or she did well in the classroom, there was a lower likelihood that the child would be able to attend college. Friedman noted that the most successful eighth graders from poor economic backgrounds had only the same chance of attaining a bachelor's degree as the least successful eighth graders from the wealthiest echelon of society. When the literacy, math, and scientific knowledge of American schoolkids was compared to most other affluent democracies, America performed abysmally. But the numbers weren't evenly distributed. White and Asian American students, especially those from the middle classes, held their own in these international comparisons and as a result were disproportionately able to access many of the world's top universities after finishing school. By contrast, African American and Hispanic schoolkids, and those whites far down the economic ladder, scored very poorly. Once again, the scale of inequity in America, as compared to most other first world democracies, was skewing the country's educational numbers downward vis-à-vis other nations.

At the top of the U.S. economy, highly educated, highly skilled professionals are in possession of an ever-greater proportion of the country's wealth. Five percent of Americans live in families with annual incomes in excess of \$180,000.⁸ That's enough to be very comfortable but not to buy Picasso, fly in private jets, or give tens of thousands of dollars to a political campaign on behalf of a chosen candidate. To get that level of affluence and influence, one has to go even further up the income chain. In fact, it's at the very peak of the economy, among the wealthiest 1 percent, that incomes have truly soared in recent decades. Since the late 1970s, the real income of this group of privileged Americans has almost tripled. As of 2011, *Forbes* magazine found 412 Americans had assets in excess of \$1 billion. According to the Credit Suisse Global Wealth Databook for 2011, of the nearly 85,000 people globally with a net worth of more than \$50 million each, upward of 35,000 of them live in the United States.⁹ Take it down even one more level and the 2011 *World Wealth Report* estimated that the United States had 3.1 million millionaires.¹⁰

Meanwhile, most Americans—whom the Occupy Wall Street movement, from 2011 onward, took to calling “the other 99 percent”—find their net worth is declining. In 2010, the median annual wage in America fell to \$26,364, representing a 7 percent decline over the course of the first decade of the new century and a roughly 20 percent decline from 1973, when, in inflation-adjusted dollars, the median wage was \$33,000.¹¹ What does that mean in practical terms? It means that half of all American wage earners bring home an amount that, at most, is only \$4,000 a year over the poverty line for a family of four. If they're lucky, they live in households with more than one earner, the two incomes combined keeping the family afloat; if they're less fortunate, they work full time, and yet their families continue to sink ever closer to the poverty line.

“Our lives are living minute by minute, and we are scared,” said 59-year-old Sandy Struznic describing the life on the margins that she and her husband, John, lived in Des Moines, Iowa. They stood ramrod stiff next to each other as I was introduced to them, looking like the couple in the classic Grant Wood painting *American Gothic*: austere, used to tough times, stoic. “We have no health care coverage, very limited income, are underwater with our mortgage. Don't know if we're going to keep our home. It's discouraging on a day-by-day basis. Every program we apply to for help, we get denied.” An electro-mechanical worker, John had been in and out of work since the recession hit in 2008. When he found work, it was generally low-paid, and as often as not, the great bulk of his

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