

country. The poverty rate in the United States had been declining steadily since 1940 even without any self-declared government effort to address it. In 1940 some 34 percent of the population was living in poverty; by 1960 this had decreased to 15 percent and by 1970 to 11 percent. Among black Americans the decrease had been even steeper: from 71 to 32 percent. Among Hispanics the rate fell from 55 to 23 percent.²

The specific battle plan drawn up by the Johnson administration for the War on Poverty failed to match the rhetorical artillery the president employed. The effort was little more than a call for citizen participation combined with a hodgepodge of hastily designed educational, job training, and neighborhood service programs that had little internal coherence and only limited financial backing. It was more important as a vehicle for involving blacks and other minorities in local political processes than as a mechanism for redistributing wealth. When the Office of Economic Opportunity, the high command for the official poverty war, was finally disbanded in the early 1970s, few noticed the difference.³

But a focus on the conduct of the official War on Poverty is misleading. If the war effort is understood instead as the sum total of Great Society programs enacted and enhanced during the Johnson and Nixon administrations, then the transformation of a broad range of social welfare programs in the late 1960s and early 1970s can, in comparison with previous government efforts, truly be declared a full-scale war. The elderly, for whom the poverty risk in 1960 was higher than one in three, obtained easy access to low-cost medical services and greatly improved retirement benefits. Cash assistance to the blind, deaf, and disabled was increased, funded more completely by the federal government, and indexed to changes in the cost of living. Eligibility restrictions were relaxed on aid given to needy families with dependent children, and food stamps and medical assistance were added as supplements to the cash assistance these families received. Special education programs for the disadvantaged and the handicapped were enacted. Head Start was provided to very young children, and job training programs were offered to those entering the labor market. The amount and variety of housing subsidies available to qualifying families also increased.

The most conservative way of estimating the growth of these programs

The Paradox of Continuing Poverty

When Lyndon Johnson declared the War on Poverty in 1964, he had good reason to believe that the federal government could succeed in ridding itself of the paradox of widespread poverty in the world's wealthiest

1. Office of Policy Planning and Research (1963). On the controversy, see Rainwater and Yancey (1967).

2. Smith (1988), p. 143. Smith's measure of poverty is not quite the same as the measure of poverty used by the Bureau of the Census. It is a measure that instead weights absolute and relative definitions of poverty equally. Absolute measures of poverty would show a steeper downward trend before 1960.

3. On the politics of the war on poverty, see Sundquist (1968), pp. 111-54; Moynihan (1969); and Peterson and Greenstone (1977).

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is to consider the percentage of the nation's gross national product used to fund them. This estimate controls not only for inflation but also for any change in the size of the economy that occurs as a function of growth in the size of the labor force or improved economic productivity. By this conservative measure the nation doubled its social welfare effort in the fifteen years between 1965 and 1980, increasing the share of GNP allocated to social security, welfare assistance, medical services, and food stamps from 5 to 10 percent.⁴ Nor did the conservative climate and fiscal crises of the 1980s cut deeply into the size and scope of these programs. As Robert Greenstein points out in this book, the Reagan administration's effort to cut back the welfare state was frequently checked by strong congressional supporters of existing programs. Thus it might be said that as a result of its war on poverty, the nation now seems finally committed to meeting the biblical requirement that a tenth of income be set aside for those in need.

This war on poverty did not fail in any absolute sense. Although the poverty rate no longer continued to decline, it remained fairly stable at the level it had reached in the late 1960s. Among whites the official rate leveled off at about one-eighth of the population; among blacks the proportion poor remained about one-third.⁵ The poverty rate among older Americans continued to decline. Whereas one-quarter of those aged sixty-five or older had an income below the poverty line in 1970, only one-eighth did in 1987. Social security programs had been extended to include virtually all workers, benefit levels had been increased and indexed at a new, higher level, and medicare insured against most poverty-inducing illnesses. For this group at least, the effort to eradicate poverty had been a resounding success.

Yet in recent years there has been a gnawing sense that poverty, instead of disappearing, has become worse. Not only has the poverty rate for the population as a whole stabilized at around 13 percent, but the risk of becoming poor has increased in disconcerting ways. First, the official poverty rate among Hispanics increased from 28 to 39 percent between 1972 and 1987. It is not clear, however, how much of this apparent change actually occurred. The Bureau of the Census broadened its definition of Hispanic during this period, making comparisons over time suspect. In addition, it is not clear whether any increases that have occurred have been caused by changes that have taken place within the states. Both

4. Peterson and Rom (1988), p. 217.

5. For whites it was 9.9 percent in 1970, 10.2 percent in 1980, and 10.5 percent in 1987; for blacks the percentages were 33.5, 32.5, and 33.1.

TABLE 1. Households with Incomes below the Poverty Line, Selected Years, 1960-87
Percent

Year	Central city	Suburb	Nonmetropolitan
1960	13.7	9.6	28.2
1970	9.8	5.3	14.8
1980	14.0	6.5	12.1
1987	15.4	6.5	13.8

SOURCES: Bureau of the Census (1972), table 3; (1982), p. 445; and (1989), table 17.

the legal and illegal immigration of many low-income Latinos from Mexico, Puerto Rico, the Caribbean, Central America, and South America may have contributed to the increased rate. However, increases in Hispanic poverty before 1980 were as large among longer-term residents as among recent immigrants.⁶ Whether that remained the case in the 1980s, when the number of immigrants increased sharply, is not yet clear. It is thus not certain to what extent the poverty rate has increased among Hispanics who are not recent immigrants to the United States.

Young families have also experienced a steadily increasing chance of being poor. Although the poverty rate among the elderly was cut by one-half between 1970 and 1986, the probability that a child under the age of eighteen would be living in a poor family increased from 15 to 20 percent.

The heightened risk of poverty has shifted from people in rural areas to those living in central cities. In 1960 about 28 percent of the rural households were poor, as compared with 14 percent in the nation's central cities and 10 percent in the suburbs. By 1987 the rate in rural America had fallen to 14 percent, while in the central cities it had climbed sharply from its low of 10 percent in 1970 to 15 percent (table 1). This change, it should be stressed, was not the result of any movement in the overall population from rural America to the central cities. In fact, the percentage of the nation's nonpoor population living in central cities was smaller in the late 1980s than in 1960.

Finally, the poor today are living in female-headed families more often than ever before. Whereas 25 percent of the poor were living in female-headed families in 1960, by 1980 about 35 percent were, and by 1987 perhaps 40 percent were. That female-headed families were somewhat more likely to be poor in 1987 than they were in 1970 (an increase from

6. National Council of La Raza (1989).

50 to 55 percent) provides part of the explanation. But more important was the increase in the percentage of all families that were headed by women. As Christopher Jencks points out in his essay in this volume, the percentage of female-headed families has increased rapidly among all racial and occupational groups. Between 1970 and 1987 the percentage among whites increased from 8 to 13 percent and among blacks from 28 to 47 percent.

In short, the poverty paradox continues even after a major increase in the government's commitment to the welfare state. And not only has the overall poverty rate refused to fall in the 1970s and 1980s in the way that it had in earlier decades, but the risk of poverty grew greater among Hispanics, children, residents of urban areas, and those living in female-headed families (itself a growing percentage of the population).

Nor is it just the recent trends in poverty rates that are disconcerting. The poverty paradox is even more apparent when the United States is compared with other industrial societies. With the U.S. government's official measure of poverty as a standard, comparative data were collected for eight industrial countries—Australia, Canada, Norway, Sweden, Switzerland, the United Kingdom, the United States, and West Germany—for 1979–82. Australia had a slightly higher poverty rate than the United States, while the United Kingdom's rate was 1 percentage point less. But the average poverty rate in the other countries was 5 points lower. The differences were even more dramatic when the rates of children in poverty were calculated: the United States scored higher (that is, worse) than did any other country. Its rate was only slightly higher than Australia's, but it was more than 6 percentage points higher than the rate in the United Kingdom and 10 percentage points higher than the average of the other five countries. Only among the elderly did the poverty rate in the United States not appear exceptional; it ranked fourth after the United Kingdom, Australia, and Norway, and was only slightly higher than the rate in West Germany. In other words, cross-national comparisons reinforce the impression one obtains by examining changes in the incidence of poverty within the United States over time. The poverty rate in this affluent society seems exceptionally high, and young people are especially at risk.⁷

7. Smeeding, Torrey, and Rein (1988), pp. 96–97. International comparisons of poverty levels are not easily made. I report here the indicators of absolute, not relative, poverty. If relative measures were used, the United States would look even worse.