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THE BASES OF INEQUALITY

Sociologists use the term *social stratification* to refer to the ranking of individuals into social strata or groups. We are divided into groups such as women and men or African Americans and Asian Americans. Our lives are also transformed because of our group membership. In U.S. society, being different has come to mean that we are unequal.

The differences between social strata become more apparent when we recognize how some individuals are more likely to experience social problems than others are. Attached to each social position are *life chances*, a term Max Weber used to describe the consequences of social stratification, how each social position provides particular access to goods and services such as wealth, food, clothing, shelter, education, and health care. Sociologists refer to the unequal distribution of resources, services, and positions as *social inequality*.

In the next five chapters, we will explore two basic sociological questions: Why does social inequality exist, and how are we different from one another? We will review sociological theories that attempt to explain and examine the consequences of social inequality. Although the five bases of inequality are discussed in separate chapters, real life happens at the intersection of our social class, racial and ethnic identity, gender, sexual orientation, and age. These bases of inequality simultaneously define and affect us. We need to recognize how each social characteristic (class, race, ethnicity, gender, sexual orientation, or age) shapes the history, experiences, and opportunities of men, women, and children in the United States (Shapiro, 2004) and throughout the world. Your life experience may have less to do with your ability or your hard work and more to do with how you are positioned in society. Ultimately, this includes your experience of social problems.

If this is your first sociology course, these chapters will provide you with an overview of several core sociological concepts. If you have already had a sociology course, welcome back; these chapters should provide a good review.



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SOCIAL CLASS

LEARNING OBJECTIVES

- 2.1 Explain the difference between income and wealth.
- 2.2 Compare the four sociological perspectives on social class and poverty.
- 2.3 Identify the major consequences of poverty.
- 2.4 Explain the evolution of U.S. welfare policy.

The United States is perceived as one of the world's richest countries. Nonetheless, economic inequality is one of the most important and visible of America's social problems (McCall, 2002). President Barack Obama identified "the combined trends of increased inequality and decreasing mobility" as "the defining challenge of our time" (White House, 2013). Sociologists Steve McNamee and Robert Miller (2014) observed:

Opinion polls consistently show that Americans continue to embrace the American Dream. But as they strive to achieve it, they have found that it has become more difficult simply to keep up and make ends meet. Instead of "getting ahead," Americans often find themselves working harder just to stay in place, and despite their best efforts, many find themselves "falling behind"—worse off than they were earlier in their lives or compared to their parents at similar points in their lives. (p. 217)

Economic anxiety, a concern about future finances (e.g., job security, saving for retirement or college), was identified as a contributing factor in the 2016 election of President Donald Trump. By many measures the pre-pandemic U.S. economy was doing well, but public opinion polls revealed how most Americans believed there was too much economic inequality (Horowitz et al., 2020) and that the economy was boosting wealthy Americans (Igielnik & Parker, 2019). In fact, data indicate how the American middle class has been shrinking. The share of middle-class American families decreased from 61% in 1971 to 51% in 2019 (Horowitz et al., 2020). Income growth is the largest and fastest among families in the top 5%.

In this chapter, we will examine how the overall distribution of wages and earnings has become more unequal and how the distance between the wealthy and the poor has widened considerably in recent decades and worsened during the Great Recession of 2007–2009 and the coronavirus pandemic. The Occupy Wall Street movement highlighted wealth and income inequality through its central protest question: Are you a member of the wealthy 1% or part of the remaining 99%? Martin Marger (2002) wrote, "Measured in various ways, the gap between rich and poor in the United States is wider than [in] any other society with comparable economic institutions and standards of living" (p. 48).

INCOME AND WEALTH IN THE UNITED STATES

According to the U.S. Census, for 2019 the median income was \$68,703 (Semega et al., 2020). The U.S. Census examines income distribution by dividing the U.S. household population into fifths or quintiles. If all U.S. income were equally divided, each quintile would receive one fifth of the total income. However, based on U.S. Census data for 2019, 52% of the total U.S. income was earned by households in the highest quintile or among households making an average of \$254,449. The lowest 20% of households (earning an average of \$15,286 per year) had 3.1% of the total income (Semega et al., 2020). Since 1981, the incomes of the top 5% of earners have increased faster than the incomes of other families. (Refer to Table 2.1 for the share of aggregate income for 2019.)

TABLE 2.1 ■ Share of Aggregate Income Received by Each Fifth, 2019

Fifth	Mean Income	Share
Top fifth	\$254,449	52%
Second fifth	\$111,112	22.6%
Third fifth	\$68,938	14.1%
Fourth fifth	\$40,652	8.3%
Lowest fifth	\$15,286	3.1%

Source: Semega et al. (2020).

Wealth, rather than income, may be more important in determining one's economic inequality. Wealth is usually defined as the value of assets (checking and savings accounts, property, vehicles, and stocks) owned by a household (Keister & Moller, 2000) at a point in time. Wealth is measured in two ways: gross assets (the total value of the assets someone owns) and net worth (the value of assets owned minus the amount of debt owed) (Gilbert, 2003). Wealth is more stable within families and across generations than is income, occupation, or education (Conley, 1999) and can be used to secure or produce wealth, enhancing one's **life chances**.

As Melvin Oliver and Thomas Shapiro (1995) explained,

Wealth is a particularly important indicator of individual and family access to life chances. Wealth is a special form of money not used to purchase milk and shoes and other life necessities. More often it is used to create opportunities, secure a desired stature and standard of living, or pass class status along to one's children. . . . The command over resources that wealth entails is more encompassing than income or education, and closer in meaning and theoretical significance to our traditional notions of economic well-being and access to life chances. (p. 2)

Wealth preserves the division between the wealthy and the nonwealthy, providing an important mechanism for the intergenerational transmission of inequality (Gilbert, 2003). Scott Sernau (2001) wrote,

Wealth begets wealth. . . . It ensures that those near the bottom will be called on to spend almost all of their incomes and that what wealth they might acquire, such as an aging automobile or an aging house in a vulnerable neighborhood, will more likely depreciate than increase in value, and the poor will get nowhere. (p. 69)

Life chances: Access provided by social position to goods and services

Data reveal that wealth is more unequally distributed and more concentrated than income. Since the early 1920s, the top 1% of wealth holders have owned an average of 30% of household wealth (Fry & Kochhar, 2014). As of 2016, the median wealth of upper-income families (\$848,400) was 7.4 times greater than the median wealth of middle-income families (\$115,200) and 75 times greater than the wealth of lower-income Americans (\$11,300) (Horowitz et al., 2020). Richard Fry and Rakesh Kochhar (2014) attribute the decline in middle-class and lower-class family wealth to the Great Recession of 2007–2009, describing these families as “financially stuck” and that “the economy recovery has yet to be felt for them.” Upper-income families were the only income tier to build on their wealth from 2001 to 2016, benefiting from a rebounding stock market after the recession ended (Horowitz et al., 2020). The racial and ethnic wealth gap widened further after the Great Recession. According to Rakesh Kochhar and Anthony Cilluffo (2017), in 2016, the median wealth of white households was \$171,000, ten times the wealth of Black households (\$17,100) and eight times the wealth of Hispanic households (\$20,600).

What Does It Mean to Be Poor?

The often-cited definition of poverty offered by the World Bank is an income of \$1.90 per day. This represents “extreme poverty,” the minimal amount necessary for a person to fulfill his or her basic needs. According to the organization (World Bank, 2009),

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.

Due to significant improvements in education, gender equality, health care, environmental degradation, and hunger, there has been a decline in both the overall poverty rate and the number of poor, according to the World Bank. In 2015, a total of 734 million people (10% of the world’s population) in the developing world had consumption levels below \$1.90, lower than the 1.85 billion (35% of the population) in 1990 (World Bank, 2020). Half of those who live in extreme poverty live in five countries: India, Nigeria, Democratic Republic of Congo, Ethiopia, and Bangladesh. However, due to the COVID-19 pandemic, the World Bank predicted that an additional 40 to 60 million people would be pushed into extreme poverty, measured at the poverty line of \$1.90 per day (Mahler et al., 2020). Residents in Sub-Saharan Africa and South Asia would be hit hardest.



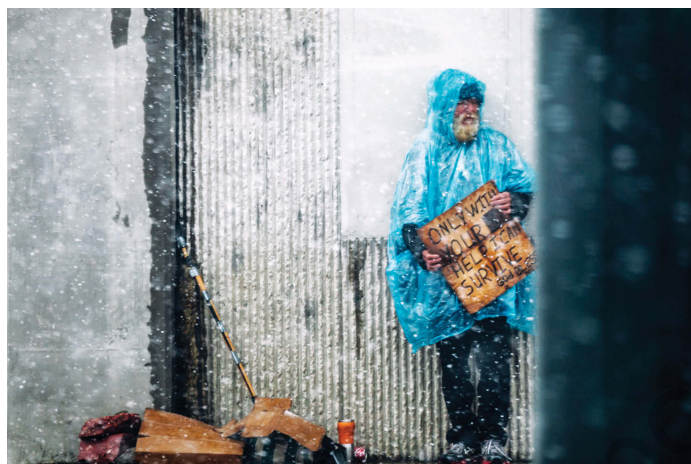
Though most of China’s citizens have increased their household income and standard of living, poverty still exists in the country. According to the United Nations, about 3 percent of the country lives on less than \$1.90 per day.

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Absolute poverty: Lack of basic necessities

Relative poverty: Failure to achieve society's average income or lifestyle

Sociologists offer two definitions of poverty: absolute poverty and relative poverty. **Absolute poverty** refers to a lack of basic necessities, such as food, shelter, and income. **Relative poverty** refers to a situation in which some people fail to achieve the average income or lifestyle enjoyed by the rest of society. Our mainstream standard of living defines the “average” American lifestyle. Individuals living in relative poverty may be able to afford basic necessities, but they cannot maintain a standard of living comparable to that of other members of society. Relative poverty emphasizes the inequality of income and the growing gap between the richest and poorest Americans. A definition reflecting the relative nature of income inequality was adopted by the European Council of Ministers: “The poor shall be taken to mean persons, families and groups of persons whose resources (material, cultural and societal) are so limited as to exclude them from the minimum acceptable way of life in the member state in which they live” (European Commission, 1985).



Not everyone in our society can achieve the dream of owning a home. For almost 600,000 Americans, home is life on the streets, in shelters, and in transitional housing.

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Poverty threshold: The original federal poverty measure, based on the economy food plan

Poverty guidelines: Used to determine family or individual eligibility for relevant federal programs

USDA determined that families of three or more people spent about one third of their after-tax income on food. The poverty threshold was set at three times the cost of the economy food plan. The definition of the poverty threshold was revised in 1969 and 1981. Since 1969, annual adjustments in the levels have been based on the consumer price index instead of changes in the cost of foods in the economy food plan.

The poverty threshold considers money or cash income before taxes and excludes capital gains and noncash benefits (public housing, Medicaid, and the Supplemental Nutrition Assistance Program). The threshold does not apply to people residing in military barracks or institutional group quarters or to unrelated individuals younger than age 15 (foster children). The threshold does not consider housing costs or any variability in health insurance coverage or the medical needs of family members. In addition, the definition of the poverty threshold does not vary geographically.

The **poverty guidelines**, issued each year by the U.S. Department of Health and Human Services, are used to determine family or individual eligibility for federal programs such as Head Start, the National School Lunch Program, or the Low Income Home Energy Assistance Program. The poverty guidelines are designated by the year in which they are issued. For

The Federal Definitions of Poverty

There are two federal policy measures of poverty: the poverty threshold and the poverty guidelines. These measures are important for statistical purposes and for determining eligibility for social service programs.

The **poverty threshold** is the original federal poverty measure developed by the Social Security Administration and updated each year by the U.S. Census Bureau. The threshold is used to estimate the number of people in poverty. Originally developed by Mollie Orshansky for the Social Security Administration in 1964, the original poverty threshold was based on the economy food plan, the least costly of four nutritionally adequate food plans designed by the U.S. Department of Agriculture (USDA). Based on the 1955 Household Food Consumption Survey, the

example, the guidelines issued in January 2020 are designated as the 2020 poverty guidelines, but the guidelines reflect price changes through the calendar year 2019. There are separate poverty guidelines for Alaska and Hawaii. The current poverty threshold and guidelines are presented in Tables 2.2 and 2.3.

TABLE 2.2 ■ Poverty Threshold in 2019 by Size of Family and Number of Related Children Under 18 Years (in Dollars)

Size of Family Unit	Related Children Under 18 Years								
	None	1	2	3	4	5	6	7	8+
One person under 65	13,300								
65 years or older	12,261								
Two people	17,120	17,622							
Householder under 65	15,453	17,565							
Householder 65 or older									
Three	19,998	20,578	20,598						
Four	26,370	26,801	25,926	26,017					
Five	31,800	32,263	31,275	30,510	30,044				
Six	36,576	36,721	35,965	35,239	34,161	33,522			
Seven	42,085	42,348	41,442	40,811	39,635	38,262	36,757		
Eight	47,069	47,485	46,630	45,881	44,818	43,470	42,066	41,709	
Nine or more	56,621	56,895	56,139	55,503	54,460	53,025	51,727	51,406	49,426

Source: U.S. Census Bureau (2019).

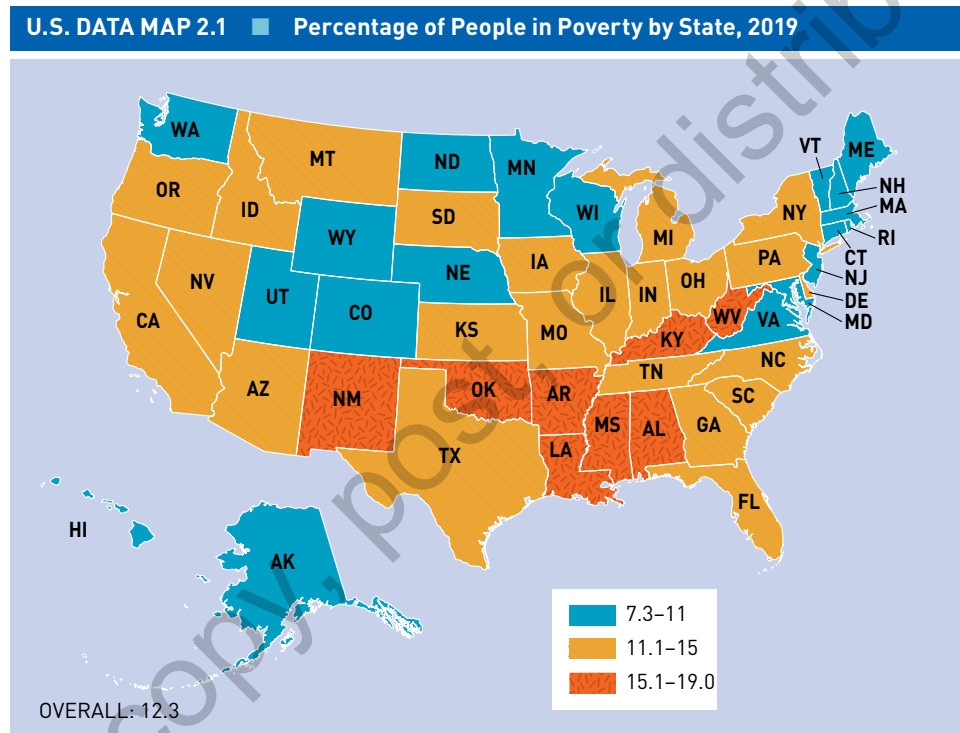
TABLE 2.3 ■ 2020 Federal Poverty Guidelines (in Dollars)

Size of Family Unit	48 Contiguous States and District of Columbia	Alaska	Hawaii
1	12,760	15,950	14,680
2	17,240	21,550	19,830
3	21,720	27,150	24,980
4	26,200	32,750	30,130
5	30,680	38,350	35,280
6	35,160	43,950	40,430
7	39,640	49,550	45,580
8	44,120	55,150	50,730
For each additional person, add	4,480	5,600	5,150

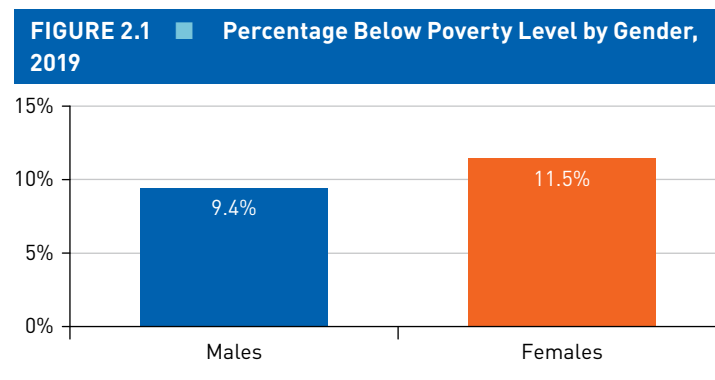
Source: U.S. Department of Health and Human Services (2020).

Who Are the Poor?

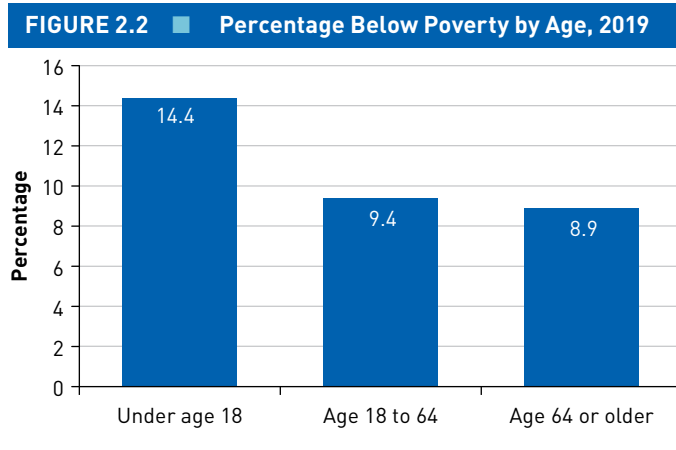
The 2019 poverty rate was 10.5% or 34 million, the lowest estimate since 1959 (Semega et al., 2020). In 2019, the South had the highest poverty rate (12%) followed by the Midwest (9.7%), the West (9.5%), and the Northeast (9.4%) (Semega et al., 2020; see also Map 2.1). The variation in regional rates of poverty may be due to people-specific characteristics (percentage of racial/ethnic minorities, female heads of households) or characteristics based on place (labor market, cost of living). Your social position determines your life chances of being poor (refer to Figures 2.1 through 2.3).



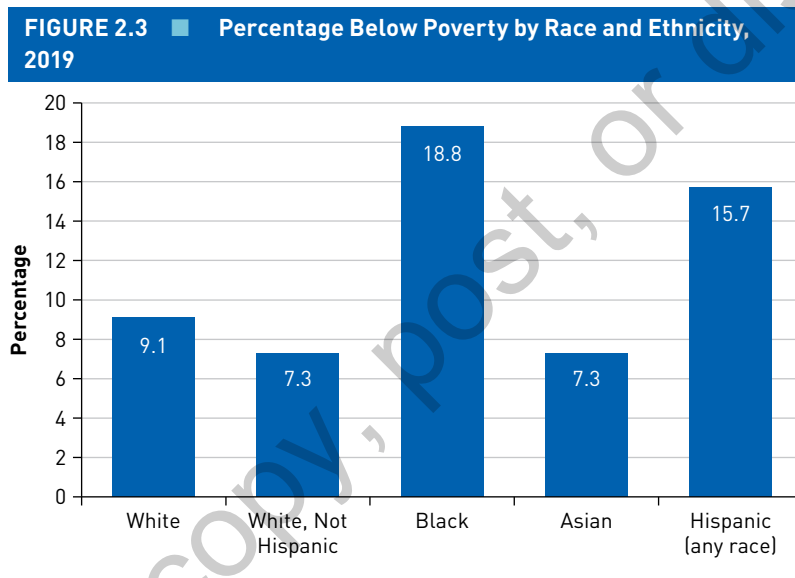
Source: Benson (2020).



Source: Semega et al. (2020).



Source: Semega et al. (2020).



Source: Semega et al. (2020).

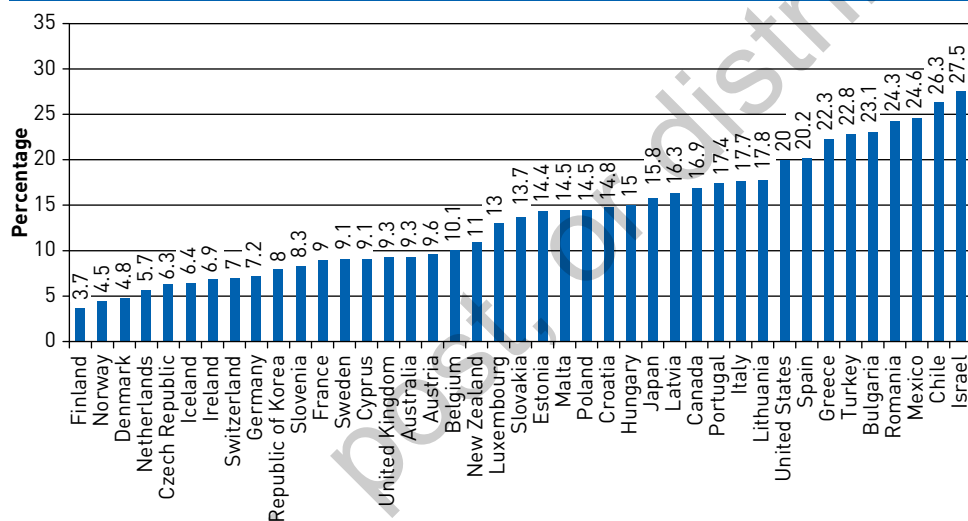
Based on 2019 U.S. poverty figures and redefined racial and ethnic categories, whites (who reported being white and no other race category, along with whites who reported being white plus another race category) compose the largest group of poor individuals in the United States. Although 60% of the U.S. poor are non-Hispanic whites, the poverty rate for non-Hispanic whites is the lowest, at 7.3%. Blacks continue to have the highest poverty rate, 18.8%, followed by Hispanics with a rate of 15.7% (Semega et al., 2020). Though individual factors are often identified as the primary cause of poverty, from a sociological perspective, the social structure is responsible for economic inequality. Racial segregation and institutional racism have contributed to the high rate of minority poverty in the United States. Minority groups are disadvantaged by their lower levels of education, lower levels of work experience, lower wages, and chronic health problems—all characteristics associated with higher poverty rates (Iceland, 2003).

According to the National Center for Children in Poverty (2001), children are more likely to live in poverty than Americans in any other age group. Family economic conditions affect the

material and social resources available to children. The quality of their education, the neighborhood environment, and exposure to environmental contaminants may reinforce and widen the gaps between poorer and more affluent children and adults (Holzer et al., 2008).

The 2016 poverty rate among children is higher in the United States than in most other major Western industrialized nations, ranking 9th, at 20%. (Refer to Figure 2.4.) The United Nations Children’s Fund (UNICEF) released its 2016 report on child well-being in rich countries, identifying the percentage of children living in relative poverty (in households with income below 50% of the national median income). Israel ranks highest at 27.5%, while the lowest relative child poverty rate is in Finland (3.7%) (UNICEF Office of Research, 2016).

FIGURE 2.4 ■ The Percentage of Children (Age up to 17) Living in Households With Income Below 50% of the National Median Income, 2016



Source: Adapted from UNICEF Office of Research (2016).

The poverty rate for U.S. children peaked in 1993 at 22.5%. In 2019, the poverty rate among U.S. children was 14.4% (DeNavas-Walt et al., 2007; Semega et al., 2020). The risk of being poor remains high among specific groups. In 2018, there were more poor Hispanic children (4.4 million) than poor white (3.3 million) or poor Black children (3.0 million). More than two thirds of poor children lived in families with at least one working family member. There remains a wide variation in children’s poverty rates among states; in 2018, rates ranged from 9.5% in Utah to 27.8% in Mississippi among children under age 18 (Children’s Defense Fund, 2020).

In 2019, families with a female householder and no spouse present were more likely to be poor than were families with a male householder and no spouse present, 22.2% versus 11.5%. In contrast, the poverty rate for married-couple families was 4.0% (Semega et al., 2020). Single-parent families are more vulnerable to poverty because there is only one adult income earner, and female heads of household are disadvantaged even further because women, in general, make less money than men do. Karen Kramer and her colleagues (2015) argue how single mothers are in double jeopardy: “their earnings are lower not only because of their gender, but also because they have more children than single fathers” (p. 37). Based on their analysis of income data for single mothers and fathers, the researchers found that single mothers are penalized for having more children (each additional child decreases the mother’s work income), while single fathers experience an increase in their work income with each additional child.

In their analysis of data from the Luxembourg Income Study, Lee Rainwater and Timothy Smeeding (2003) concluded that American single mothers' children fare worse than the majority of their global counterparts. The poverty rate among U.S. children living in single-mother families is close to 50%; the rate is slightly lower in Germany (48%) and Australia (46%). Countries with poverty rates below 20% include Sweden (7%), Finland (8%), Denmark (11%), Belgium (13%), and Norway (14%). Generous social wages (e.g., unemployment) and social welfare programs reduce the poverty rate in these Nordic countries. Rainwater and Smeeding noted that, all combined, U.S. wage and welfare programs are much smaller than similar programs in other countries.

Poverty rates vary across geographic areas because of differences in person-specific and place-specific characteristics (Levernier, Partridge, and Rickman, 2000). A region may have a higher rate of poverty because it contains disproportionately higher shares of demographic groups associated with greater poverty, such as racial/ethnic minority groups, female heads of household, and low-skilled workers. Area poverty is also related to place-specific factors, such as the region's economic performance, employment growth, industry structure, and cost of living.

There is an additional category of poverty—the working poor. These are men and women who have spent at least 27 weeks working or looking for work but whose incomes have fallen below the official poverty level. In 2017, there were 6.9 million working poor (U.S. Bureau of Labor Statistics, 2019). Black and Hispanic workers were more than twice as likely as white or Asian workers to be working poor. Individuals with less than a high school diploma were more likely to be classified as working poor than college graduates were. Service occupations accounted for more than one third (38%) of all those classified as working poor (U.S. Bureau of Labor Statistics, 2019).

David Brady et al. (2010) compared the status of the working poor in the United States to that of 17 other affluent Western democracies. The rate of working poverty was highest in the United States (14.5% of the population). Belgium had the lowest rate of working poor at 2.23%. The sociologists documented how several demographic characteristics were related to the likelihood of being working poor—individuals from households with one income earner, with more children, or with a young household head with low educational attainment.

SOCIOLOGICAL PERSPECTIVES ON SOCIAL CLASS AND POVERTY

Why do some prosper while others remain poor? Why does poverty persist in some families, but other families can improve their economic situation? In this section, we will review the four sociological perspectives to understand the bases of class inequality.

Functionalist Perspective

Functionalists assume that not everyone in society can and should be equal. From this perspective, inequality is necessary for the social order, and it is equally important how each of us recognizes and accepts our status in the social structure. Erving Goffman (1951), an interactionist, offered a functional explanation of **social stratification**, defining it as a universal characteristic of social life. Goffman argued that as we interact with one another, accepting our status in society and acknowledging the status of others, we provide “harmony” to the social order. But “this kind of harmony requires that the occupant of each status act toward others in a manner which conveys the impression that his conception of himself and of them is the same as their conception of themselves and him” (Goffman, 1951, p. 294).

Social stratification: The ranking of individuals into social strata or groups

Functionalists contend that some individuals are more important to society because of their function to society. For example, society values the lifesaving work of a medical surgeon more than the retail function of a grocery store cashier. Based on the value of one's work or talent, society rewards individuals at the top of the social structure (surgeons) with more wealth, income, or power than those lower down in the social structure (grocery cashiers). According to this perspective, individuals are sorted according to their abilities or characteristics—their age, strength, intelligence, physical ability, or even sex—to play their particular role in society. Certain individuals are better suited for their positions in society than others. Our social institutions, especially education, sort everyone into their proper places and reward them accordingly. Because not all of us can (or should) become surgeons, the system ensures that only the most talented and qualified become surgeons. In many ways, the functionalist argument reinforces the belief that we are naturally different.

Functionalists observe that poverty is a product of our social structure. Specifically, rapid economic and technological changes have eliminated the need for low-skilled labor, creating a population of workers who are unskilled and untrained for this new economy. In many ways, theorists from this perspective expect this disparity among workers, arguing that only the most qualified should fill the important jobs in society and be rewarded for their talent.

Herbert Gans (1971) argued that poverty exists because it is functional for society. Gans explained that the poor uphold the legitimacy of dominant norms. The poor help reinforce cultural ideals of hard work and the notion that anyone can succeed if only he or she tries (so if you fail, it is your fault). Poverty helps preserve social boundaries. It separates the haves from the have-nots by their economics and according to their educational attainment, marriage, and residence. The poor also provide a low-wage labor pool to do the “dirty work” that no one else wants to do. Gans (1995) maintained that the positive functions of poverty should be considered in any antipoverty policy.

Our social welfare system, designed to address the problem of poverty, has been accused of being dysfunctional itself; critics suggest that the welfare bureaucracy is primarily concerned with its own survival. Poverty helps create jobs for the nonpoor, particularly the social welfare system designed to assist the poor. As a result, the social welfare bureaucracy will develop programs and structures that will only ensure its survival and legitimacy. Based on personal experience working with and for the system, Theresa Funciello (1993) observed, “Countless middle class people were making money, building careers, becoming powerful and otherwise benefiting from poverty. . . . The poverty industry once again substituted its own interests for that of poor people” (p. xix). We will discuss this further in the next perspective.

Conflict Perspective

Like the functionalist perspective, the conflict perspective argues that inequality is inevitable, but for different reasons. For a functionalist, inequality is necessary because of the different positions and roles needed in society. From a conflict perspective, inequality is systematically created and maintained by those trying to preserve their advantage over the system.

For Karl Marx, one's social class is solely determined by one's position in the economic system: You are either a worker or an owner of the means of production. Nancy Krieger et al. (1997) offered this explanation of class:

Class, as such, is not an a priori property of individual human beings, but is a social relationship created by societies. One additional and central component of class relations involves an asymmetry of economic exploitation, whereby owners of resources (e.g. capital) gain economically from the labor effort of non-owners who work for them. (p. 346)

But social class, according to Max Weber, is multidimensional. Economic factors include **income**, the money earned for one's work, and **wealth**, the value of one's personal assets such as savings and property. A person's social class is also influenced by **prestige**, the amount of social respect or standing given to an individual based on occupation. We assign higher prestige to occupations that require specialized education or training, that provide some social good to society, or that make more money. A final component of class is **power**. Weber defined power as the ability to achieve one's goals despite the opposition of others. Power is the ability to do whatever you want because no one can stop you.

Power is not limited to individuals. People with similar interests (or with similar income, wealth, and prestige backgrounds) often collaborate to increase their advantage in society. C. Wright Mills (1959/2000) argued that the United States is ruled by what he called a **power elite**. According to Mills, this elite group is composed of business, political, and military leaders. This elite group has absolute power because of its ability to withhold resources and prevent others from realizing their interests. Mills identified how the power elite effectively make decisions regarding economic policy and national security—controlling the difference between a boom economy and a bust economy or peace and war abroad (Gilbert, 2003).

G. William Domhoff (2002) argued that real power is **distributive power**, the power individuals or groups have over other individuals or groups. Power matters when a group can control strategic resources and opportunities to obtain such resources. Money, land, information, and skills are strategic resources when they are needed by individuals to do what they want to do (Hachen, 2001). According to Domhoff, distributive power is limited to an elite group of individuals whose economic, political, and social relationships are closely interrelated. Control over four major social networks—economic, political, military, and religious—can be turned into a strong organizational base for wielding power (Mann, 1986).

Michael Harrington (1963) argued, “The real explanation of why the poor are where they are is that they made the mistake of being born to the wrong parents, in the wrong section of the country, in the wrong industry, or in the wrong racial or ethnic group” (p. 21). Inequalities built into our social structure create and perpetuate poverty. As Manning Marable (2000) stated, capitalism is fraud. Although it promotes the idea that everyone has a fair and equal chance to succeed, advantages are given to members of particular groups based on their gender, race, or social class.

Conflict theorists assert that poverty exists because those in power want to maintain and expand their base of power and interests, with little left to share with others. Welfare bureaucracies—local, state, and national—represent important interest groups that influence the creation and implementation of welfare policies. The poor are excluded from social and political networks that can promote their needs and interests. A welfare policy reflects the political economy of the community in which it is implemented (Handler & Hasenfeld, 1991).

Francis Fox Piven and Richard A. Cloward (1993) concluded that the principal function of welfare is to allow the capitalist class to maintain control over labor. Welfare policy has been used by the state to stifle protest and to enforce submissive work norms. During periods of economic crisis, the state expands welfare rolls to pacify the poor and reduce the likelihood of serious uprising. However, during economic growth or stability, the state attempts to reduce the number of people on welfare, forcing the poor or dislocated workers back into the expanding labor force.

Those who remain on welfare are condemned and stigmatized for their dependence on the system. For example, in 2017, at least 15 states passed legislation to require drug testing or screening for public assistance applicants or recipients, and at least 20 more states proposed similar legislation during the year (National Conference of State Legislatures, 2017). Opponents of this policy argue that punitive testing policies perpetuate the stereotype that people on public

Income: Money earned for one's work

Wealth: The value of one's personal assets

Prestige: Social respect or standing

Power: The ability to achieve one's goals despite resistance from others

Power elite: A select group possessing true power

Distributive power: Power over other individuals or groups

assistance are morally corrupt and more likely to use drugs. It also distracts from the need for and access to drug treatment and prevention. A 2012 assessment of the Florida welfare drug test law revealed that there were no direct savings for the state; contrary to the law's intent, it did not identify many drug users and had no effect on reducing the number of individuals applying for welfare assistance (Alvarez, 2012). The Florida law was struck down by a federal appeals court in 2014; the court ruled that the state failed to demonstrate that drug abuse was more prevalent or unique among Temporary Assistance for Needy Families (TANF) clients than the general population.

Feminist Perspective

Feminist scholars define the welfare state as an arena of political struggle. The drive to maintain male dominance and the patriarchal family is assumed to be the principal force shaping the formation, implementation, and outcomes of U.S. welfare policy (Neubeck & Cazenave, 2001).

Social welfare scholar Mimi Abramovitz (1996) noted that welfare has historically distinguished between the deserving poor (widows with children) and the undeserving poor (single and divorced mothers). In the 1970s and 1980s, media and politicians created the image of the “Cadillac driving, champagne sipping, penthouse living welfare queens” (Zucchini, 1999, p. 13), suggesting that women—specifically, single mothers—were abusing welfare assistance. Women were accused of having more children to avoid work and to increase their welfare benefits. Marriage, hard work, honesty, and abstinence were offered as solutions to their poverty. The negative stereotypes of poor women stigmatized these women and fueled support for punitive social policies (Abramovitz, 1996), and they continue to be a part of welfare policies today.

The bias against women is reproduced systematically in our social institutions. Fraser (1989) argued that there are two types of welfare programs: masculine programs related to the labor market (social security, unemployment compensation) and feminine programs related to the family or household (Aid to Families with Dependent Children [AFDC], food stamps, and Medicaid). The welfare system is separate and unequal. Fraser believes that masculine programs are rational, generous, and nonintrusive, whereas feminine programs are inadequate, intrusive, and humiliating. The quintessential program for women, AFDC, institutionalized the feminization of poverty by failing to provide adequate support, training, and income to ensure self-sufficiency for women (Gordon, 1994). The program operated from 1935 to 1996.

Our current welfare system, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and its TANF program, have been criticized for its treatment of women and their families. PRWORA created a pool of disciplined low-wage laborers: women who must take any available job or find themselves and their families penalized by the government (Piven, 2002). Joy Rice (2001) warned how “policies that assume individualistic causes [of poverty] will continue to emphasize programs that focus on quickly getting poor women into the workforce in any job, however lower paying or dead-end” (p. 370). With its emphasis on work as the path to self-sufficiency, TANF forces women back to the same low-pay, low-skill jobs that may have led them to their poverty in the first place (Gilman, 2012; Lafer, 2002). The new program requirements, as Debra Henderson et al. (2005) argued, also deny women the choice to be full-time mothers. Eligibility guidelines force poor women to work, making them choose between the competing roles of good mother and good welfare recipient. The new policies fail to address the real barriers facing women: low job skills and educational attainment, racism and discrimination in the labor market, and the competing demands of work and caring for their children.

Interactionist Perspective

An interactionist would draw attention to how class differences are communicated through symbols, how the meaning of these symbols is constructed or constrained by social forces, and how these symbols reproduce **social inequality**. Our language reflects the quality of life that is associated with different amounts of economic resources. We distinguish the “very rich” from the “stinking rich” and someone who is “poor” from someone who is “dirt poor” (Rainwater & Smeeding, 2003).

Some sociologists have suggested that poverty is based on a **culture of poverty**, a set of norms, values, and beliefs that encourage and perpetuate poverty. In this view, moral deficiencies of individuals or their families lead to a life of poverty. Oscar Lewis (1969), Edward Banfield (1974), and Myron Magnet (1993/2000) argued that the poor are socialized differently (e.g., living from moment to moment) and are likely to pass these values on to their children. Patterns of generational poverty—poor parents have poor children, who in turn become poor adults, and so on—seem to support this theory.

Yet the culture of poverty explanation has been widely criticized. Opponents argue that there is no evidence that the poor have a different set of values and beliefs. This perspective defines poverty as a persistent state; that is, once you are poor, your values prohibit you from ever getting out of poverty. Poverty data reveal that for most individuals and families, continuous spells of poverty are likely to last less than two years (Harris, 1993).

Interactionists also focus on the public’s perception of welfare and welfare recipients. Most Americans do not know any welfare recipients personally or have any direct contact with the welfare system. Their views on welfare are likely to be shaped by what they see on television and by what they read in newspapers and magazines (Weaver, 2000). As a society, we have developed a sense of the “undeserving poor”; dependent mothers and fathers and nonworking recipients have become powerful negative symbols in society (Norris & Thompson, 1995). Critics of social programs for the poor fear that the United States is becoming an entitlement society, creating a large segment of the population who would rather depend on government benefits than work (Sherman et al., 2013). During the 2012 presidential campaign, Governor Mitt Romney was secretly taped promoting this negative rhetoric of public assistance. In his comments, Romney referred to the 47% of Americans who were dependent on the government and who believed they were victims. Romney said his job was “not to worry about those people.” His statements are at odds with welfare program facts: More than 90% of those on entitlement and mandatory programs are the elderly (people aged 65 and older), disabled, and members of working households (Sherman et al., 2013). Romney also ignored the practice of corporate welfare, giving government subsidies to the defense and tech industries, agricultural conglomerates, and pharmaceutical companies.

Martin Gilens (1999) explained that *welfare* has become a code word for *race*. Race and racism are important in understanding public and political support for antipoverty programs (Lieberman, 1998; Neubeck & Cazenave, 2001; Quadagno, 1994). Gilens stated that Americans perceive welfare as a Black phenomenon, believing that Blacks make up 50% of the poor population (compared with an actual 25%). This belief is exacerbated by the notion that Blacks are on welfare not because of blocked opportunities but largely because of their lack of effort.

Gilens (1999) asserted that the news media are primarily responsible for building this image of Black poverty, that is, for the “racialization of poverty.” During the War on Poverty in the early 1960s, the media focused on white rural America, but as the civil rights movement began to build in the mid-1960s, the media turned their attention to urban poverty, and the racial

Social inequality: Unequal distribution of resources, services, and positions

Culture of poverty: A set of norms, values, and beliefs that encourage and perpetuate poverty

character of poverty coverage changed. Between 1965 and 1967, sensationalized portrayals of Black poverty were used to depict the waste, inefficiency, or abuse of the welfare system, whereas positive coverage of poverty was more likely to include pictures and portrayals of whites. After 1967 and for most of the following three decades, larger proportions of Blacks appeared in news coverage of most poverty topics. “Black faces are unlikely to be found in media stories on the most sympathetic subgroups of the poor, just as they are comparatively absent from media coverage of poverty during times of heightened sympathy for the poor” (Gilens, 1999, p. 132). According to Gilens, this exaggerated link between Blacks and poverty is a serious obstacle to public support for antipoverty programs.

A review of all sociological perspectives is presented in Table 2.4.

TABLE 2.4 ■ Summary of Sociological Perspectives: Inequalities Based on Social Class

	Functionalist	Conflict/Feminist	Interactionist
Explanations of social class and poverty	Inequality is inevitable and emerges from the social structure. Poverty serves a social function.	Inequality is systematically maintained by those trying to preserve their class advantage. Class is based on multiple dimensions—income, wealth, prestige, and power. Welfare bureaucracies represent important interest groups that influence the creation and implementation of welfare policies.	Each social class has a specific set of norms, values, and beliefs. Poverty is a learned phenomenon based on a “culture of poverty” that encourages and perpetuates poverty. The public’s perception of the welfare system and welfare recipients is shaped by the media, political groups, and stereotypes.
Questions asked about social class and poverty	What are the functions and dysfunctions of inequality? What portions of society benefit from poverty?	What powerful interest groups determine class inequalities? How do our welfare policies reflect specific political, economic, and social interest groups?	Is poverty learned behavior? How are our perceptions of the poor determined by the media, news reports, and politicians? Has society created two images—the deserving versus the undeserving poor? Are these images accurate?

SOCIOLOGY AT WORK

Critical Thinking

Your college education involves more than just learning new things; it also includes developing the skills to apply your new knowledge. This skill is referred to as critical thinking. The American Association of Colleges and Universities (AAC&U, 2013) defines critical thinking as

“a habit of the mind characterized by the comprehensive exploration of issues, ideas, artifacts and events before accepting or formulating an opinion or conclusion.” A good critical thinker can apply these habits in “various and changing situations encountered in all walks of life” (AAC&U, 2013). What does critical thinking look like? Critical thinking does not consist of one specific activity or outcome; rather it involves the use of reason, logic, and evidence to solve a problem, to evaluate a claim or situation, or to investigate a new aspect of our social world.

Take, for example, the subject of this chapter: social class. Most sociological discussions about social class begin with a discussion on Karl Marx. A critical thinker would not simply accept Marx’s theory as the only explanation about social class but would also consider alternative perspectives and explanations, some that might even disagree with Marx. A critical thinker would look for evidence, considering whether historical data support or refute Marx’s theory on the rise of the proletariat class. Critical thinking can also involve applying Marx’s theory to the way that we live and work now. What would Marx think about our solutions for poverty?

In a 2017 national survey of employers, the majority of respondents rated critical thinking and problem solving as the most essential competency among new hires (National Association of Colleges and Employers, 2017). Critical thinking is an asset in the workplace as it promotes effective communication between teams and coworkers and develops unique perspectives on situations and challenges at work (Kramer, 2020).

How have you applied critical thinking in your sociology courses? How could you use this skill in the workplace?

THE CONSEQUENCES OF POVERTY

This section is not an exhaustive list of the consequences of poverty. The remaining chapters will also highlight the relationship between social class and the experience of a specific social problem (such as educational attainment or access to health care). Given the intersectionality of all the bases of inequality covered in this section of the book, there is a persistent overlap in the experience of social problems as a result of one’s class, race, gender, sexual orientation, and age.

Food Insecurity and Hunger

About 11% of households, or 14.3 million American families, were food insecure for at least some time throughout 2018 (Coleman-Jensen et al., 2019). Analysts attribute the increase to rising unemployment rates and food prices. **Food insecure** means that these families did not always have access to enough food for all members of the household to enjoy active and healthy lives. Fifty-six percent of the food-insecure households said they had participated during the previous month in one or more federal food and nutrition assistance programs—the National School Lunch Program, the Supplemental Nutrition Assistance Program (described later), or the Special Supplemental Nutrition Program for Women, Infants, and Children. The prevalence of food insecurity is higher for certain groups: single-female-headed households with children (18.1%), Black households (21.2%), Hispanic households (16.2%), and households with income below the poverty line (27%) (Coleman-Jensen et al., 2019). Food insecurity was more common in large cities and rural areas than in suburban areas and exurban areas around larger cities.

The USDA provided food assistance through one of 17 public food assistance programs. The U.S. food stamp program, now called the Supplemental Nutrition Assistance Program (SNAP), is the nation’s largest nutrition program for low-income individuals and families. During 2019, the program served an average of 38 million low-income Americans

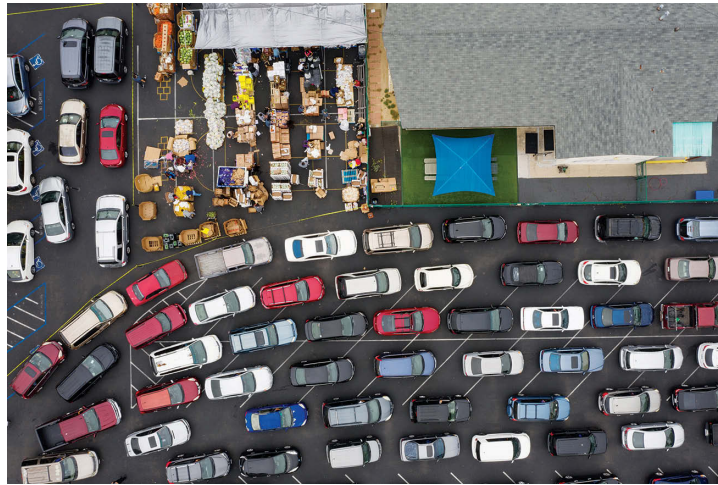
Food insecure: Lacking access to sufficient food for all family members

each month. The average monthly benefit was \$127 per person (about \$4.17 a day, \$1.39 per meal). Food stamps cannot be used to buy nonfood items (personal hygiene supplies, paper products), alcoholic beverages, vitamins and medicines, hot food products, or any food that will be eaten in the store. The Center on Budget and Policy Priorities (2013a) described SNAP as a powerful tool in fighting poverty. Serving as a bridge program, SNAP provides temporary assistance to individuals and families during periods of unemployment or a crisis (Center on Budget and Policy Priorities, 2013a). Although SNAP and other USDA programs have been shown to be effective in improving the purchasing power and nutritional status of a specific population, many low-income families are not being adequately served or served at all by these programs.

For one week in 2007, Governor Theodore R. Kulongoski (D-OR) challenged fellow Oregonians to join him and his wife Mary in living on an average Oregon food stamp budget of \$21 per week per person, or \$3 a day. His efforts drew state, national, and global attention to food insecurity in his home state of Oregon, as well as the need for the federal government to preserve the current level of food stamp benefits. Before his challenge week, the governor and his wife had each spent an average of \$51 per week on food, not including his meals while at work or during official functions; during his challenge week, their final food bill was \$20.97 per person. Governor Kulongoski reported several challenges he and his wife experienced throughout the week—the demoralizing experience of not having enough to pay for all the food in their cart, having to make tough decisions on the quality and amount of food they could purchase, and experiencing hunger throughout the week as their food supply ran out (Kulongoski, 2007). Since Kulongoski's challenge, there have been annual food stamp budget challenges sponsored by faith leaders, politicians, and news reporters, highlighting the difficulties of eating a healthy and sustainable diet on the standard food stamp allotments.

As reported by Briefel et al. (2003), food pantries and emergency kitchens play an important role in the nutritional safety net for America's low-income and needy populations. These organizations are part of the Emergency Food Assistance System, a network of private organizations operating with some federal support. Food pantries considered by Briefel et al. were likely to serve families with children (45% of households included children), whereas emergency kitchens were likely to serve men living alone (38%) or single adults living with other adults (18%). In a comparative study of food banks in the United States, Canada, and Australia, Chantelle Bazerghi et al. (2016) concluded that while food banks have an important role to play in providing immediate solutions, they are "limited in their capacity to improve overall food security outcomes due to the limited provision of nutrient-dense foods in insufficient amounts, especially from dairy, vegetables and fruits" (p. 732).

Feeding America (2020), the nation's largest hunger-relief organization, reported that before the coronavirus pandemic, its network of food banks, food pantries, and meal programs served 37.2 million people, including 11.2 million children. The organization predicted that during the pandemic the number served was likely to increase by 17 million, including nearly 7 million children. "This pandemic continues to impact the lives and livelihoods of our neighbors nationwide, putting millions of additional people at risk of hunger while continuing to hurt people already familiar with hardship," said Claire Babineaux-Fontenot, Feeding America's CEO. Many individuals and families never used food banks before the pandemic.



Food pantries and emergency kitchens played an important role in the nutritional safety net during the COVID-19 pandemic. In many cases, individuals and families were using food banks for the first time. This was a line for a food distribution event in Chula Vista, California.

Bing Guan/Bloomberg via Getty Images

Affordable Housing

Although most Americans still aspire to own a home, for many poor and working Americans, home ownership is just a dream (Freeman, 2002; Savage, 1999). The generally accepted definition of affordability is for a family to pay no more than 28% of its annual income on housing (30% for a rental unit). Nearly one in four working households (households where individuals work more than 20 hours per week and have a household income of no more than 120% of the median income in the area) spends more than half its income on housing costs (Williams, 2012). Renters are more than twice as likely as homeowners to pay more than half their income for housing (Fischer & Sard, 2013).

Lance Freeman (2002) explained that because housing is the single largest expenditure for most households, “housing affordability has the potential to affect all domains of life that are subject to cost constraints, including health” (p. 710). Most families pay their rent first, buying basic needs such as food, clothing, and health care with what they have left. The lack of public assistance, increasing prices, slow wage growth, and a limited inventory of affordable apartments and houses make it nearly impossible for some to find adequate housing (Pugh, 2007).

The combination of low earnings and scarce housing assistance results in serious housing problems for the working poor. According to the National Low Income Housing Coalition (Aurand et al., 2020), there is no state where a full-time minimum-wage worker can afford a modest one- or two-bedroom unit. About 70% of low-income renter households were using over 50% of their income for housing (Aurand et al., 2020). Increasing the minimum wage would not solve the affordable housing problem. Low-income households would remain at higher risk for experiencing housing instability, eviction, poor housing conditions, and homelessness.

In his 2016 book, *Evicted: Poverty and Profit in the American City*, Matthew Desmond documents the experience of eviction for eight families living in Milwaukee, Wisconsin. In his fieldwork, Desmond witnessed how being evicted from one’s home leads to serious psychological, social, and economic instability. Desmond writes, “Losing your home and possessions and often your job; being stamped with an eviction record and denied government housing assistance;



Housing is the single largest expenditure for most households. Low earnings and scarce housing assistance results in serious housing problems for the working poor.

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relocating to degrading housing in poor and dangerous neighborhoods; and suffering from increased material hardship, homelessness, depression, and illness – this is eviction’s fallout” (p. 298). He concludes “eviction is a cause, not just a condition, of poverty” (p. 299).

Health

Regardless of the country where a person lives, social class is a major determinant of one’s health and life expectancy (Braveman & Tarimo, 2002); those lower on the socioeconomic ladder have worse health than those above them (Marmot, 2004). The link between class and health has been confirmed in studies conducted in Australia, Canada, Great Britain, the United States, and Western Europe (Cockerman, 2004). Although no factor has been singled out as the primary link between socioeconomic position and health, scholars have offered many factors—the standard of living, work conditions, housing conditions, access to better-quality food, leisure activities, and the social and psychological connections with others at work, at home, or in the community—to explain the relationship (Krieger et al., 1997). According to Nancy Krieger and her colleagues (1997) “poor living and working conditions impair health and shorten lives” (p. 343).

Rose Weitz (2001) offered several explanations for the unhealthy relationship between poverty and illness. The type of work available to poorly educated people can cause illness or death by exposing them to hazardous conditions. Poor and middle-class individuals who live in poor neighborhoods are exposed to air, noise, water, and chemical pollution that can increase rates of morbidity and mortality. Inadequate and unsafe housing contributes to infectious and chronic diseases, injuries, and illnesses, including lead poisoning when children eat peeling paint. The diet of the poor increases the risk of illness. The poor have little time or opportunity to practice healthy activities such as exercise, and because of life stresses, they may also be encouraged to adopt behaviors that might further endanger their health. Finally, poverty limits individual access to preventative and therapeutic health care.

The relationship between health and social class afflicts those most vulnerable, the young. Children in poor or near-poor families are two to three times more likely not to have a usual source of health care than are children in nonpoor families (Federal Interagency Forum on Child and Family Statistics, 2007). Access to a regular doctor or care facility for physical examinations, preventative care, screening, and immunizations can facilitate the timely and appropriate use of pediatric services for youth. Even children on public insurance (which includes Medicaid and the State Children’s Health Insurance Program) are more likely not to have a usual source of care than are children with private insurance. Children in families below the poverty level have lower rates of immunization and yearly dental checkups (both basic preventative care practices) than do children at or above the poverty level (Federal Interagency Forum on Child and Family Statistics, 2007). Refer to Chapter 10, “Health and Medicine,” for more on the impact of social class on health care access and quality.

VOICES IN THE COMMUNITY

MAURICIO LIM MILLER

Mauricio Lim Miller is the founder and CEO of the Family Independence Initiative (FII), a non-traditional antipoverty program. FII was launched as a research project by Lim Miller and then Oakland mayor Jerry Brown in 2001. The program allows low-income families to find their way to self-sufficiency, establishing their initiatives and finding success. Instead of telling poor families what to do, FII provides a context in which families “can discover for themselves what’s important to them and how they can best achieve those goals” (Burak, 2011, p. 27). According to Lim Miller (quoted in Bornstein, 2011),

when you come into a community that is vulnerable with professionals with power and preset ideas, it is overpowering to families and it can hold them back. Nobody wants to hear that because we are all good guys. But the focus on need undermines our ability to see their strengths—and their ability to see their own strengths.

The program promotes the importance of connections through social networks, greater choices, and the ability to create economic capital. “We’d like to take the money that programs would normally spend on social workers and instead make them available as scholarships or investment or loans. That would parallel the kinds of benefits that we give to the rich because society thinks they create the jobs” (Lim, quoted in Bornstein, 2017).

FII began with 25 families in three cohorts—8 African American families, 6 Salvadoran refugee families, and 11 Lu Mien families (Bornstein, 2011). Family groups are asked to write down their goals (e.g., improving a child’s grades, starting a business, buying a home), with FII promising to pay each family \$30 for every success, a maximum of \$200 per month. Families need to work on their plans together and report their progress to each other and to FII staff. The program structure builds a social network and social capital among the participating families (Burak, 2011). The program is unstructured, but “the families have done well because we give them room to do whatever they feel they need to do to get ahead,” says Lim (quoted in Fessler, 2012).

Assessment data revealed that among the first group of 25 families, household incomes increased 25% after two years. Even after FII’s payments stopped, incomes continued to increase, up to 40% higher than the baseline. Lim Miller also established his program in Hawaii and San Francisco. Client success was documented at these sites, with family incomes increasing by 23% and savings by 240% (Bornstein, 2011).

As of 2020, the program had established 12 program partnerships.

RESPONDING TO CLASS INEQUALITIES

Welfare policies—and who should benefit from them—have been long debated in American politics. In this section, we will review federal welfare policies and programs and life after welfare.

U.S. Welfare Policy

Throughout the 20th century, U.S. welfare policy has been caught between two values: the desire to help those who cannot help themselves and the concern that assistance could create dependency (Weil & Feingold, 2002). The centerpiece of the social welfare system was established by the passage of the Social Security Act of 1935. The act endorsed a system of assistance programs that would provide for Americans who could not care for themselves: widows, the elderly, the unemployed, and the poor.

Under President Franklin D. Roosevelt's New Deal, assistance was provided in four categories: general relief, work relief, social insurance, and categorical assistance. General relief was given to those who were not able to work; most of the people receiving general relief were single men. Work relief programs gave government jobs to those who were unemployed through programs such as the Civilian Conservation Corps and the Works Progress Administration. Social insurance programs included social security and unemployment compensation. Categorical assistance was given to poor families with dependent children, to the blind, and to the elderly. To serve this group, the original welfare assistance program, Aid to Dependent Children (later renamed AFDC), was created (Cammisa, 1998).

Categorical programs became the most controversial, and social insurance programs were the most popular. It was widely believed that social insurance paid people for working, whereas categorical programs paid people for not working. Shortly after these programs were implemented, officials became concerned that individuals might become dependent on government relief (Cammisa, 1998). Even President Roosevelt (quoted in Patterson, 1981) expressed his doubts about the system he helped create: "Continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit" (p. 60).



Soup kitchens emerged in the United States during the Great Depression, operated primarily by churches and local charities. Soup and bread meals were easy to prepare and serve to the poor and unemployed.

PictureLux / The Hollywood Archive / Alamy Stock Photo

The next great expansion of the welfare system occurred in the mid-1960s when President Lyndon Johnson (1965) declared a War on Poverty and implemented his plan to create a Great Society. Rehabilitation of the poor was the cornerstone of Johnson's policies, and what followed was an explosion of social programs: Head Start, Upward Bound, Neighborhood Youth Corps, Job Corps, public housing, and affirmative action. Although poverty was not eliminated, defenders of the Great Society say that these programs alleviated poverty, reduced racial discrimination, reduced the stigma attached to being poor, and helped standardize government assistance to the poor. Conversely, opponents claim that these programs coddled the poor and created a generation that expected entitlements from the government (Cammisa, 1998).

During the more than 50 years when the AFDC program operated, welfare rolls were increasing, and, even worse, recipients were staying on government assistance for longer periods. In a strange irony, welfare, the solution for the problem of poverty, became a problem itself (Norris & Thompson, 1995). Between 1986 and 1996, many states began to experiment with welfare reforms. Wisconsin was the first state to implement such a reform with a program that included work requirements, benefit limits, and employment goals.

In 1996, PRWORA was passed with a new focus on helping clients achieve self-sufficiency through employment. PRWORA was a bipartisan welfare reform plan to reduce recipients' dependence on government assistance through strict work requirements and welfare time limits. Replacing AFDC, the new welfare program is called Temporary Assistance for Needy Families (TANF). Instead of treating assistance as an entitlement, as it was under AFDC, TANF declares that government help is temporary and has to be earned. Under TANF, there is a federal lifetime limit of 60 months (5 years) of assistance, although states may put shorter limits on benefits. PRWORA also gave states primary responsibility for designing their assistance programs and for determining eligibility and benefits.

The act had an immediate effect on the number of poor. When PRWORA became law, the poverty rate was 13.7%; 36.5 million individuals were poor, by the government's definition. A year later, the rate had declined to 13.3%, and 35.6 million were poor. Rates declined to their lowest point in 2000, 11.3% or 31.6 million. According to the U.S. Census Bureau, the 2000 poverty rate was the lowest since 1979 (DeNavas-Walt et al., 2007).

PRWORA was reauthorized under the Deficit Reduction Act of 2005. The reauthorization requires states to engage more TANF clients in productive work activities leading to self-sufficiency. The 5-year cumulative lifetime limit for TANF recipients remains unchanged. Funding was also provided for healthy marriage and responsible fatherhood initiatives (U.S. Department of Health and Human Services, 2006).

During the 2007–2009 recession, there was increased concern that poverty was on the rise, straining the safety net of TANF and other government support programs. A depressed economy challenges everyone, but especially those already poor. According to Austin Nichols (2011), history shows that unemployment and poverty rates continue to rise after a recession ends. The effects of poverty deepen over time as individuals exhaust private resources and temporary benefits. The rate of deep poverty (incomes less than half the poverty level) increased from 6.3% in 2009 to 6.7% in 2010. Nichols (2011) advised, "Federal government initiatives are laudable, but cash-strapped families scarred by the labor market and housing market collapses will need more direct help, temporary or not" (p. 2).

During the 2020 pandemic, direct assistance was provided to those unable to work through the CARES Act, the \$2.2 trillion federal coronavirus relief package, which included one-time payments to most households (up to \$1,200 per adult), unemployment insurance for self-employed and gig workers, and an additional \$600 to weekly unemployment checks through

July 2020. This assistance plan was credited with keeping many Americans out of official poverty status but did not make them immune to other hardships, such as housing or food insecurity, the loss of personal savings, and job insecurity. In 2021, the American Rescue Plan, a \$1.9 trillion relief package included a \$1,400 direct payment to most Americans and funds to extend unemployment insurance and reopen schools, assistance to small businesses and landlords, and vaccine distribution. Millions of individuals, including undocumented workers, were not eligible for CARES Act or American Rescue Plan benefits.

In June 2020, a group of 11 U.S. city mayors established Mayors for a Guaranteed Income. The national coalition promotes a universal basic income (UBI) or a guaranteed income for all Americans. In Stockton, California, Mayor Michael Tubbs piloted a UBI program where 125 randomly selected residents received an unconditional \$500 monthly payment. The residents used the donated funds to pay for food (40%), sales and merchandise (24%), utilities and rent (11%), and car repairs and gas (9%) (Samuel, 2019). Noting that economic insecurities were increased due to COVID-19, Tubbs extended the program through 2021. The Mayors for a Guaranteed Income will use its funds to pilot UBI programs in other cities and will continue to advocate for state and federal cash-based policies.

Life After Welfare

A strong economy and increased aid to low-income working families contributed to the immediate decline in welfare caseloads after PRWORA (Besharov, 2002). Welfare officials often point to how the first to leave welfare were those with the most employable skills. Under federal law, states are required to engage at least 50% of TANF families in work activities (e.g., employment or job search). The law limits the degree to which education and training count toward the work participation rate. According to the Center for Women Policy Studies (2002), after PRWORA, college enrollment among low-income women declined. Yet studies indicate that former TANF recipients with a college education are more likely to stay employed and less likely to return to welfare. For example, a study among former welfare recipients in Oregon found that only 52% of those with less than a high school diploma were employed after two years. In contrast, 90% of former TANF recipients with a bachelor's degree were still employed. Since 1996, 49 states—Oklahoma and the District of Columbia are exceptions—passed legislation to allow secondary education to count as activity under PRWORA.

Sandra Morgen et al. (2010) examined the consequences of welfare reform among poor individuals and their families in Oregon from 1998 to 2002. Although more than half to three quarters of the TANF clients they followed were employed when they left the welfare rolls, they were working in low-wage occupations and earning wages so low that almost half had incomes below the official poverty line. Once off welfare, the majority of families continued to struggle to make ends meet and were forced to make tough decisions—for example, putting off medical care, skipping meals to stretch their food budget, or dealing with their utilities being turned off. Many continued to rely on benefits from Oregon's Adult and Family Services. The sociologists concluded that self-sufficiency was still elusive for many families. "Having to depend on low-wage work leaves millions of families facing a combination of job insecurity, inadequate household income, long hours of work, unsatisfactory child care arrangements, and lack of health insurance, sick leave or retirement benefits" (Morgen et al., 2010, p. 148).

Although TANF evaluation studies reveal overall increases in employment, income, and earnings of families formerly on welfare, many families remained poor or near poor and struggled to maintain employment (Hennessy, 2005) even before the 2007 recession. In their 5-year study of TANF recipients in New Jersey, Robert Wood et al. (2008) found that recipients experienced

economic progress and setbacks in the years after entering the program. On average, recipients' employment and income levels increased and poverty levels declined for recipients during the 5 years. However, their average income levels were low, about \$20,000 per year, and almost half had incomes below the poverty line. Many recipients exited the labor market or returned to poverty sometime during the 5 years they were tracked. Most at risk were those without a high school diploma, with limited work histories, and with work-limiting health conditions.

Eugenie Hildebrandt and Sheryl Kelber (2012) examined the experiences of women who were in different stages of TANF participation in a large Wisconsin urban county. Wisconsin was one of the first states to experiment with work-based welfare and program limits. Their study included women who had exhausted their time limit. Hildebrandt and Kelber discovered that the women were unable to meet the needs of their families during or after being in the TANF program. They concluded, "TANF does not have the depth, breadth, or flexibility to adequately address multiple, complex barriers to work" (p. 138). "Barriers of limited education and work skills for well-paying jobs, chronic mental and physical health problems, and personal and family challenges left them few options for escaping poverty" (p. 139). Among the women in the terminated group, the majority had chronic health problems (93%) and depressive symptoms (78%).

In 2012, the Obama administration gave states more control over how they administer their TANF program, instituting an experimental program for states to "test alternative and innovative strategies, policies, and procedures that are designed to improve employment outcomes for needy families" (U.S. Department of Health and Human Services, 2012). In 2020, the Trump administration announced plans to reinstate the work-related activities requirement (at least 20 hours per week) for all adults receiving TANF support.

Earned Income Tax Credit

Enacted in 1975, the Earned Income Tax Credit (EITC) program provides federal tax relief for low-income working families, especially those with children. The credit reduces the amount of federal tax owed and usually results in a tax refund for those who qualify. Similar programs are offered in the United Kingdom, Canada, France, and New Zealand. To qualify for the U.S. program, adults must be employed. A single parent with one child who had a family income of less than \$41,756 (or \$47,646 for a married couple with one child) in 2020 could get a credit of as much as \$3,584. The EITC can be claimed for children under age 19, or under age 24 if they are still in college.

Expansions of the program in the late 1980s and early 1990s made the credit more generous for families with two or more children. In 1994, a small credit was made available to low-income families without children (Freidman, 2000). Receipt of the EITC does not affect the receipt of other programs such as food stamp benefits, Medicaid, or housing subsidies. In 2009, the EITC was expanded to low-earning single and married workers without children, noncustodial parents, and parents with adult independent children.

Supporters of the EITC argue that the program strengthens family self-sufficiency, provides families with more disposable income, and encourages work among welfare recipients. The program acts as a short-term safety net during periods of a shock to income (e.g., loss of job) or family structure (e.g., divorce) or as a long-term income support for multiple spells of income loss or poverty (Dowd & Horowitz, 2011). Families use their credits to cover basic necessities, home repair, vehicle maintenance, or education expenses (Center on Budget and Policy Priorities, 2012). Almost half of EITC recipients planned to save all or part of their refund (Smeeding et al., 1999). The program is credited with lifting more children out of poverty than any other government program (Llobrera & Zahradnik, 2004).

In 2020, 28 states and the District of Columbia offered a state-level earned income credit for residents, usually a percentage of the federal credit.

Changing the Definition—Redefining Poverty

The calculation of the U.S. poverty measure has been described as outdated due to how consumption patterns and the types of family needs have changed. For example, the cost of housing now constitutes a larger proportion of household expenses than it did in the 1960s (Ruggles, 1990). Due to the rising costs of goods and services other than food (the primary basis for the current poverty calculation), the poverty measure underestimates the income needed for all household necessities (Christopher, 2005).

In 1995, a panel of the National Academy of Sciences (NAS) called for a new poverty measure to include the three basic categories of food, clothing, and shelter (and utilities) and a small amount to cover other needs such as household supplies, child care, personal care, and non-work-related transportation. Because the census measure does not show how taxes, noncash benefits, and work-related child care and medical expenses affect people's well-being, the NAS panel cautioned that the current poverty measure cannot reflect how policy changes in these areas affect the poor. In addition, the measure does not consider how the cost of basic goods (food and shelter) has changed since the 1960s. As we have already discussed, the federal poverty measurement assumes that costs are the same across most of the states, except Hawaii and Alaska. It does not make sense that a family of four in Manhattan, New York, is expected to spend the same amount of money for food, clothing, and shelter as a family of four in Manhattan, Kansas (Bhargava & Kuriansky, 2002).

The U.S. Census Bureau has been calculating experimental measures of poverty since 1999. For 2001, in measuring the overall poverty rate, the experimental measures reported higher levels of poverty, especially when accounting for geographic differences in housing costs and for medical out-of-pocket expenses. Although the official rate was 11.7%, experimental measures varied between 12.3% and 12.9%. When looking at the poverty rate for specific groups, the experimental measures tend to present a poverty population that looks more like the total population in terms of its mix of people: the elderly, white non-Hispanic individuals, and Hispanics (Short, 2001).

In 2011, the U.S. Census Bureau released the Supplemental Poverty Measure (SPM). Rebecca Blank (2011) explained that the SPM provides an alternative way to look at economic need among the lowest-income families. While adjusting for geographic differences, the measure considers the dollar amount spent on food, clothing, utilities and housing, medical needs, and work-related transportation. The measure also considers household income resources, including noncash government benefits such as SNAP and the EITC. The official poverty statistics, according to Blank, are incomplete when it comes to reporting the effect of government policy on the poor. For example, when SNAP benefits are counted as income, they lift almost 4 million people above the poverty line and reduce poverty for millions more (Center on Budget and Policy Priorities, 2013b).

Although the SPM will not replace the official measure, it has led to a reexamination of the extent of poverty in the United States. Results showed higher SPM poverty rates than the official measure for most groups. For 2018, according to the official poverty measure, 11.8% of the population was living in poverty. With the SPM calculation, the poverty estimate increased to 12.8%. The distribution of poverty also changes, with higher proportions of poor among adults aged 18 to 64 years and adults 65 and older, married-couple families, and families with male householders, Whites, Asians, and Hispanics (Fox, 2019).

Sanders Korenman et al. (2019) advocated for the use of a health-inclusive poverty measure (HIPM) in addition to the SPM. The HIPM adds basic health insurance needs defined as “the amount of cash needed by a family with no public or private health benefits of any kind to purchase insurance to meet their basic need for preventative care, or for physical or mental health care should they become injured or suffer from physical or mental illness” (p. 437). While there is not much difference between SPM and HIPM poverty estimates, according to Korenman and his colleagues, the HIPM allows analysts to better understand the poverty-reducing effects of health insurance benefits, similar to the impact of SNAP benefits.

CHAPTER REVIEW

2.1 Explain the difference between income and wealth.

Income is the money received by a person or household, usually in the form of a wage or salary. Wealth is defined as the value of assets (checking and savings accounts, property, vehicles, and stocks) owned by a household at a point in time. Wealth, rather than income, may be more important in determining one’s economic inequality.

2.2 Compare the four sociological perspectives on social class and poverty.

Functionalists observe that class inequality is a product of our social structure. Lower wages and poverty are natural consequences of this system of stratification. Conflict theorists assert that poverty exists because those in power want to maintain and expand their base of power and interests, with little left to share with others. Welfare bureaucracies—local, state, and national—represent important interest groups that influence the creation and implementation of welfare policies. Feminist scholars argue that the welfare state is an arena of political struggle. The drive to maintain male dominance and the patriarchal family is assumed to be the principal force shaping the formation, implementation, and outcomes of U.S. welfare policy. Interactionists explain how poverty is a learned phenomenon. This perspective also focuses on the public’s perceptions of poverty.

2.3 Identify the major consequences of poverty.

Food insecurity is defined as food insufficient for all family members to enjoy active and healthy lives for at least some time during the year. For a variety of reasons, poor families encounter higher food prices and a smaller selection of food than other families. Housing is another problem; the combination of low earnings and scarce housing assistance results in serious housing problems for the working poor. Social class is a major determinant of one’s health and life expectancy. Those lower on the socioeconomic ladder have worse health than those above them.

2.4 Explain the evolution of U.S. welfare policy.

The centerpiece of the social welfare system was established by the passage of the Social Security Act of 1935. The act endorsed a system of assistance programs that would provide for Americans who could not care for themselves: widows, the elderly, the unemployed, and the poor. Welfare policies and programs were expanded under Franklin D. Roosevelt’s New Deal and Lyndon Johnson’s Great Society reforms, yet policy makers grew concerned about increasing dependence on social welfare programming. A new era of social welfare began with the 1996 Personal Responsibility and Work Opportunity Reconciliation Act. PRWORA was a bipartisan welfare reform plan to reduce recipients’ dependence on government assistance through strict work requirements and welfare time limits.

KEY TERMS

absolute poverty (p. 28)	power (p. 35)
culture of poverty (p. 37)	power elite (p. 35)
distributive power (p. 35)	prestige (p. 35)
food insecure (p. 39)	relative poverty (p. 28)
income (p. 35)	social inequality (p. 37)
life chances (p. 26)	social stratification (p. 33)
poverty guidelines (p. 28)	wealth (p. 35)
poverty threshold (p. 28)	

STUDY QUESTIONS

1. Examine the difference between income and wealth. Which do you think is the better measure of social class?
2. How would you describe a middle-class lifestyle? What are its characteristics—housing, vacations, cars, and lifestyle? Estimate the amount of income and wealth it takes to lead this middle-class life.
3. Review the different definitions of poverty (from sociologists and according to federal policy). What are the advantages and disadvantages of each?
4. Functionalists assume that not everyone in society can and should be equal. Do you agree with this statement? Why or why not?
5. How would Marx and Weber define your social status, that of Microsoft's Bill Gates, and that of your sociology professor?
6. How has the welfare system (past and present) discriminated against women?
7. The chapter reviews three consequences of poverty—health care, food insecurity, and housing. Which do you think is most serious and why? How has the coronavirus pandemic altered the experience of poverty?

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