

Myths and Facts About Poverty

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Myth #1 Most poor people do not work.

The fact is that most poor people live in families where someone is already working. In 1998, 7 out of every 10 of the able-bodied employable poor people worked, at least part-time. One of every four worked full-time, year-round.¹

Myth #2 There are plenty of jobs out there for those who want to work. Just look at the want ads!

A university study in Washington DC checked the accuracy of this often heard assertion. Researchers looked at the number of job openings in the Washington Post and found there were over 3,000 jobs advertised. At the same time, there were 36,400 people reported unemployed and another 28,000 adults receiving some sort of public assistance payments. Close examination revealed that most of the jobs advertised had educational or prior employment experience that the poor just did not have. The study concluded that only 354 of the advertised jobs were those that the low-skilled poor actually had a chance to get, and those were usually filled immediately by job-seekers.²

The reality of the job market is more like the situation at the city-sponsored job fair held in New York City, held at the height of the booming economy in late 1999, where 40 companies agreed to accept resumes. About 5,000 people showed up, some waited more than 3 hours in line to put in a resume. The line included everyone from welfare mothers to recent college graduates. Many said they had been job-hunting for months. As one employment expert said "There is a huge pool of people with entry-level skills and not enough jobs for them."³

Myth #3 Unemployment is at a very low level and few people actually need jobs.

Unemployment is often twice as high as people think, even using official government information. For example, in May 2002, the U.S. Department of Labor (DOL) reported that the unemployment rate was 5.8% and 8.4 million people were unemployed. That in itself is a real reason to be concerned - over 8 million people out of work. But the real number of people in May 2002 who needed work, numbers also reported by the DOL, was actually over 17 million

Here is how it works. The DOL monthly releases information of an unemployment rate and a number of people who were unemployed. But this number does not count millions of other people who need work. At the same time as DOL reported in May 2002 that 8.4 million were out of work, they also reported, in data rarely picked up by the media, that there were an additional 3.8 million persons who were working part-time but wanted to be working full-time, and another 5.4 million people were unemployed and wanted jobs but were classified as no longer actively looking for them. Some were classified as "discouraged" workers, people who wanted to work and were available to work but could not find work and have given up looking for work. Others were unable to seek work because of disability or home responsibilities. Thus instead of the 8.4 million figure reported, the actual number of people who are either out of work

or not working full-time and who would like to be, is around 17.6 million, well more than double the total usually reported. Thus, instead of an unemployment rate of 5.8% in May 2002, our nation was really facing an unemployment and underemployment rate of over 12 %.⁴

Myth #4 If people would just work, even at minimum wage, they would not be poor.

The fact is that full-time minimum wage work has not been enough to lift most families over the poverty line in years. With the minimum wage at \$5.15 per hour, the full-time minimum wage worker earns \$10,712 per year. That has not been above the poverty level for a family of three since 1990, or for a family of four since 1984. Even when the minimum wage is inevitably raised, full-time minimum wage work will not likely lift a family out of poverty. For a single parent with two children, the official poverty guideline for the year 2002 was a yearly income of \$15,020. For a parent with three kids, the yearly income was \$18,100. A parent with two kids working full-time would have needed to make at least \$7.22 per hour, and a parent with three children would needed to earn \$8.70 per hour, to at least earn enough to be over the 2002 official poverty threshold.⁵

Myth #5 Minimum wage is not important because hardly anyone but teenagers earn minimum wage.

Not true. If the minimum wage was raised in 2001 by \$1.00 an hour, over 10 million workers, or 8.7% of the entire workforce in the USA would have seen a direct increase in wages and another 9.7 million workers, who earned up to \$7.15 an hour would have also likely seen an increase. Despite the prevailing wisdom that only teenagers and part-time employees work for minimum wages, 68.2% of the workers affected would have been over 20 years old and close to half, 45.3% of the workers, would be full-timers. The majority of the affected workers would have been women, 60.6%, and African American and Hispanic workers would disproportionately benefit.⁶

Myth #6 Minimum wage and other low wage jobs are important to the community because they give unskilled people training opportunities and experience at prices which employers can afford to hire them which in turn allow the workers to improve their skills in order to move into better paying jobs.

The fact is that more than one out of every four workers in the USA earns low wages - too little an hour to lift a family of four over the official government poverty line. That translates into over 30 million people in this country who work and earn less than \$8.19 an hour. These are not entry level workers who are moving on up the economic ladder. Sixty three percent of these folks are over 26 years old. One in four has attended college. Certainly there are some who are temporarily in these jobs on their way to higher skilled better-paying jobs, but most are not. Low wage work is a permanent fact of life for millions of workers.⁷

Myth #7 There are really not that many poor people out there.

There were between thirty and forty million people living below the unrealistically low official poverty line during the last ten years. This means that there are more officially poor people in the United States than all the people who live in El Salvador, Haiti, Honduras, Ireland, New Zealand, and Nicaragua combined.⁸ Put another way, the official total American poor represent more than the total combined populations of the states of Alabama, Arkansas, Iowa, Kansas, Kentucky, Maine, Minnesota, Mississippi, Nebraska, North Dakota, Oregon, South Dakota, and Tennessee.⁹

If you add in the numbers of people below 125% of the official poverty level, a modest increase that some researchers suggest is a more realistic poverty line, there are 45 - 50 million people living in poverty.¹⁰ That is more than the total combined populations of all the states mentioned above plus the total populations of the states of Delaware, Hawaii, Montana, New Hampshire, New Mexico, Rhode Island, Vermont, West Virginia, and Wyoming; a total of twenty-two states.¹¹

Myth #8 Apart from the poor, most people in the USA are doing pretty well

The fact is that over 1 in every 4 workers in the USA, over 30 million people, earns poverty-level wages. These 30 million people are all adults and there are millions more kids in their families not counted in this number. The Economic Policy Institute calculates "poverty-level wages" as those which would still leave a full-time year-round worker earning less than the official poverty threshold for a family of four. Their 1999 calculation found that full-time year-round workers earned poverty-level wages if they made less than \$8.19 an hour. In 1999, 26.8% of all workers earned less than that, over 30 million workers.¹² The effects of these low wages are serious. The U.S. Conference of Mayors identified low-paying jobs as the number one cause of hunger in urban America.¹³

Myth #9 Most poor people are African-American or Hispanic.

The fact is that there have always been many more poor white people than African-American or Hispanic. Poverty afflicts a much higher percentage of Hispanic and African-Americans than whites, but in actual numbers there are more white poor people.

For example, the 2001 Statistical Abstract of the United States, published by the U.S. Census Bureau reported on the details of poor people in 1999. Of the 32 million people below the official poverty line in 1999, about 22 million were white, 8 million were black, and 7 million were Hispanic. As a percentage of each population group, about 10% of whites were poor, compared with 24% of blacks, and 23% of Hispanics.¹⁴

You cannot realistically discuss poverty without discussing race and the effects of racism. Unfortunately, the media do a disservice in this area when they repeat and reinforce unconscious racial stereotypes by portraying poverty as primarily a problem for minority Americans. For example, a Yale University study showed television and print news was much more likely to portray black people as poor than other racial groups.¹⁵

There are some clear racial patterns in poverty. The rate of joblessness in many urban minority poor areas in the 1990s was as high as 66%.¹⁶ Median incomes of white families are much higher than those of black, Hispanic or native Americans.¹⁷ When looking at savings and retirement, the situation is worse; white families have as much as twenty times the accumulated wealth of the black families.¹⁸

While one of every five or six children lives in a poor family,¹⁹ one of every three African American and Hispanic children are poor.²⁰ Infant mortality rates for black babies in the 1990s were over 2 times the rate for white babies.²¹

Like in children, the poverty rate for those over 65 is much higher. While nationwide one in nine or ten over 65 is poor, one in every four African Americans over 65 is poor, and for Hispanics, one in each five over 65 is poor.²²

Myth #10 Most of the poor are non-working middle-aged panhandling bums.

Even though “can-you-spare-some-change” men may be more visible than others who are poor, they are really a very, very small part of poverty.

Gender and age are important predictors of poverty but not for middle-aged men.

In fact, women are more likely victims of poverty than men. About one-third of all female single-parent households live under the poverty line and these mothers and children accounted for around 14 million people in poverty in the mid 1990s.²³ The poverty rate for women in the labor force is higher than men.²⁴ The Wall Street Journal reported in 1995 that women in the USA earned 75.9 cents for every dollar earned by men; by 1999 that figure had risen by 1 cent.²⁵ Women earn substantially less than men, even when comparing women and men with similar educational backgrounds.²⁶ Child support is of limited help because researchers for the Department of Labor estimate that only just over one-third of all the children of absent fathers received child support.²⁷

Of all people, children bear the highest burden of poverty. One of every five or six children lives in a poor family.²⁸

Of those over 65, one in about every nine or ten are poor.²⁹ Those over 65 are the one group where the anti-poverty efforts of this century (primarily Social Security, Medicare and Medicaid) have really worked. In 1959, 35.2% of those over 65 were poor; by 1970 this declined to 25%; by 1998 poverty among those over 65 was down to 11%.³⁰

Myth #11 Poverty is really just an inner-city problem.

The fact is that wherever there are people, there are poor people. Percentage-wise, there is not much difference in the presence of poor people in the country, the suburbs, or the central cities. Nationwide, in 1998, poor people made up just over 12% of all persons in metropolitan areas over 50,000, 18% of persons living in central cities, and 14% of all persons who lived outside metropolitan areas.³¹

Myth #12 The United States provides more help to poor people than any other country in the world.

The USA ranked 20th of 96 nations in percentage of government expenditures on social security and welfare, behind, among others, the United Kingdom, Italy, Canada, Finland, Norway, the Netherlands, Denmark, Switzerland and Sweden. Of the 10 developed nations in the international Luxembourg Income Study, the USA is the only one without a child allowance. Compared to 10 other industrialized nations, the USA has the highest percentage of its population with incomes less than half of the median income level. And, the USA ranks first in the percentage of poor families with children and second only to the United Kingdom in the percentage of elderly people that are poor.³²

In a study of 15 prosperous nations, children in the US had the highest percentage of poverty, the second lowest standard of living, and the highest gap between rich and poor than any of the nations.³³

The World Bank reports that the USA ranks behind all other developed nations in how much of its economy it devotes to international development aid to poor countries, one tenth of one percent of our gross national product. Other countries are pretty stingy too, most giving substantially less than one percent, but the USA is at the bottom (Britain 0.23%, Germany 0.26%, Japan 0.35%, France 0.39%, Netherlands 0.79%).³⁴

One of the realities about poverty and work in the area of law is that poor people rarely have input in the laws that are made about them. If laws about prescription drugs are being considered, there are many people involved, the drug makers, the research community, pharmaceutical retail outlets like drug stores and health insurance providers. The same is true for most other areas of law - there are built in lobbies of people who will help push and pull and shape the laws regulating their area. That is not usually true about laws affecting poor people.

Poor people are fairly powerless in the political arena not only because they have insufficient funds to contribute to candidates, but also because voter participation is closely correlated with income. The poorer the person, the less likely he or she is to vote. The Census Bureau has calculated how income and voter participation are related. This is what they found in a 1998 study:

- 41% of those with incomes of less than \$9,999 voted;
- 49% of those with incomes between \$10,000 and \$14,999 voted;
- 53% of those with incomes between \$15,000 and \$24,999 voted;
- 56% of those with incomes between \$25,000 and \$34,999 voted;
- 62% of those with incomes between \$35,000 and \$49,999 voted;
- 69% of those with incomes between \$50,000 and \$74,999 voted;
- 76% of those with incomes over \$75,000 voted.³⁵

As a consequence of this, most of the laws about working and non-working poor people are formulated by non-poor people, debated by non-poor people, and mostly enacted due to lobbying that is not conducted by poor people.

Often these laws are formulated based on the common myths that are described above and are not really in the interest of poor people, but are part of some other political or religious or cultural agenda.

In a very real way our commitment as a nation to how we address the problem of poverty comes out of our history. That history, going back to the English poor laws, is a very big part of the unconscious background that has shaped our current poverty fighting policies. We need to

take a brief look at what we can learn from our history of how our laws have treated poverty and poor people.