

edited by

MICHAEL R. DARBY

# REDUCING POVERTY IN AMERICA

VIEWS AND APPROACHES

□ 2


Poverty, Welfare Dependency,  
and the Underclass

Trends and Explanations

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My role in this chapter is to set the stage for the discussions that follow by providing a road map of contemporary poverty. As neutrally as I can, I will present what we know about the shape of poverty and the factors that contribute to it. Because my space is limited, I can present only a partial picture of what is happening.

As the title of this chapter suggests, there are three perspectives or ways to examine poverty. First, we can consider the people whose income falls under the government's official poverty line. Second, we can consider those who are on welfare, especially those who seem to be caught in all but permanent welfare dependency. Third, we can consider those who are part of what some observers call the "underclass," that is, those poor people whose poverty is aggravated by growing concentrations of socially pathological behaviors.

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### The Official Poverty Line

Since 1963, the federal government has maintained an official poverty line. Persons or families whose annual incomes fall below it are officially considered poor by the federal government. The poverty line was originally created by Mollie Orshansky at the U.S. Department of Agriculture (USDA). On the assumption that food expenditures account for 33% of a family's budget, she set the poverty level at three times the cost of what the USDA called the lowest-cost "nutritionally adequate" diet. Every year since then, the poverty line has been adjusted upward for inflation. In 1992, the poverty line was \$7,202 for one person, \$9,212 for a family of two, \$11,280 for a family of three, \$14,463 for a family of four, and so on (U.S. House of Representatives, 1992, Appendix J, Table 1, p. 1272).

The official poverty line has many weaknesses that I do not have time to discuss in this chapter. Suffice it to say that because of the poverty line's shortcomings, many means-tested federal programs of assistance to the "poor" do not use the poverty line to determine eligibility for benefits. Food stamp eligibility, for example, is set at 130% of the poverty line; Medicaid for pregnant women and children under 6 is set at 133% of the poverty line.

Despite its many weaknesses, the official poverty line is the most widely used measure of poverty trends because it provides a reasonably accurate picture of relative changes in the condition of Americans who are disadvantaged. One caveat: The data we have on poverty are almost entirely based on reports from poor persons themselves. It is widely agreed that as much as 20% of income among those who are poor is not reported. Moreover, the Census Bureau has great difficulty even finding some of the persons who are the most disadvantaged, especially black men. Therefore, any discussion of poverty statistics has to be taken with due care.

One other point: I know that many people prefer the term *Latino*. Because I am using data published by the Census Bureau, however, for technical clarity I will use its terminology, that is, *Hispanic*.

With this understanding, let's look at poverty trends during the past 30 years. As Figure 2.1 shows, between 1959 and 1973 there was a sustained and substantial reduction in the number of people living in poverty, from about 22% of the population to about 11%. But the figure also portrays the central conundrum of poverty policy. In explaining his economic philosophy, President John Kennedy used to say that "a rising tide raises all boats." That used to be true, as Figure 2.1 indicates.

Sometime in the 1970s, however, something changed—and the connection between economic growth and reductions in poverty was broken, as Figure 2.1 also indicates. Progress against poverty all but ended, although the gross

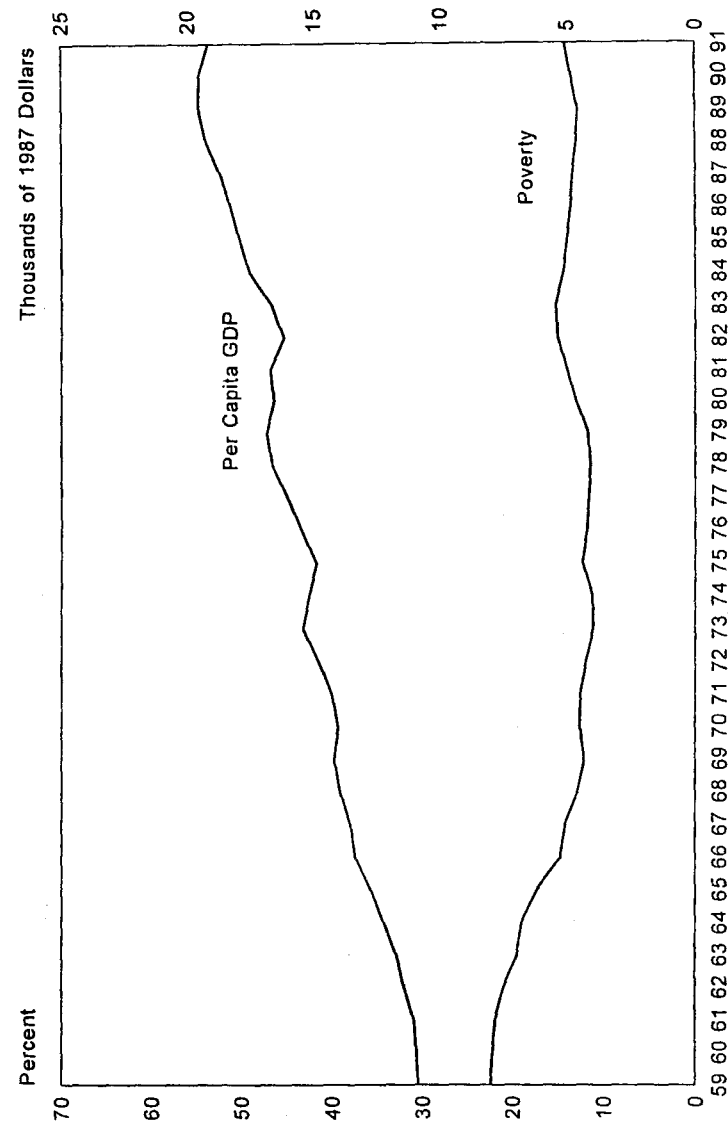


Figure 2.1. Poverty Rate and GDP (1959-1991)

SOURCES: Economic Report of the President (1992); U.S. Department of Commerce (1992b, Table 2).

domestic product (GDP) continued to rise on a per capita basis. Deciding what happened is central to deciding what type of antipoverty program to have.

### Welfare Reciprocity

I mentioned that many means-tested federal programs do not use the official poverty line to determine eligibility. In fact, and contrary to widespread belief, not all poor people are on Aid to Families With Dependent Children (AFDC). Actual eligibility for welfare benefits is established by the states, and it varies substantially.

As Figure 2.2 indicates, only about 56% of all families with incomes under the poverty line were on welfare in 1991. Most of these were headed by a single or separated mother who was not working. Of all poor families, only about 20% had one member who worked full-time for the full year.

As Figure 2.3 indicates, as of August 1992, almost 13 million people were on welfare. Most startling, in just more than 2 years (from July 1989 to November 1991), caseloads rose by 24%. Today, one in seven American children is on welfare, at a combined federal, state, and local annual cost of \$22 billion. Nationally, the average monthly maximum AFDC payment is \$372. Food Stamps is also an important income support program—for the working poor as well as for AFDC families. About 25 million people received food stamps in 1992, at a cost of \$20.5 billion.

There is also an important racial and ethnic dimension to welfare reciprocity. In 1990, 40% of those on welfare were blacks, who make up 12% of the general population; 17% were Hispanics, who compose 8% of the general population. Of perhaps even greater significance, 33% of all black children are on welfare right now, as are 21% of Hispanic children. That is in contrast to only 6% of white children. (See Figure 2.4.)

### Explanations

What's happening? Why has poverty proved so intransigent in the face of continued economic growth? To begin to understand, it helps to disaggregate the basic poverty statistic to see how different groups are doing. There are many ways to divide the poverty population. A relatively simple but actually quite revealing way is to consider the experiences of three groups:

1. older persons, that is, individuals 65 or more years old;
2. children, that is, individuals under 18; and

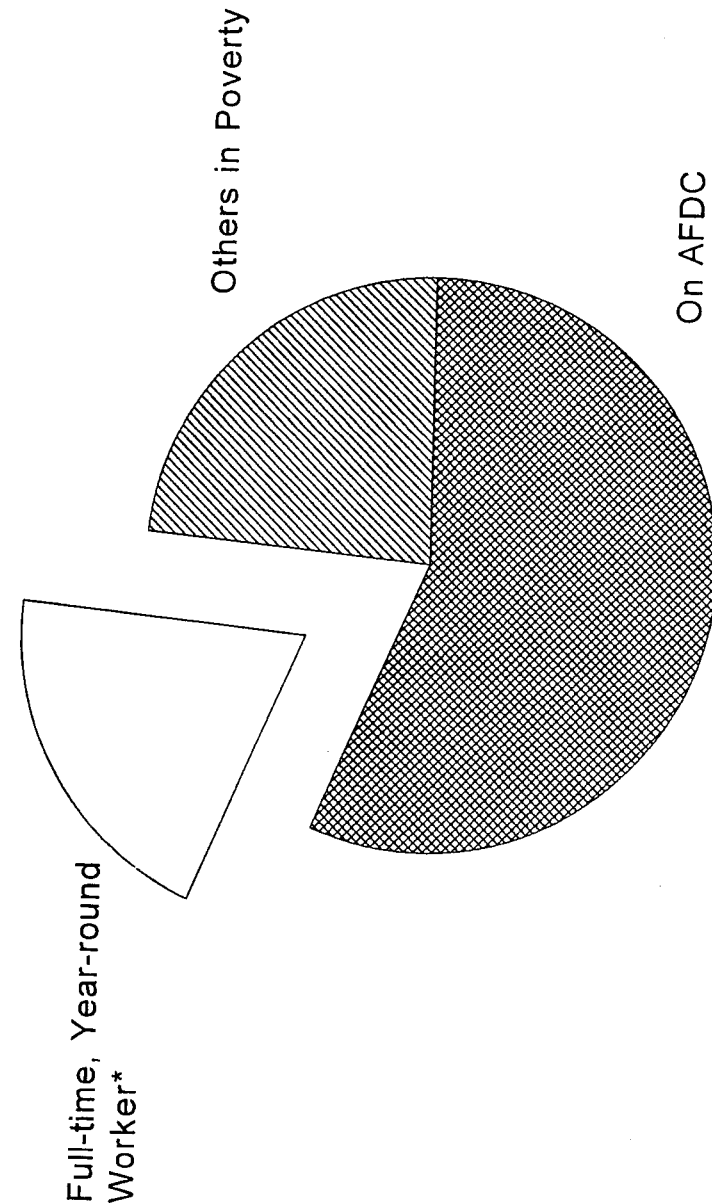


Figure 2.2. Families in Poverty (1991)

SOURCES: U.S. Department of Commerce (1992b, Tables C, 14); U.S. House of Representatives (1992, p. 660).  
NOTE: \*Families in poverty in which at least one person worked full-time, year-round.

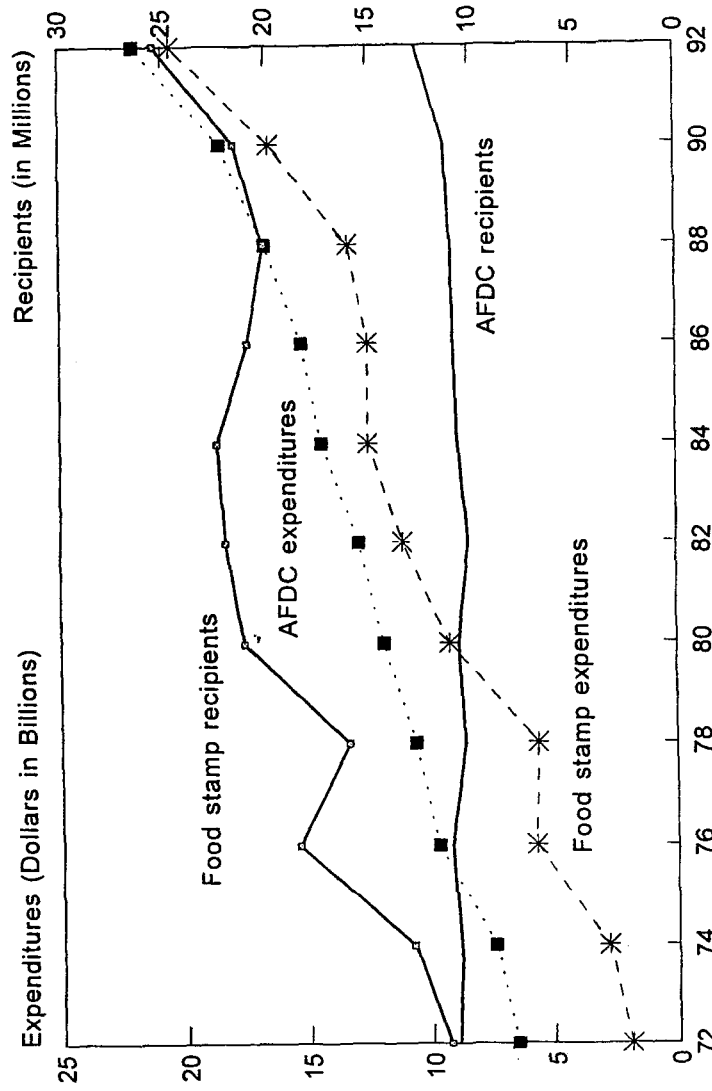
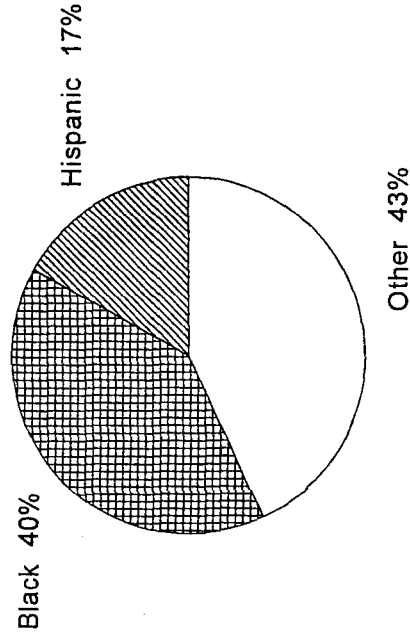
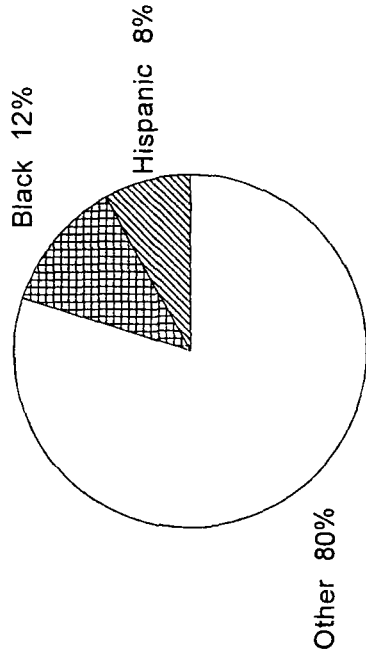


Figure 2.3. Trends in AFDC and Food Stamps: Benefits and Reciprocity (1972-1992)  
 SOURCE: U.S. House of Representatives (1992, Sec. 7 and Appendix P).

### Welfare Recipients



### General Population



Percent of children on welfare in 1990: 33% of blacks,  
 21% of Hispanics, and 6% of whites

Figure 2.4. Welfare by Race (1990)

SOURCES: Department of Health and Human Services, unpublished data; U.S. House of Representatives (1992, Sec. 7, Table 29).

3. unrelated individuals, that is, "persons 15 years and over (other than inmates of institutions) who are not living with any relatives" (U.S. Department of Commerce, 1992b, p. A-9).

As Figure 2.5 indicates, the poverty rate for older persons and for unrelated individuals continued to decline after 1973 when the overall poverty rate began to rise, although at a slower pace. The poverty rate for children, however, began to climb after 1969. In the last 22 years, the poverty rate for children has increased by more than 50%.

Liberals often say that poverty could be reduced by throwing money at it. That is certainly what happened in regard to older persons. But it was a lot of money. In 1991, Social Security expenditures for Old Age and Survivors Insurance and Disability Insurance benefits were \$269 billion, about 5% of the GDP (U.S. House of Representatives, 1992, Sec. 3, Table 7, p. 85).

Poverty among unrelated individuals fell for a different reason: declining marriage rates among the relatively more affluent. In the 1950s, marriage rates were as high or higher than at any time in U.S. history. Those who were not married tended to be among the most economically disadvantaged, as reflected in Figure 2.5. In the last 30 years, however, there has been a marked decline in marriage among higher-income Americans. An increased proportion of affluent women are not marrying at all, and many others are delaying marriage (see Figures 2.6 and 2.7). As a result, the basic social and demographic composition of "unrelated individuals" has changed, which, in turn, has lowered the poverty rate for this group.

This dynamic is important to an understanding of poverty because its obverse can be observed in the poverty rate for children, who, more and more, are members of two low-income groups: relatively young, two-parent couples and single mothers. To understand what is happening to these two groups, I want to describe five parallel—and interacting—developments:

1. the decline in low-wage jobs,
2. the impact of immigration,
3. the decline in labor force participation and work effort,
4. the breakdown of traditional family structures, and
5. drugs.

*Low-wage jobs.* In the last 20 years, there have been major changes in the economy, especially a pronounced decline in earnings after 1979, as indicated by Figure 2.8. This figure portrays a clear stagnation of wages. Much of the decline (as opposed to the failure to rise) can be explained by sharply increasing health care costs (as well as other fringe benefits). Many factors are feeding this decline. Among the most prominent are weaker unions,

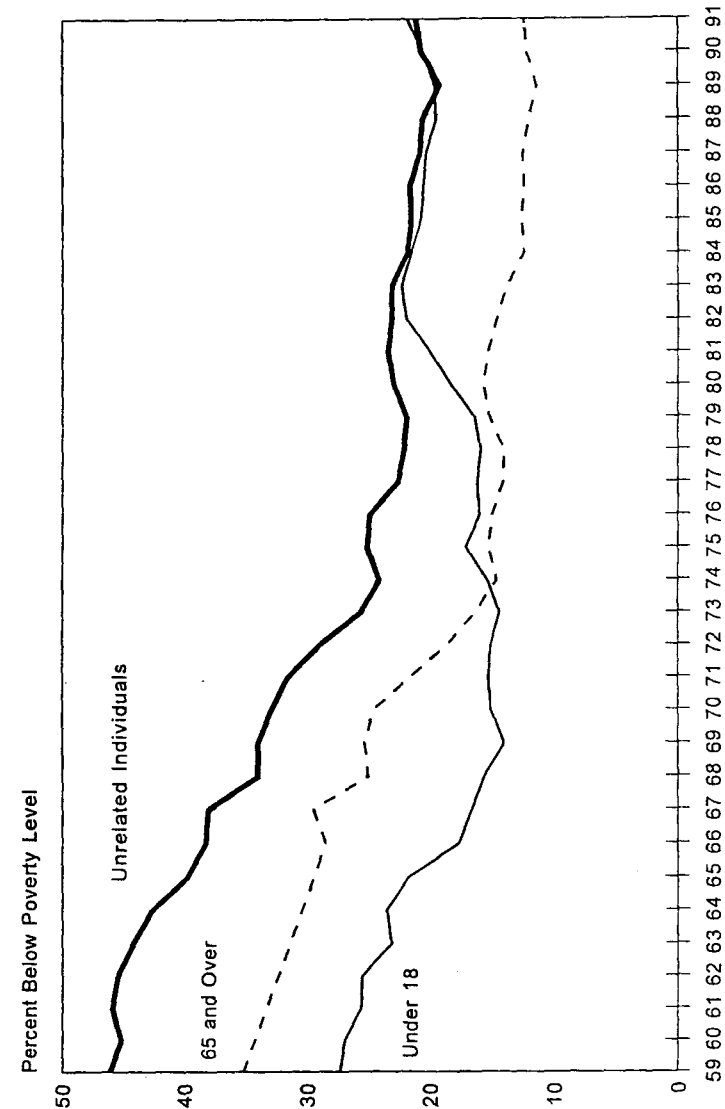


Figure 2.5. Selected Poverty Rates (1959-1991)  
SOURCE: U.S. Department of Commerce (1992b, Tables 2 and 3).

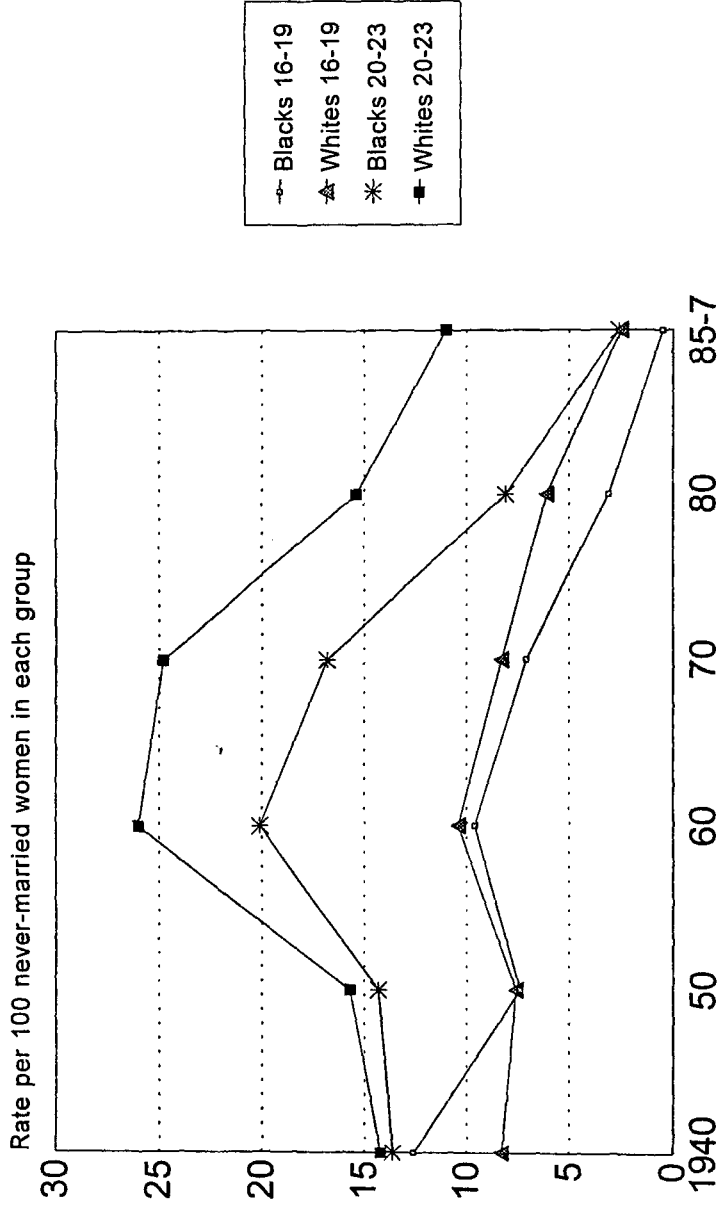


Figure 2.6. Marriage Rates of Women Ages 16-23 (1940-1987)  
SOURCE: Mare and Winship (1991, pp. 183-184).

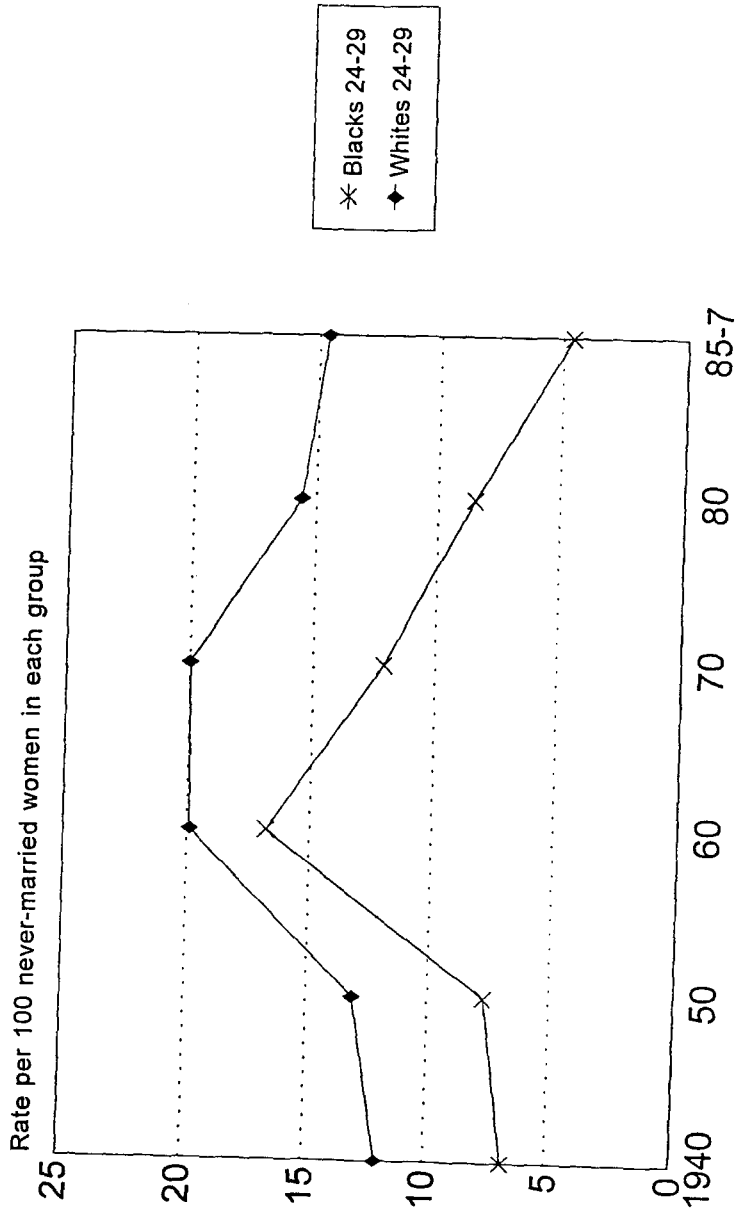


Figure 2.7. Marriage Rates of Women Ages 24-29 (1940-1987)  
SOURCE: Mare and Winship (1991, pp. 183-184).

stronger international competition, changing technologies, and a larger service sector—all of which tend to weaken the demand for low-skilled *male* workers.

*Immigration.* Second, immigration has had a pronounced—and dual—effect on low-wage workers. At least in the short run, immigration tends to lower entry-level wages as the newcomers compete with those already here. In addition, there appears to be a leapfrogging effect, with new immigrants actually doing better than natives. Both these processes are reflected in Figure 2.9.

*Labor force participation.* The third factor explaining declining economic fortunes is that work effort is down among men—but not among women, as shown in Figure 2.10. Again, however, I emphasize the difficulty of distinguishing between cause and effect. Work effort went down before earnings, but clearly, there is an interactive relationship between the two.

The media often treat the issue of nonwork in racial terms. And, certainly, when one looks at Figure 2.11, which shows men with no income by race, one sees a large racial disparity. As Figures 2.12 and 2.13 reveal, however, with a control for educational attainment, labor force participation, if anything, was higher in 1988 for blacks in all but one group—male high school dropouts. I will further discuss this serious problem shortly.

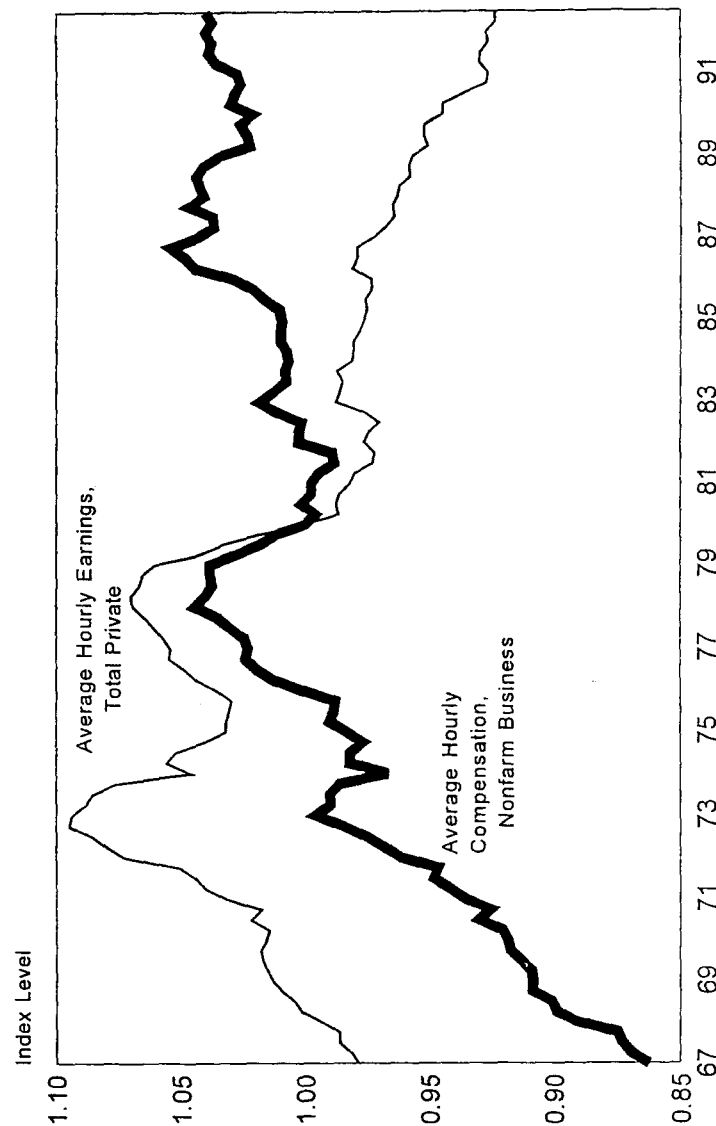
*Family structures.* The fourth major explanation of poverty increases is the change in family structure. For 30 years, out-of-wedlock birth rates have been steadily increasing (see Figure 2.14). Between 1960 and 1989, the rate of out-of-wedlock births among single women almost doubled. Because the number of single women has also grown, the number of children born out of wedlock tripled, from 225,000 children to about 1 million. One in four American children is now born out of wedlock.

Out-of-wedlock birth rates have been rising consistently for both whites and Hispanics. The rate for blacks jumped 38% in the 1950s and then declined almost 20% between 1960 and 1985. But it is again rising fast; the increase between 1985 and 1989, 4 short years, almost entirely offset the earlier, 25-year decline. All three rates are now at their all-time highs (see Figures 2.15 and 2.16).

Many attribute this increase in out-of-wedlock births, and family breakdown in general, to the poor economic condition of young men, especially young black men. As is apparent from the figures, however, the rate of out-of-wedlock births rose before unemployment went up and earnings went down.

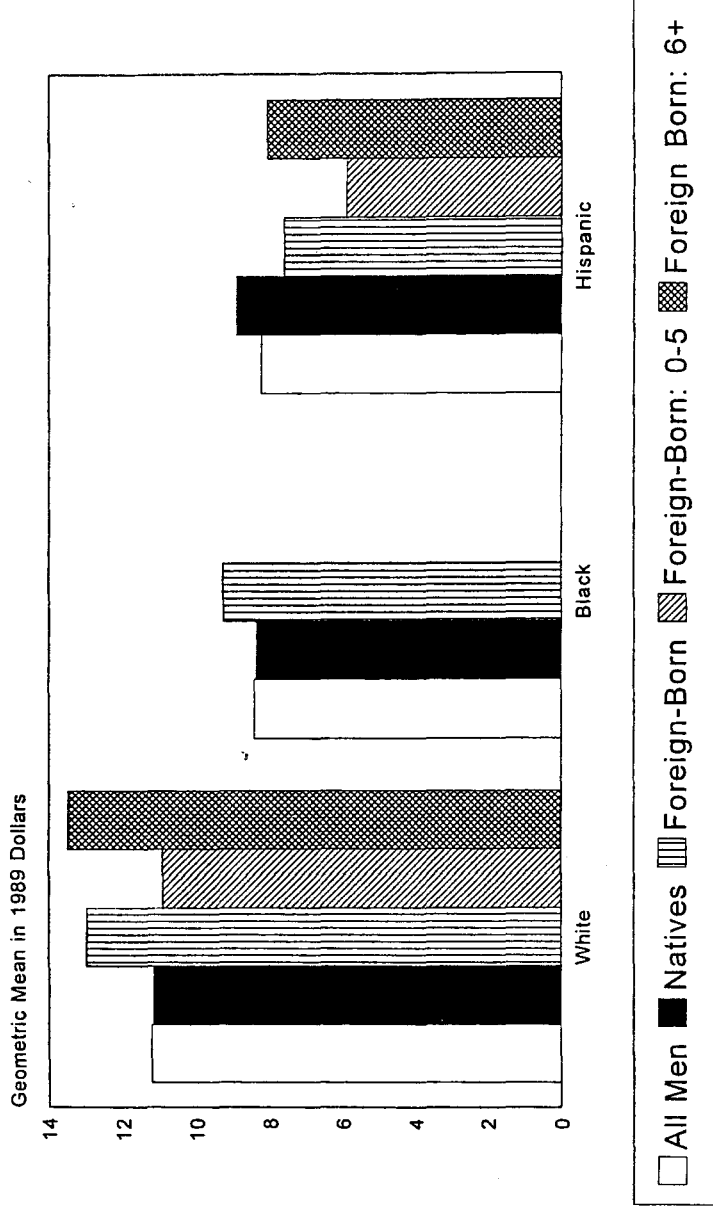
Whatever the cause, the economic impact of this rise in out-of-wedlock births is clear. As Figure 2.17 shows, median income for all American families

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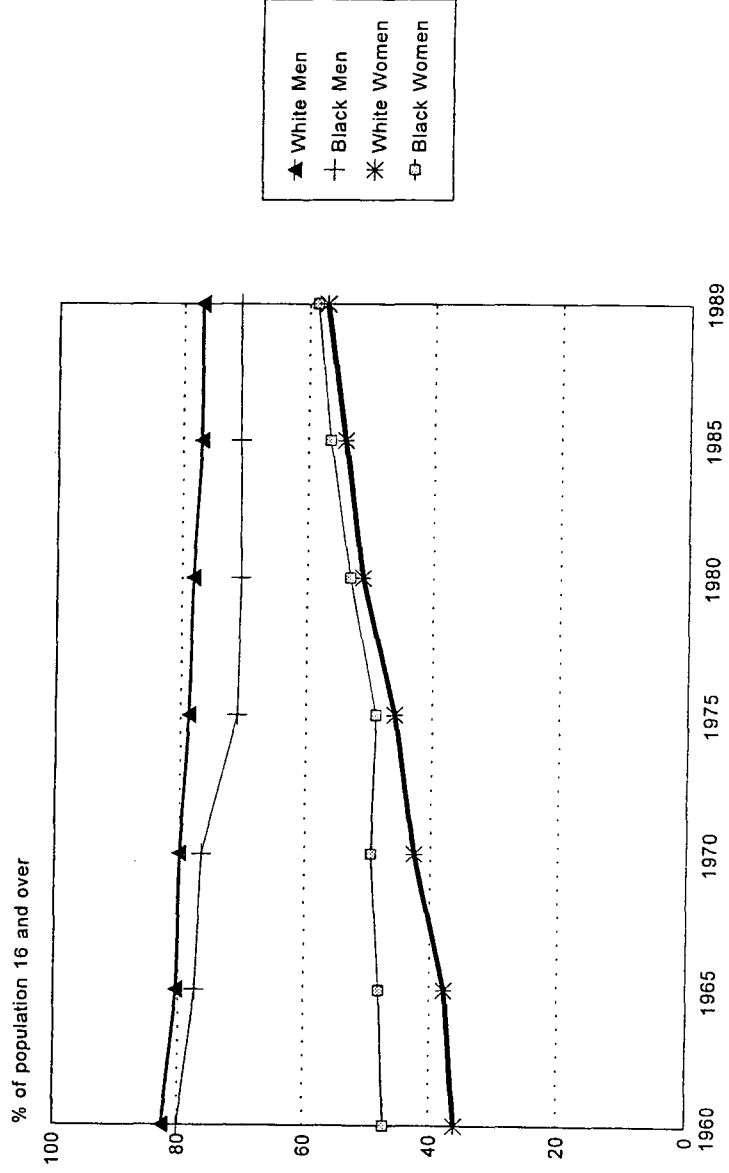


**Figure 2.8.** Wage and Compensation Trends (1967-1992) (1980 = 1, Quarterly)

SOURCES: M. Koster, American Enterprise Institute, January 1993; U.S. Bureau of Labor Statistics.  
NOTE: Data are adjusted for inflation using the Consumer Price Index (CPI).

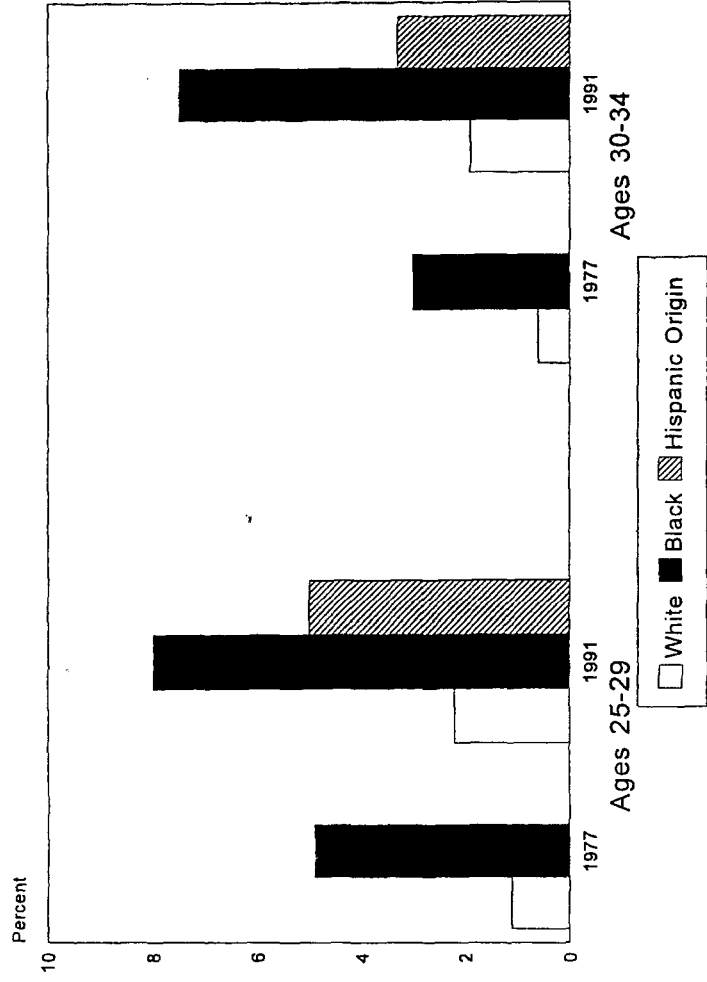


**Figure 2.9. Hourly Pay of Men (1989)**  
 SOURCE: Sorensen and Enchautegul (1992).

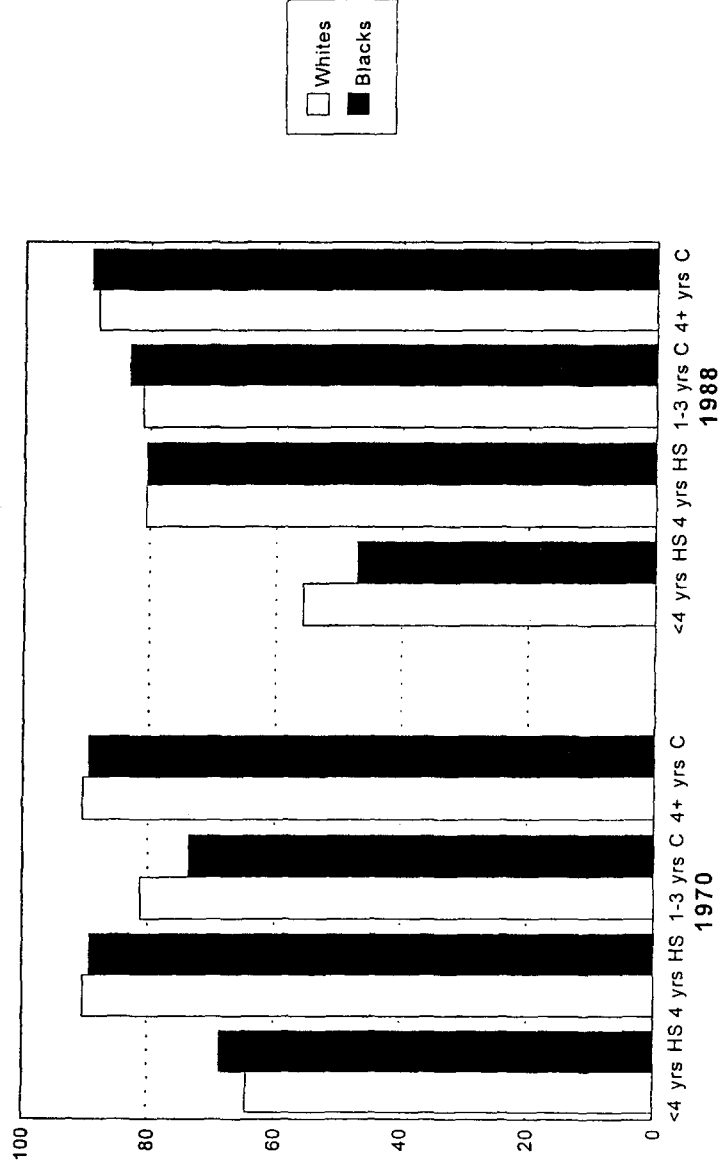


**Figure 2.10. Labor Force Participation Rates by Race (1960-1989)**  
 SOURCE: U.S. Department of Commerce (1971, 1980, 1991).





**Figure 2.11. Men With No Income (1977, 1991)**  
 SOURCE: U.S. Department of Commerce (1992a, Table 29).



**Figure 2.12. Labor Force Participation Rates of Men by Race and Education (1970, 1988)**

SOURCE: U.S. Bureau of Labor Statistics (n.d., unpublished tabulations from the Current Population Survey, March 1970 and 1988).  
 NOTES: Figures for 1970 include men 18 years old and older; 1988 figures include men 16 years and over. Figures for 1970 blacks are for nonwhite men.

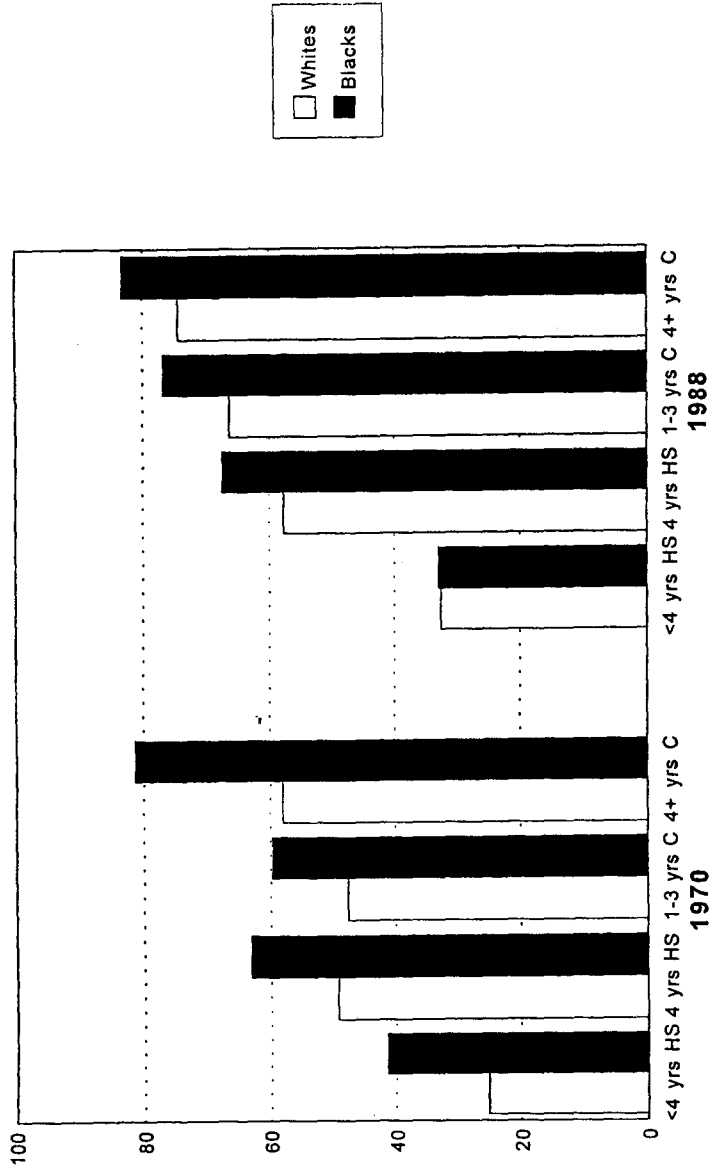


Figure 2.13. Labor Force Participation Rates of Women by Race and Education (1970, 1988)

SOURCE: U.S. Bureau of Labor Statistics (n.d., unpublished tabulations from the Current Population Survey, March 1970 and March 1988).

NOTES: Figures for 1970 include women 18 years old and older; 1988 figures include women 16 years old and older. Figures for 1970 blacks are for nonwhite women.

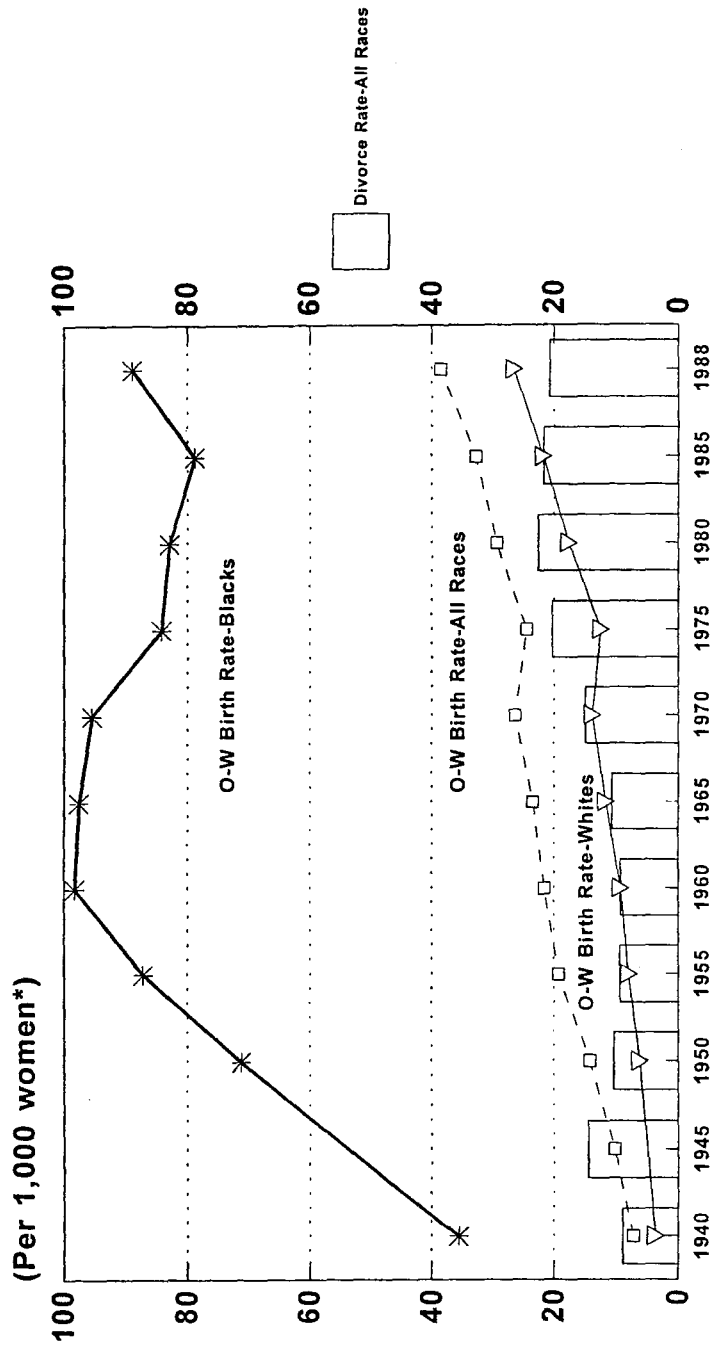


Figure 2.14. Out-of-Wedlock Birth and Divorce Rates (1940-1988)

SOURCES: U.S. Department of Commerce (1975, Series B28-35, p. 52; Series B216-220, p. 64); U.S. Department of Commerce (1992c, Tables 89 and 127).

NOTE: \*Unmarried for out-of-wedlock rates and married for divorce rates.

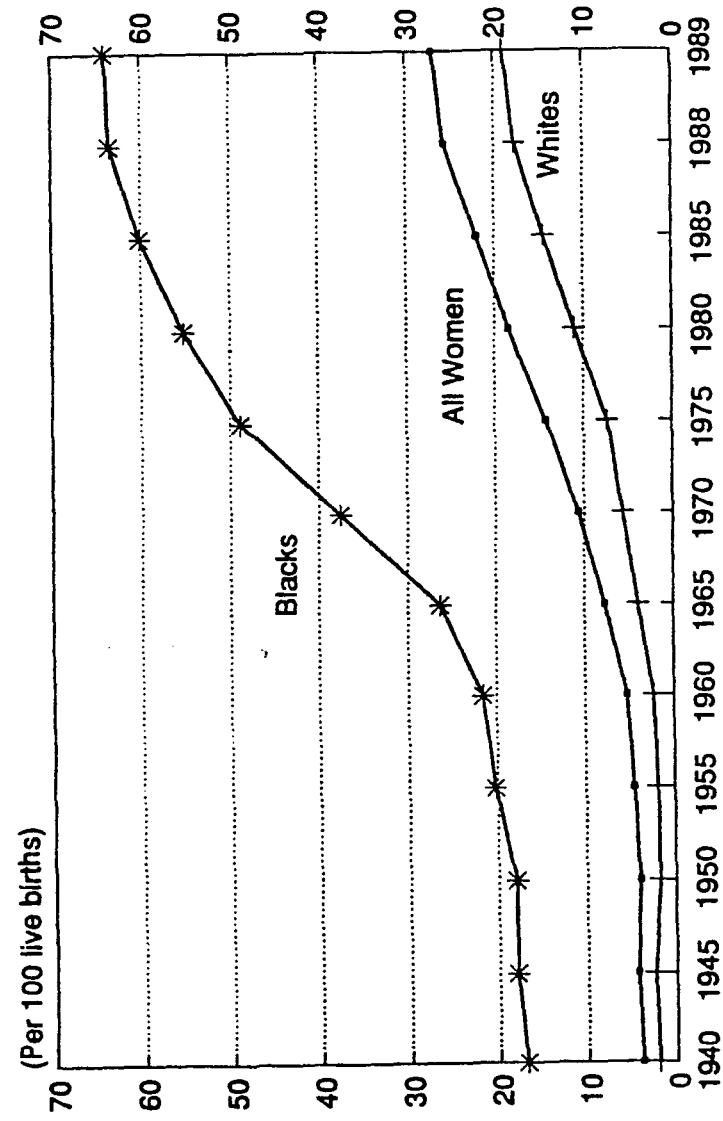


Figure 2.15. Out-of-Wedlock Birth Ratios (1940-1989)

SOURCES: U.S. Department of Commerce (1975); U.S. Department of Commerce (1992c).  
NOTE: Pre-1970 figures for blacks include all nonwhite races.

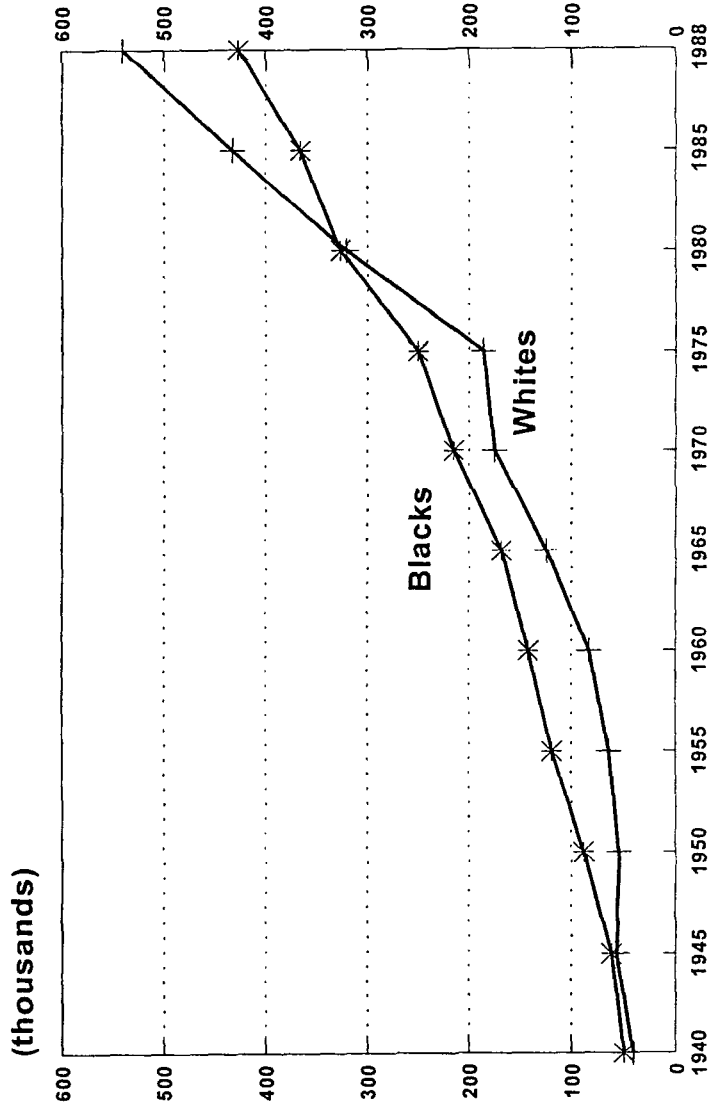


Figure 2.16. Out-of-Wedlock Births (1940-1988)

SOURCES: U.S. Department of Commerce (1975); U.S. Department of Commerce (1992c).  
NOTE: Pre-1970 figures for blacks include all nonwhite races.

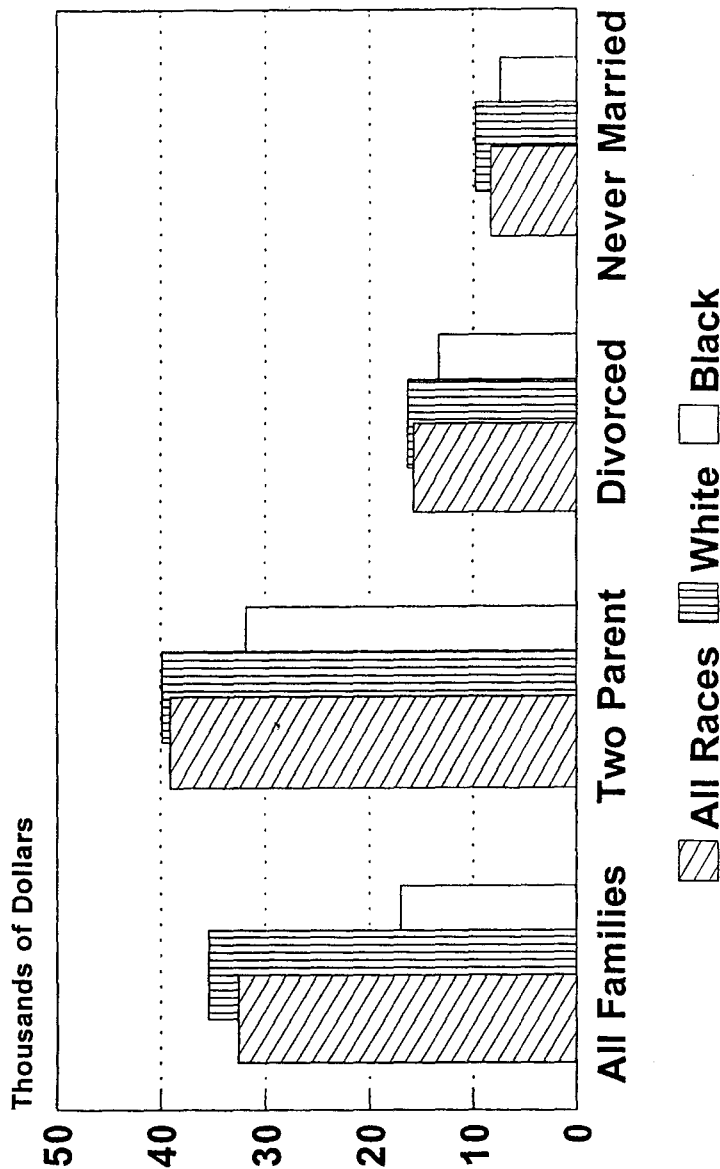


Figure 2.17. Median Family Income of Households by Race and Marital Status (1990)  
SOURCE: U.S. Department of Commerce (1991a, Table 6, pp. 45-60).

is \$32,551. For two-parent families, it is \$39,076. But for families headed by a divorced women, it is \$15,762, and for families headed by a never-married mother, it is \$8,337. Note, also, that racial differences tend to disappear when family structure is taken into account.

About 50% of all unwed teen mothers go on welfare within 1 year of the birth of their first child; 77% go on within 5 years, according to the Congressional Budget Office (see Congress of the United States, 1990, Table 13, p. 52). According to Zill, Moore, Nord, and Stief (1991) of Child Trends, 43% of long-term welfare recipients (on the rolls for 10 years or more) started their families as unwed teens (p. 32).

A mother's age and marital status at the birth of her first child are stronger determinants of welfare dependency than is her race. One year after the birth of their first child, white and black unmarried, adolescent mothers have about the same welfare rate. After 5 years, black mothers have a somewhat higher rate (84% versus 72%), but various demographic factors such as family income, educational attainment, and family structure account for this relatively small difference.

This continuing increase in out-of-wedlock births is reflected in rising AFDC rolls, which are higher than at any time in U.S. history. In August 1992, almost 13 million people were on welfare. As mentioned earlier, in just over 2 years (from July 1989 to November 1991), caseloads rose by 24%. Much of this increase, of course, is the result of a weak economy (see Figure 2.18). However, careful research by a number of analysts indicates that as much as half of the increased caseload has been caused by the growth in female-headed households and, particularly, the growth of out-of-wedlock births among young, disadvantaged women. For example, Gabe (1992) of the Congressional Research Service found that the rise in never-married mothers accounted for more than 70% of the additional 400,000 welfare families found in a Census Bureau survey between 1987 and 1991 (p. 23). (Gabe's statistic cannot be applied to the whole AFDC increase because the Census survey he used misses about half of all welfare families.)

*Drugs.* Finally, one cannot consider contemporary poverty without mentioning drug and alcohol abuse and the toll that it takes on the most disadvantaged people. Figures 2.19 and 2.20 show that although reported drug use among middle-class Americans is declining, use by the inner-city disadvantaged persons has become more severe.

The social and economic implications of heavy drug use are illustrated by Figure 2.21, which shows that between 1985 and 1987, about 30% of all black male residents of the District of Columbia were arrested, and by Figure 2.22, which shows a 50% increase in the number of children in foster care since

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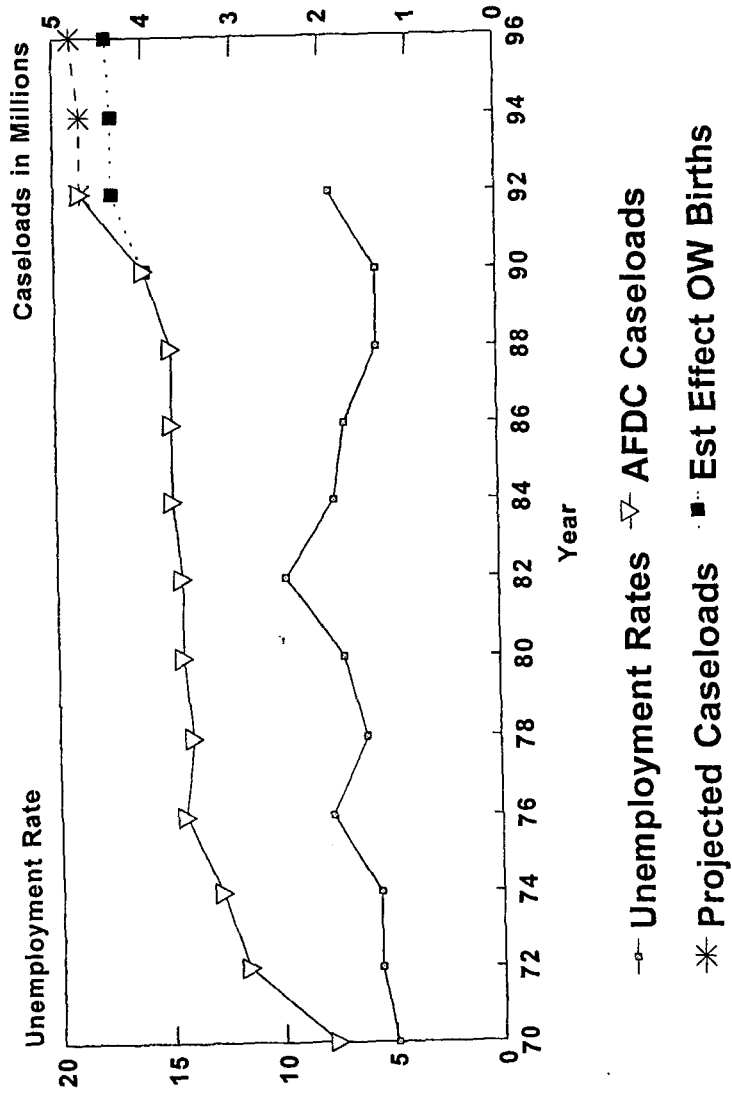


Figure 2.18. AFDC Caseloads and Unemployment Rates (1970-1996)  
 SOURCES: Economic Report of the President (1992, Table B-36); U.S. House of Representatives (1992, Sec. 7, Table 22).

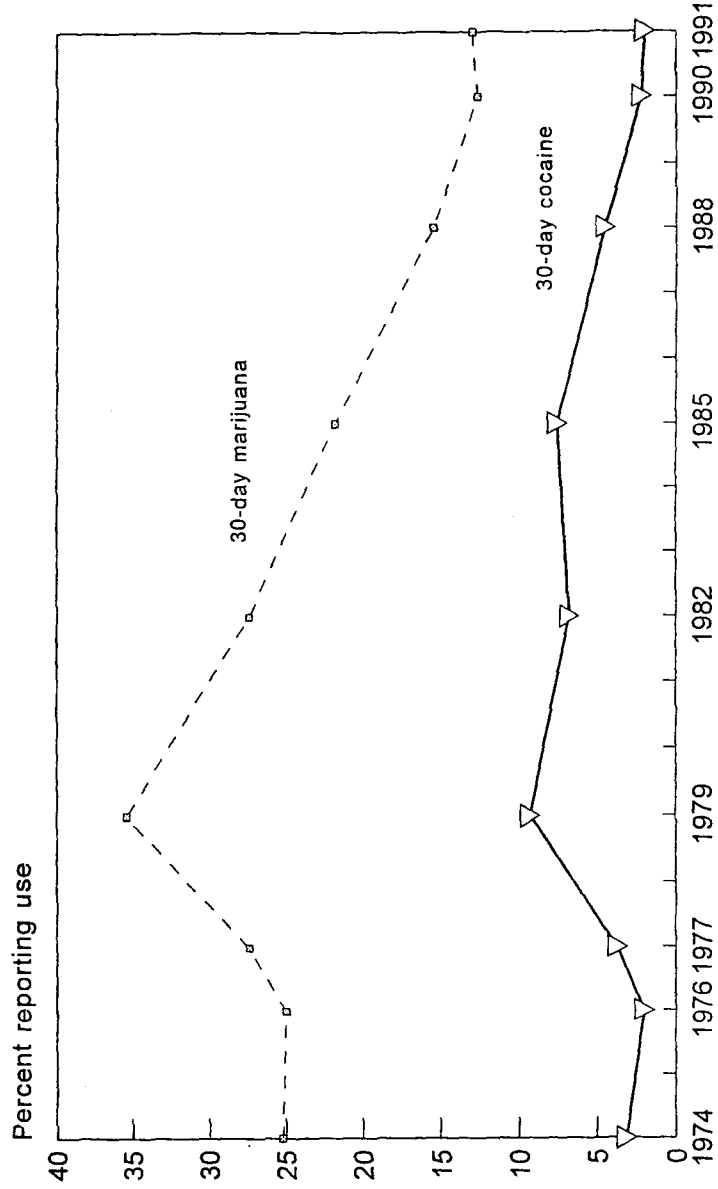
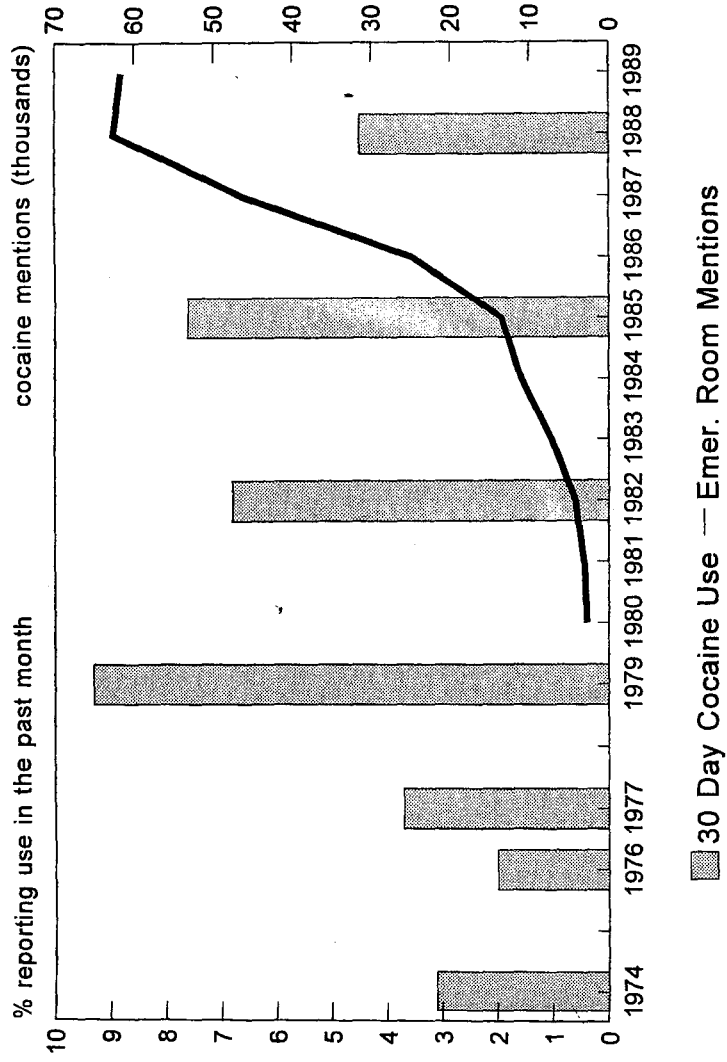
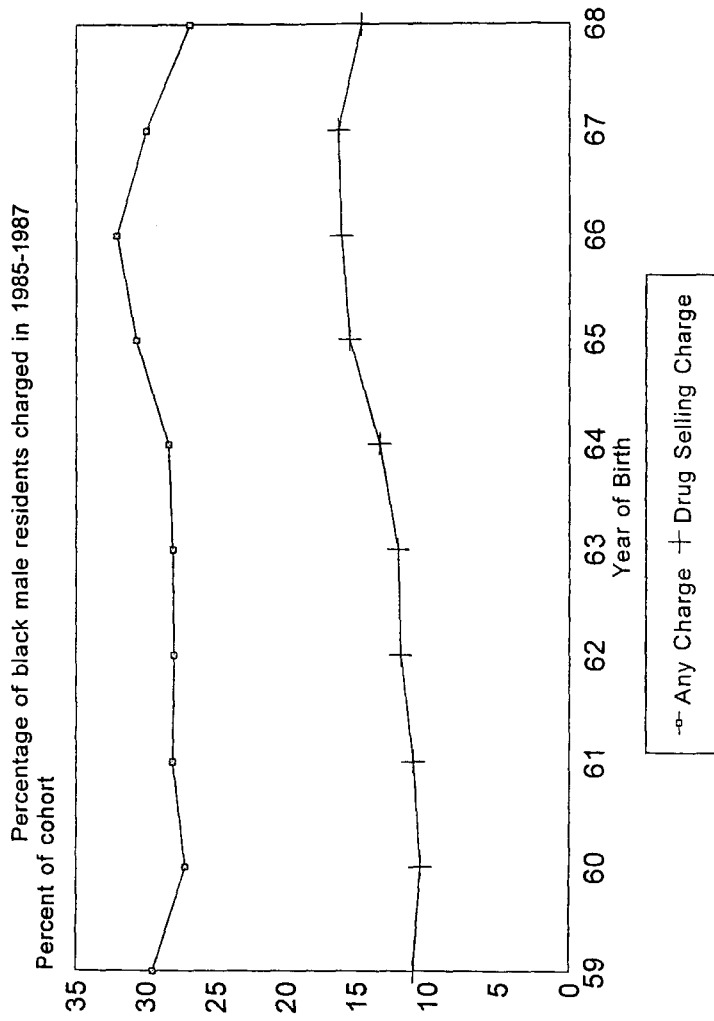


Figure 2.19. Household Drug Use Down: National Household Survey, 30-Day Prevalence Rates for 18- to 25-Year-Olds (1974-1991)  
 SOURCE: U.S. Department of Health and Human Services (1974-1991).



**Figure 2.20.** Reported Cocaine Use Declining, While Emergency Room Mentions on the Rise (1974-1989)  
 SOURCES: U.S. Department of Health and Human Services (1974-1991); U.S. Department of Health and Human Services (n.d.).



**Figure 2.21.** Risks of Arrest for Black Male Residents in Washington, D.C., by Year of Birth and Type of Charge (1985-1987)  
 SOURCE: District of Columbia Pretrial Services Agency as cited in Reuter, Macoun, and Murphy (1990). Reprinted by permission of author.

1985. Most of these additional children are drawn from the racial and ethnic minority communities of inner cities.

### Recommendations

Many people will argue about which of the foregoing factors is the most important in explaining poverty. My own sense is that they all interact and that underlying many of them has been a fundamental shift in values concerning work, family, and personal responsibility. In any event, for policy making, I do not think that we need to be obsessed with developing mathematically precise explanations for the causes of poverty. As long as we have the right factors in our sights and have a rough idea of their relative importance, we can address them, as long as we do so with the requisite caution.

The four areas in which we should be looking for solutions are these:

- Better schooling and vocational education
- Contraception
- Welfare reform
- Taking back the inner city

### BETTER SCHOOLING AND VOCATIONAL EDUCATION

In recent years, it has become fashionable to talk about "making work pay." Usually, however, this is proposed in the context of income support programs, with calls to raise welfare payments, expand the Earned Income Tax Credit, create a child allowance, and, most recently, to provide "child support assurance." All of these ideas, unfortunately, address only the symptoms of the problem. They do not raise the earnings of those who are poor; they only make them more dependent on government support. That is why my own preference is to increase the earning *capacity* of young people. As Figure 2.23 shows, when one controls for education, income differences across the races are substantially reduced.

The young people we are most concerned about are caught in a cycle of underinvestment in themselves. The central antipoverty question is how to break that cycle. Somehow, schools and other social institutions (including families) need to give these young people a better education and a sense of opportunity. Again, some will say the issue is money. But my own opinion is that the problem is deeper, as reflected in Figure 2.24, where we see that a 25-year rise in education spending per pupil has had no discernible impact on SAT scores.

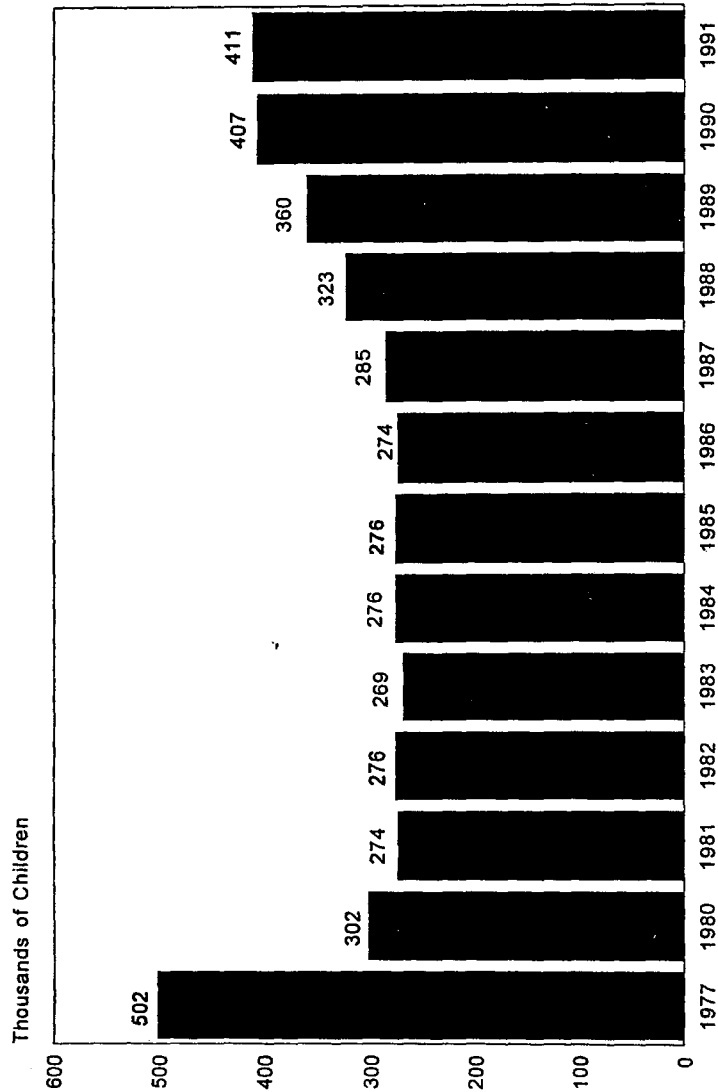


Figure 2.24. Children in Foster Care (1977-1991)

SOURCES: U.S. House of Representatives (1992, Table 23, p. 903); for 1977, C. Gershenson, Center for the Study of Social Policy (personal communication, n.d.).

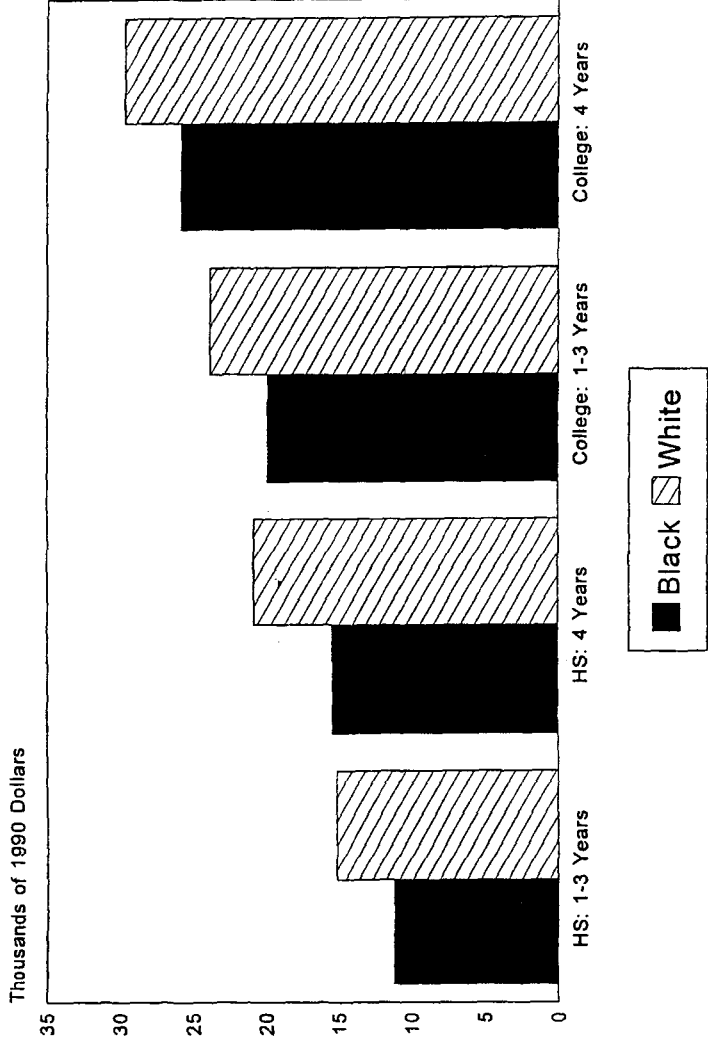


Figure 2.23. Median Earnings, Men Ages 25-34, by Education (1990)  
SOURCE: U.S. Department of Commerce (1991b, Table 29).

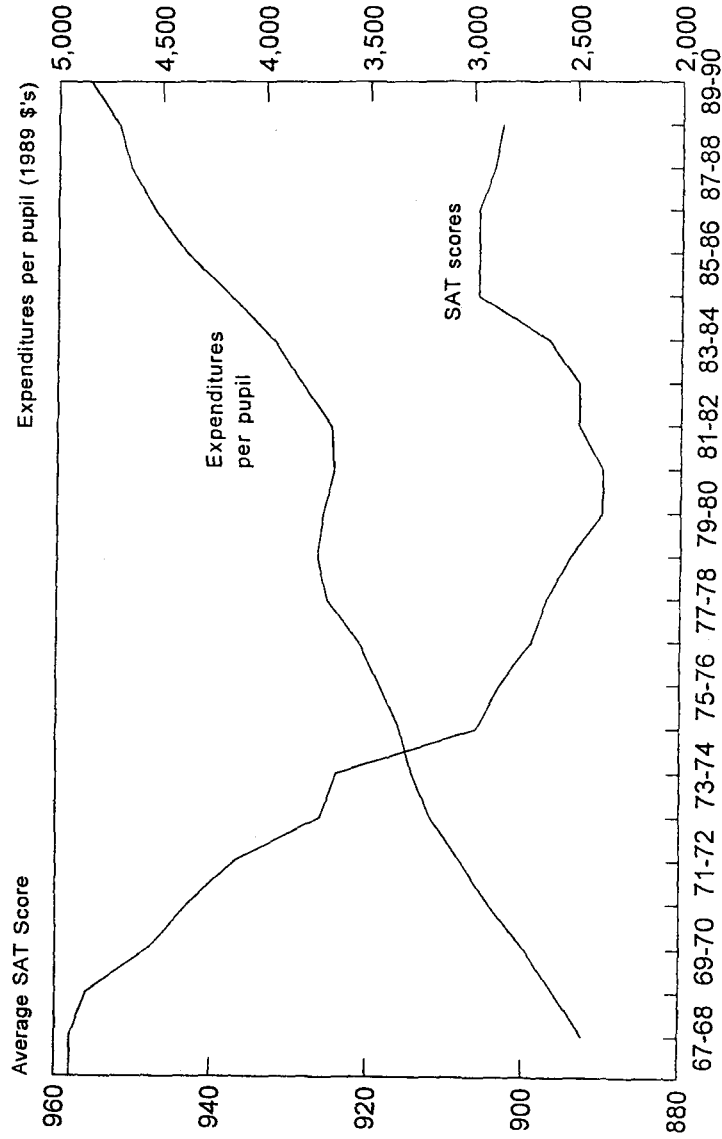


Figure 2.24. Real School Expenditures and SAT Scores (1966-1990)

SOURCE: National Center for Education Statistics (1991, Tables 119 and 154).

NOTE: Current expenditures in 1989 dollars per pupil in average daily attendance in public elementary and secondary schools.



CONTRACEPTION

Many experts debate the reasons why disadvantaged young people have children whom they cannot support without government help. But there is little disagreement that having children can make it many times more difficult to escape poverty.

Certainly some of these pregnancies are planned, but many others are not, as witnessed by the high abortion rate among teenagers portrayed in Figure 2.25. We need to develop and encourage *both* more abstinence among young people and better contraceptive practices.

Norplant and Depo-Provera are both promising additions to the range of contraception options available to U.S. women. Many have already criticized them because they may be used to coerce poor women into having fewer children. I think this fear is not well-founded and that in fact, the poor will welcome these new technologies—if for no other reason than because they are an alternative to sterilization (see Figure 2.26).

WELFARE REFORM

Welfare dependency has taken on a life of its own. We have to change the nature of welfare, at least for teen mothers. I do not expect dramatic change; the welfare system is like a massive oil tanker, which needs 5 miles to turn around. Nevertheless, some cautious changes are needed.

We often hear that about half of all new recipients are off the rolls within 2 years. This is true—but only because of the high turnover among short-term recipients. At any one time, about 82% of all recipients are in the midst of spells that will last 5 years or more. And about 65% are caught up in spells of 8 or more years (see Figure 2.27).

During his presidential campaign, President Clinton pledged “the end of welfare as we know it.” He promised to

provide people with the education, training, job placement assistance and child care they need for two years—so that they can break the cycle of dependency. After two years, those who can work will be required to go to work, either in the private sector or in meaningful community service jobs. (Cited in U.S. Department of Health and Human Services, 1994, p. 1)

The bulk of long-term welfare recipients are unmarried mothers, most of whom had their first baby as unwed teenagers. These young mothers have poor prospects to begin with and have further limited their life chances by systematically underinvesting in themselves—by dropping out of school, by

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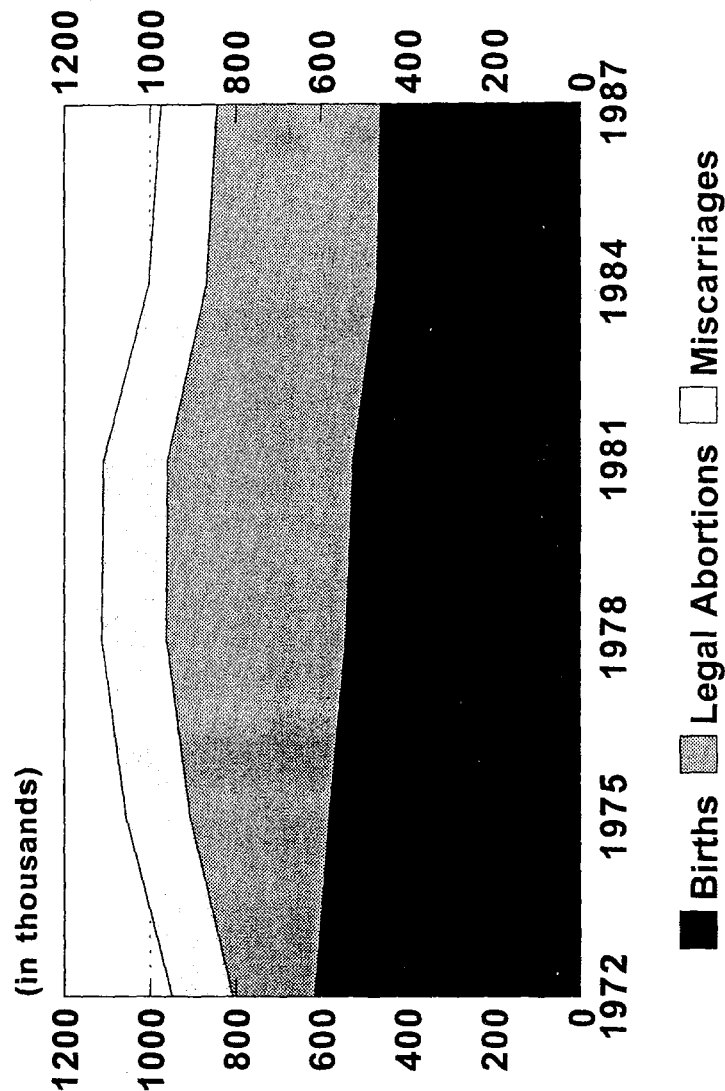


Figure 2.25. Births, Abortions, and Miscarriages Among Women Ages 15-19 (1972-1987)  
SOURCE: Henshaw (1992, p. 1).

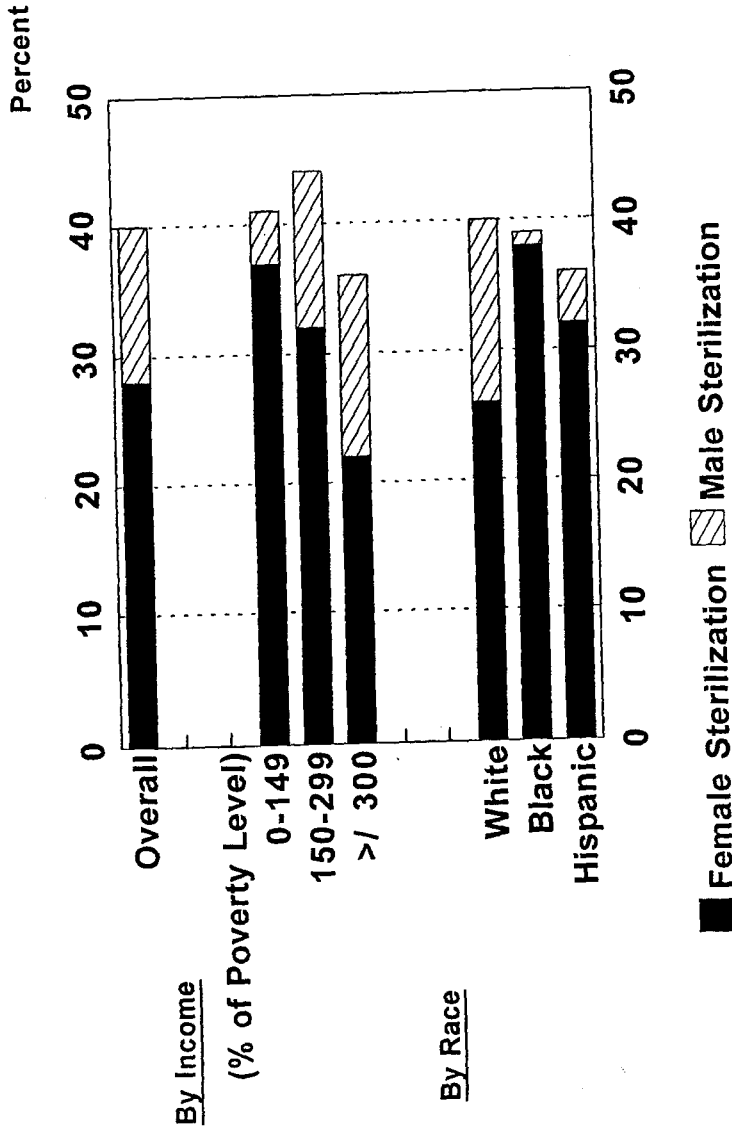


Figure 2.26. Combined Sterilization: Women Ages 15-44 and Their Partners (1988)  
SOURCE: Mosher (1990, p. 201).

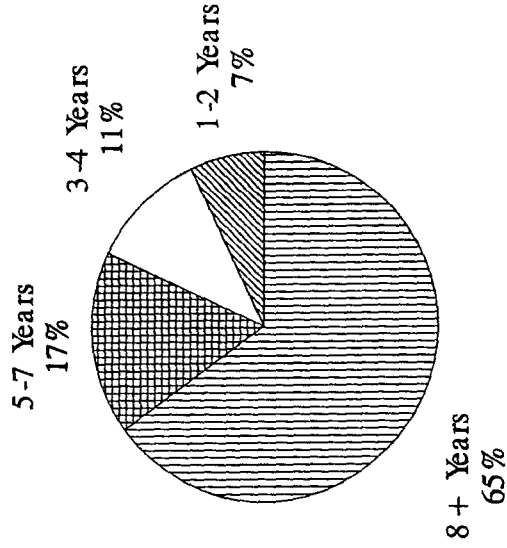
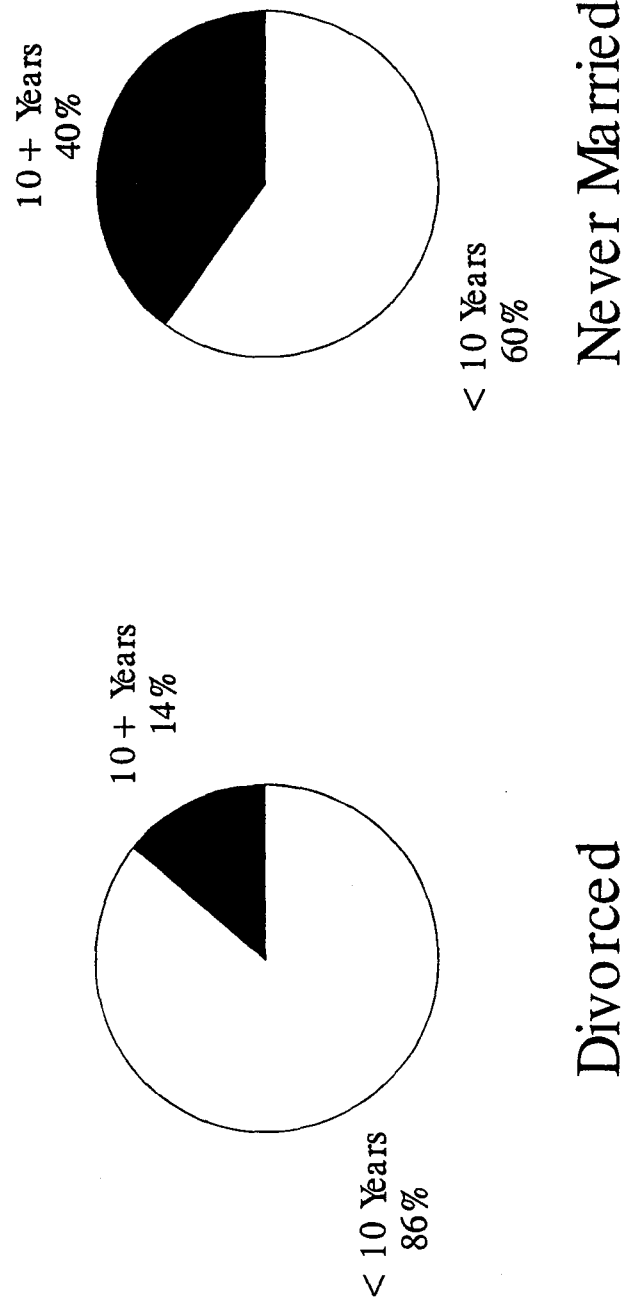


Figure 2.27. Persons on AFDC at a Point in Time by Length of Spell (Multiple Spell Analysis)  
SOURCE: Bane and Ellwood (1983), cited in U.S. House of Representatives (1993, Table 40, p. 715).

**48% of people who enter AFDC in any one year are off within 2 years, but 65% of recipients at any point in time are on for 8 or more years**



**Figure 2.28.** Recipients Who Will Have AFDC Spells of 10 or More Years, by Marital Status at Beginning of First Spell  
 SOURCE: Ellwood (1986, Table IV-1), cited in U.S. House of Representatives (1993, Table 42, p. 718).

having a baby out of wedlock, and by not working. As a result, they do not have the education, practical skills, or work habits needed to earn a satisfactory living (see Figure 2.28).

Steady increases in unwed parenthood among ill-prepared young people pose the central challenge to contemporary efforts to fight poverty. It is within this context that the fight over how to implement Clinton's campaign promise is waged.

Those recipients motivated to improve their life situations, such as most divorced mothers, will probably do well under Clinton's plan. But to make a real dent in welfare dependency, Clinton's program will have to apply to unwed mothers, who form the bulk of long-term welfare recipients.

This will not be easy. Years of inactivity leave their mark. Even in a strong economy, breaking patterns of behavior that took a lifetime to establish can take years. Richly funded demonstration programs, for example, find it exceedingly difficult to improve the ability of these women to care for their children, let alone to become economically self-sufficient. Earnings improvements in the realm of 6% are considered successes for poorly educated young mothers who have sporadic work histories. (Most programs do not even try to work with the young fathers.)

California's welfare-to-work program is a case in point. In 1985, the state established the Greater Avenues for Independence Program (GAIN), an education and training project for welfare recipients. A six-county evaluation using random assignment to experimental and control groups found that for single parents, average yearly earnings increased by only \$271. (Total yearly earnings averaged \$1,902). The county with the greatest impact on earnings (Riverside) was able to raise earnings by about \$1,000, but average total earnings were still less than \$2,500—not nearly enough to lift these single mothers off welfare. In fact, welfare rolls declined only 7% in Riverside and a disappointing 3% in the other counties (Riccio & Friedlander, 1992, p. x, Table 1).

This does not mean that all young mothers should be placed in traditional community service jobs. Many have enormous problems that will prevent them from satisfying even this minimal obligation (e.g., see Figure 2.29). These young people may need a modern version of the 19th-century settlement house, in which counseling, education, enriched child development services, and other activities to structure otherwise idle time are all provided under one roof. The base for such a program could be the expanded Head Start program that everyone seems to support. In fact, Head Start professionals even have a name for this approach; they call it "two-generational" programming.

Those young people who had children out of wedlock—with no means to support them and largely unprepared to care for them—have demonstrated that *on their own*, they do not make the wisest decisions. Their lives desper-

ately need the structure that only the larger society can provide. Participation mandates such as those President Clinton has proposed could end welfare as we know it—for the good of society, the children, and, yes, the mothers.

TAKING BACK THE INNER CITY

Finally, for the very poorest persons living in inner cities, we need a neighborhood-based strategy. People need to be reasonably safe from crime if they are to be economically active. Moreover, in some neighborhoods, there seems to be a contagious spread of socially harmful behaviors.

Some experts have a name for these communities: "underclass neighborhoods." Sawhill (1989) and her colleagues at the Urban Institute define such neighborhoods as having high incidences of school dropouts, female-headed families with children, welfare dependency, and joblessness or irregular employment among adult men. Technically, high incidences signify rates at least one standard deviation above the U.S. mean. In 1980, this meant that the underclass neighborhoods had welfare rates of 34% (compared with 8% nationwide), male nonemployment of 56% (compared with 31% nationwide), and high school dropout rates of 36% (compared with 13% nationwide), with 60% of all households headed by women (compared with 19% nationwide).

Using this definition, they found that the number of people living in underclass neighborhoods increased more than threefold between 1970 and 1980 (see Figure 2.30). Drugs and AIDS are two of the major problems that have to be addressed. (See Figures 2.31 and 2.32.)

But here, I can only emphasize the difficulty of doing something constructive. Surely we must act, but just as surely we should do so with a keen appreciation of our ignorance about what *might* (notice I do not say *will*) work.

Conclusion

In this chapter, I have laid out an outline of the facts that the other authors of this volume address. I hope that I have provided both an overview of poverty and a template against which their proposals can be compared.

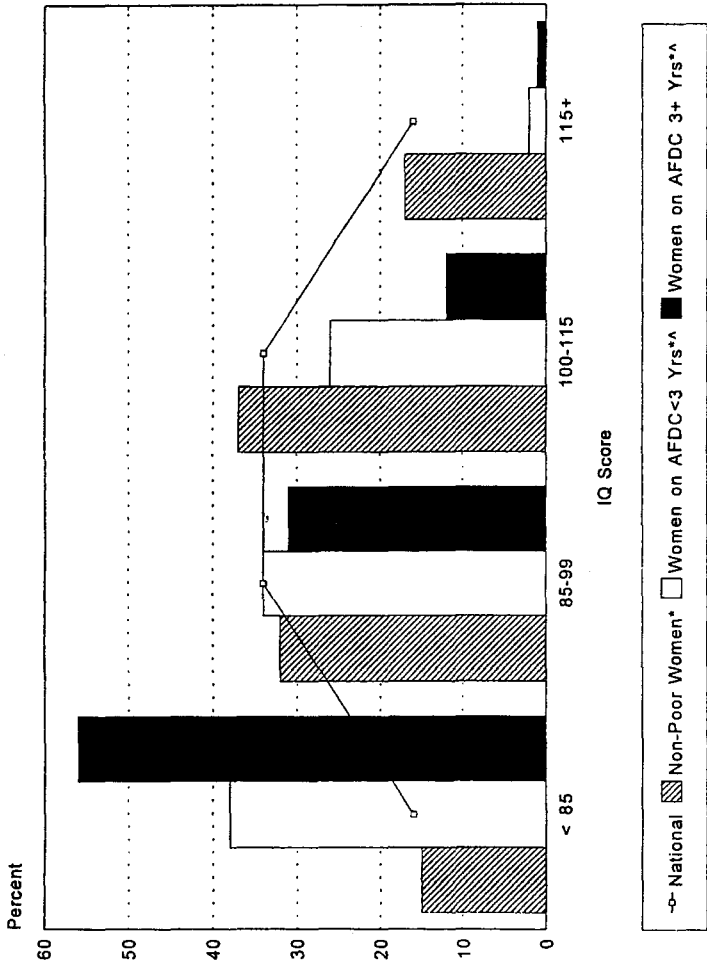
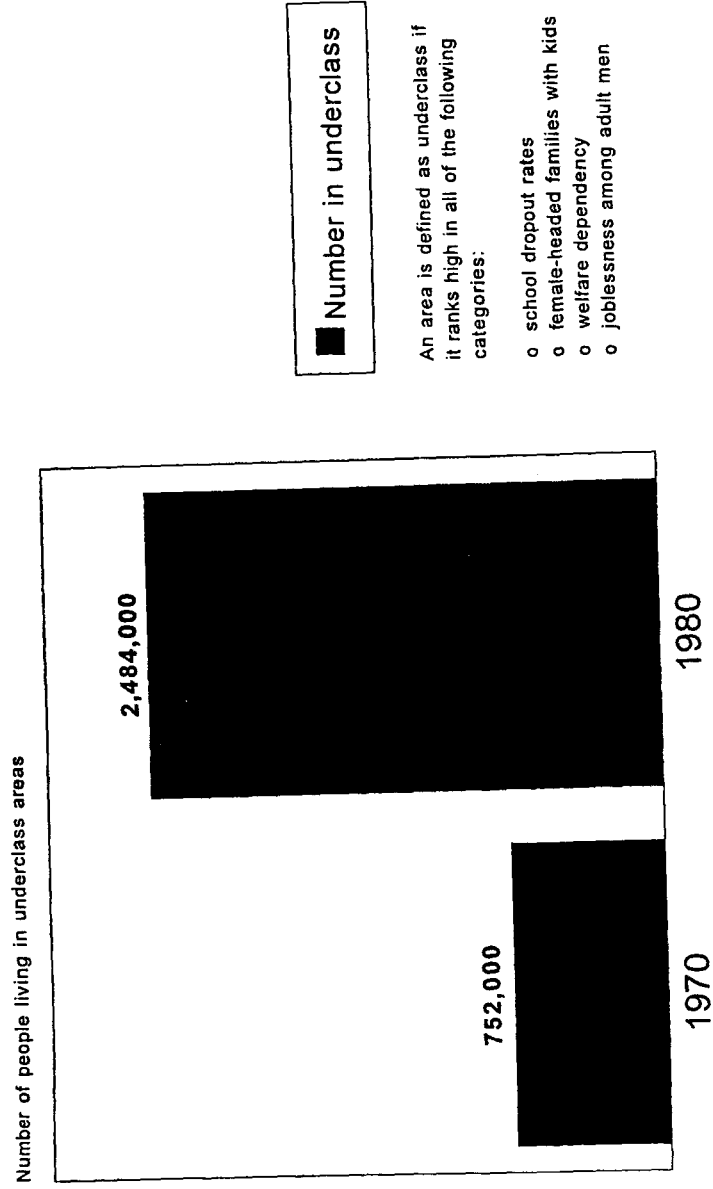


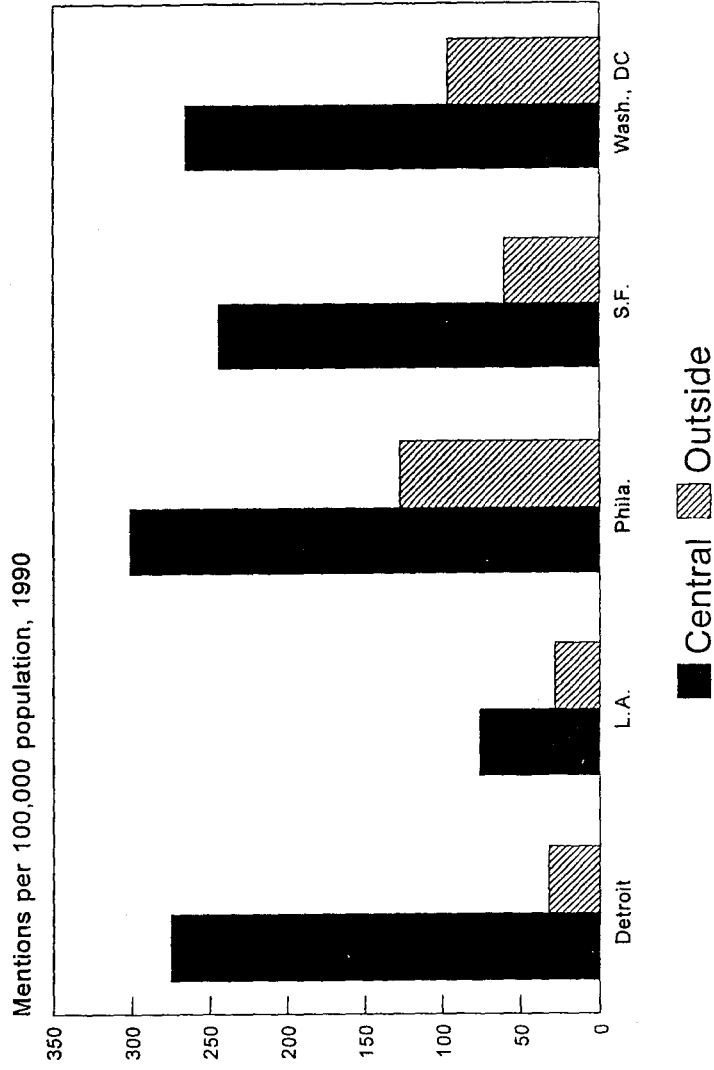
Figure 2.29. Selected IQ Scores by Poverty Status and Welfare Receipt

SOURCE: Zili, Moore, Nord, and Stief (1991, Table 16).

NOTE: \*Scores represent Armed Forces Qualification Test scores calibrated on the same scale as the IQ test. \*\*Out of the 5 years preceding survey.



**Figure 2.30.** Underclass Populations (1970, 1980)  
SOURCE: Sawhill (1989).



**Figure 2.31.** Cocaine Emergencies Concentrated in Central Cities (1990)  
SOURCE: Reuter, Ehenor, and McCaffrey (1993). Reprinted by permission of author. Unpublished data from Drug Abuse Warning Network (U.S. Department of Health and Human Services).

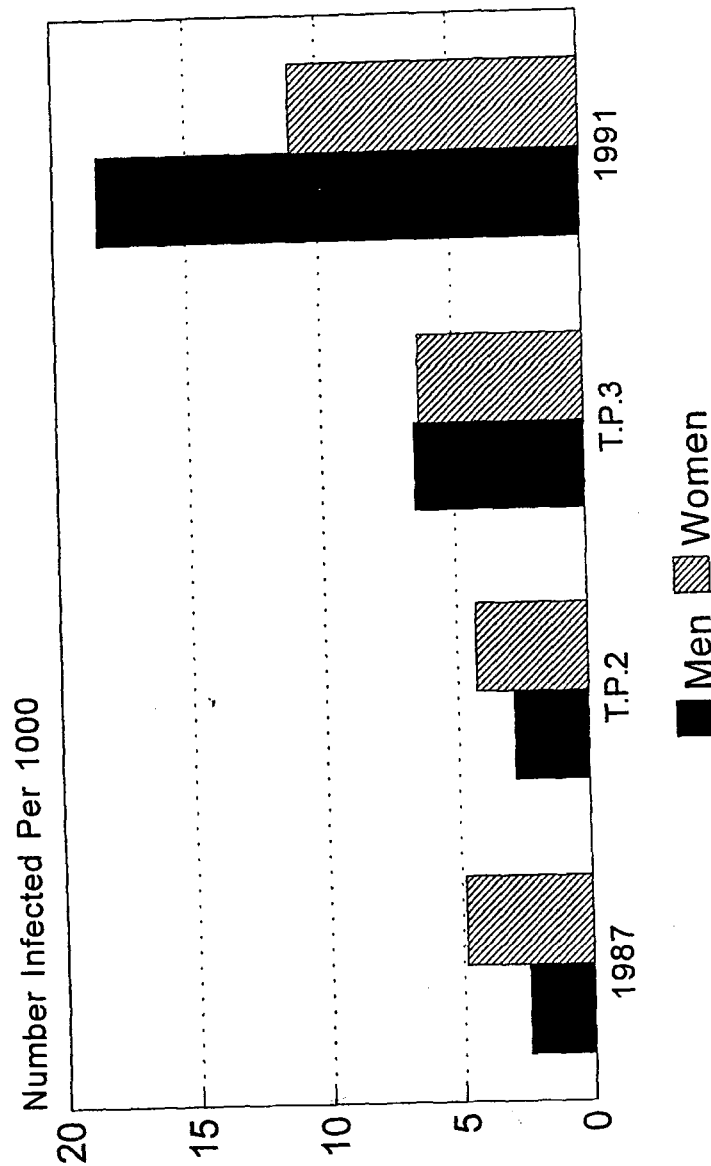


Figure 2.32. HIV Infection in Urban Adolescents (1987-1991)  
 SOURCE: D'Angelo, Geston, Brasseur, Guagliardo, and Shaffer (1992).  
 NOTE: T.P. = Time Period.

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# 3

## Poverty and the Underclass Some Latino Crosscurrents

*David Hayes-Bautista*

Discussions of poverty frequently focus on single black mothers and their families, but the poverty rate is also high among the rapidly growing Latino population. In this brief chapter, I shall focus on some elements we need to look at as we try to develop policy for poverty, particularly in California and in other western states with a large Mexican-origin Latino population. We will see a picture that is a little different from that presented in Chapter 2—a picture that I think can enrich this debate. Besharov discusses the sorts of individual behaviors involved in poverty. I shall present some data that show that this connection between individual behavior and poverty is compounded by other things as well.

Figure 3.1 gives an idea of why this is important. The population in California has been changing quantitatively during the past few years. In 1970, one could speak of a majority population and minorities. By 1990, the Anglo population was a bare majority and by the year 2000 will be itself a minority. The growth in what I call the “emergent majority” population is driven by a tremendous increase in the Latino and Asian populations and some modest increase in the black population as well. Clearly, we need to consider—if