In this chapter, our focus is on how we can get rid of poverty in the United States. By getting rid of poverty, we mean getting all poor Americans above what the federal government says is the poverty line (U.S. Department of Health and Human Services, n.d.). For example, the 2006 poverty line for a family of three (e.g., a mother and two children) was $15,927, and the 2006 poverty line for a family of four was $20,066 (Tax Policy Center, n.d.). So, the key question of this chapter is as follows: What can we do in our country to get all poor Americans out of their poverty or, more specifically, above the poverty line? Let us first make some assumptions and then discuss what we can do.

Assumptions We Can Make About Solving Poverty

Before we begin to discuss what we can do to solve the problem of poverty in our country, we need to make a number of assumptions about our current situation in the United States in relation to what we can and cannot do to get all Americans out of poverty.

First, the economic system of capitalism will not provide enough good-paying jobs for all of the adult people in our country who are capable of working and want good-paying jobs. Recently, the unemployment rate in our country stood at 6.4% (“Unemployment Hits,” 2003). If we rely only...
on capitalism to solve our poverty problem, we will not solve it due to cycles of moderate to high unemployment. Consequently, if we want to solve the problem of poverty, we will need to do something more than just rely on capitalism.

Second, even when capitalism produces many new jobs and the unemployment rate goes down to 3% overall, which is roughly as low as it typically goes, we cannot assume that the jobs that are created pay above the poverty line. For example, Sanders (2000) noted that “30 percent of American workers earn poverty or near-poverty wages” (p. 3). This raises the question of how to get people out of their poverty in an economic system where 30% of the jobs pay at or below the poverty line. Because capitalism produces a considerable proportion of jobs below the poverty line, we will need to do something other than just rely on capitalism.

Third, even during the best of times, because our economy does not produce either enough jobs in total or enough jobs that pay above the poverty line, the government—local, state, and federal—will need to be a part of solving poverty in at least three ways: (a) by providing subsidies that bring the poor above the poverty line; (b) by providing social services, such as health care and retirement benefits, that the poor are not getting from jobs below the poverty line; and (c) by collecting enough tax money from those of us who are not poor to provide for these subsidies and services.

Fourth, there are probably some lower income people who are poor because they are lazy. Our country will need to face the problem of how to deal with these people. Even though these people represent only a small number of the overall number of poor people, we will need to address this problem.

Fifth, because there are different groups that make up poor people (e.g., people without jobs; people with jobs that pay below the poverty line; people who cannot work such as children, the elderly, and the disabled; people who do not want to work and do not work), we will not be able to solve poverty by creating just one solution such as creating more jobs. Instead, we will need to create a number of solutions to get all people above the poverty line.

Sixth, to solve the problem of poverty in the United States, we will need to solve it within the context of a capitalistic economy. Some Americans may want us to go from capitalism to some form of socialist economy where all adults are guaranteed jobs. As a result, there would be no unemployment. I do not think that this is a realistic option now or in the near future. The simple reason is that so many of us who are not poor have benefited from, and are still benefiting from, capitalism with nice homes, good
incomes, and many consumer goods and services. Too many of us currently benefit from the existing economy to realistically consider changing to socialism. Furthermore, from what we have heard and read about the standard of living in the Soviet Union during the Soviet era (1917–1990) and what we have read about the East European countries under the control of the Soviet Union and what has occurred so far in China and Cuba, the people living in these countries have had standards of living considerably below those of us living in capitalistic countries and have also had less freedom. Consequently, given our hesitancy to change to a socialistic economy, we will need to consider, for the time being, solutions that we can carry out within a capitalistic economy.

Seventh, given that capitalism cannot solve poverty by itself, and given the need to add the help of the government, we, as taxpayers, will need to give some of our resources in the form of taxes to solve poverty. This is not a pleasant situation to face, but I see no other realistic way given what I have stated in the preceding assumptions. As to who pays more and how much, this will need to be decided by Congress, state legislatures, and city and county governments. It would seem, however, that the most humane, fairest, and least hurtful way of collecting the needed taxes would be to tax people less if they are nearer to the poverty line and tax people more if they are further from the poverty line. In other words, if we want to get all people above the poverty line, we will need to allocate more tax revenue to address poverty, and one way of doing this is to have a more progressive income tax.

Eighth, as we solve the problem of poverty with the input of both capitalism and government, we should also see a decline in the severity of other social problems that are influenced by poverty such as selling drugs to make money to survive in poverty, engaging in prostitution to make money to survive in poverty, burglarizing homes or businesses to make money to survive in poverty, robbing people or businesses to make money to survive in poverty, and using a lot of drugs or drinking a lot of alcohol as a way of escaping the reality of one’s poverty and hence being less capable of getting out of one’s poverty. All of these problems are exacerbated by the existence of poverty in people’s lives. Consequently, as we solve poverty in our country, we should also see a decline in other social problems.

Ninth, given that solving poverty will help to solve or ameliorate other social problems, it may be prudent to focus on poverty as one of the first problems we address. That way, we would get more “bang” for our invested “buck.” It is at least something to consider given that we have many social problems but only a limited number of resources to use.
What Can We Do?

What can we do? There are a number of actions we can take to solve the problem of poverty. In this section, we discuss a number of steps we can take that are realistic and humane and will not cause people to sacrifice a lot of their resources, although some of us who are not poor will need to sacrifice some of our resources for the benefit of lifting poor people out of poverty. As I suggest various policies, see whether you think that these policies will get our poor people out of poverty and be as little sacrifice as is possible on those of us who are not poor.

Note that these solutions will not give poor people a middle-class lifestyle, but they will help them to live a better lifestyle than they do now. The solutions that could get our American poor out of their poverty are the following: (a) raise the minimum wage; (b) increase the child care subsidy so that parents of children who want to work, and are physically able to work, can work; (c) increase the earned income tax credit to make up for the gap between the minimum wage and the poverty line; (d) decrease the income tax, social security tax, and sales tax on the poor, near poor, and working poor so that they have more take-home pay; (e) increase unemployment compensation, provide more and better job training, and create more effective job placement services given a capitalistic economy where people lose their jobs due to corporations moving to other countries, downsizing, or going out of business; (f) provide corporations with tax incentives to create new jobs in our country; (g) consider a guaranteed minimum income that will help to keep people above the poverty line when our economy does not produce enough jobs; (h) improve the housing subsidies for poor people so that they can live in adequate housing; (i) create more public transportation facilities so that poor people who cannot afford cars can get to where jobs are; (j) provide adequate health care for the poor, the near poor, and the working poor who do not have health care; (k) provide good public schools so that poor children have a much better chance of getting out of their poverty than they now have; (l) provide the elderly who are poor with a prescription drug subsidy so that they can spend their social security and retirement incomes on everyday expenses; and (m) provide the preceding combination of subsidies and services to help those who are not capable of having jobs, such as the elderly and the severely handicapped, to support themselves and live above the poverty line.

Given these social policies that our country could carry out, we could go a long way toward solving the problem of poverty and also toward addressing other social problems related to poverty. Let us now elaborate on each social policy in turn.
Raise the Minimum Wage

Can we solve the poverty problem by providing poor people with minimum wage jobs? If a mother of two children gets a job at minimum wage ($5.15 per hour) and works 40 hours per week for 52 weeks per year, she will earn $206 per week or $10,712 per year. The problem is that this yearly income does not raise her and her children above the poverty line, which is currently $15,927 for a family of three (U.S. Department of Health and Human Services, n.d.). This mother is still below the poverty line by $5,215.

What can we do? If we raise the minimum wage to the poverty line for a family of three (i.e., $15,927), this would mean that a mother would need to have a wage of $7.66 per hour. So, this would be an increase of $2.51 per hour. This new minimum wage would be very helpful for mothers throughout the United States. However, that would mean a substantial increase in labor costs for employers. To pay this new wage, the employer will not be able to hire as many workers and/or will need to take a cut in profit. Employers do not want to make less profit, which could mean lower salaries for them and lower dividends for shareholders.

So, what can we do? Do we keep the minimum wage as it is and hence keep people thousands of dollars below the poverty line and yet we provide more minimum wage jobs and provide more profit for employers and shareholders? Or do we raise the minimum wage so that poor people can get out of poverty but we provide fewer minimum wage jobs and provide less profit for employers and shareholders? Here we see, as we discussed in Chapter 2 regarding the barriers to solving our social problems, the problem of vested interests of different groups and how these vested interests can help or hinder certain social policy intended to solve a social problem.

Another argument against raising the minimum wage is that it is inflationary. Yet on the other hand, many nonpoor people in their jobs expect to get certain percentage raises each year, and this also causes inflation. So, this raises the following question: Is it okay for the rest of us to get pay raises, even though they are inflationary, but not okay for poor people making a minimum wage to get a pay raise, even though it too is inflationary? Maybe a realistic compromise might be to increase the minimum wage somewhat (say, by at least $1.00) so that the new rate is not so hard on employers and does not cause a large decrease in the number of minimum wage jobs and yet is still an increase so that those workers who are making the minimum wage will at least get closer to the poverty line even though they will not reach it.

Another step that we could take vis-à-vis the minimum wage is to tie it to the yearly rate of inflation. That is, as inflation increases, say 3% per year,
the minimum wage will also go up 3%. Currently, Congress needs to pass a law every time it wants to increase the minimum wage. What typically happens is that Congress gets pressure from business interests not to increase the minimum wage because that would increase their costs and decrease their profits. As a result, the minimum wage typically does not increase for years.

Yet inflation continues to occur each year. Over the years, people making the minimum wage are making less and less money because yearly inflation eats away at the value of their wage. The prices for food, rent, gasoline, shelter, clothing, electricity and water bills, insurance on homes and cars, and so on continue to go up each year, but their wage stays the same over 5 to 8 years or more; for example, the minimum wage has not gone up since 1997 (U.S. Department of Labor, n.d. a). If, instead, the minimum wage were tied to yearly inflation, poor people working for the minimum wage would not lose the value of their income each year. You are probably already thinking, “There is no way that owners of businesses will ever want this to happen, so they will vigorously lobby Congress to stop it from happening.” I agree with you. That is the reason why we have not seen the minimum wage tied to the yearly rate of inflation. So, yes, this would be a tough sell to Congress, but it would be an option for getting people out of their poverty.

Increase the Child Care Subsidy

This raises the following question: How do we get a mother and her children out of poverty when she is already working full-time? Moreover, this mother will, in all likelihood, need to pay someone to take care of her children while she is at work. Typically, this will cost a minimum of $50 to $100 per child per week. This additional cost for child care with a minimum wage job will decrease the weekly income she brings home; for example, she will earn a minimum wage of $206 per week if she works 40 hours per week minus $100 in day care for two children, leaving her with $106. As you know, trying to keep together a family of three with $106 per week to pay for rent, food, transportation, and many other expenses will be extremely difficult—if not impossible. Rent alone can eat up what she has left. It is no wonder that families living at this level of subsistence face many problems that the rest of us do not face.

Our state governments and the federal government have recognized the problem of the cost of child care for low-income parents and have provided funds to help pay a portion of the child care costs. This help with mothers’ child care expense gives mothers on welfare an added incentive to go to work, even with a minimum wage job. The problem, however, is that with
the downturn in the economy during recent years, state governments have needed to hold the line on what they can afford to give out in child care subsidies. For example, the state of Kentucky has a waiting list of 2,700 parents who have applied for child care funding, but the state is unable to satisfy their requests.\(^2\) This lack of funding makes it harder for these parents to get off of welfare and hold a job or, if they currently have a minimum wage job, to continue to work without going back on welfare.

This raises the following question: Do we provide more funding for child care for mothers who have minimum wage jobs? This question raises a difficult dilemma for all of us in our country because our federal government is currently spending more than it receives in taxes and therefore getting further into debt and because President George W. Bush got a tax cut through Congress, meaning that we will, at least in the near future, have even less tax money to pay for things such as child care subsidies. Do we increase child care subsidies even though it means going deeper into national debt? Do we maintain current spending for child care subsidies and leave a lot of low-income mothers on welfare and in poverty? Do we decrease child care funding even though we know that the consequences will be that more mothers will need to give up their jobs and go back on welfare? If more mothers go back on welfare, you and I will pay our tax money for welfare instead of child care funding. Do we have mothers return to welfare even though our policy since 1996 has been to get people off welfare and on to work?

If we want to solve the problem of poverty in our country, it seems that we will need to continue to provide, and even increase, child care subsidies to include more mothers who want to get off of welfare and out of poverty. Helping poor people who have minimum wage or near minimum wage jobs with their child care expenses seems to be another key element in helping poor Americans to get out of their poverty.

**Increase the Earned Income Tax Credit**

In addition to increasing her minimum wage, is there any way that a mother with two children can have enough money for her family to be close to, at, or above the poverty line? Yes, there is a way. When she files her income tax return, she can apply for what is known as an earned income tax credit (TaxCreditResources.org, n.d. b). This is money that the federal government and some states\(^1\) give to people who work but still have below poverty-level incomes. The purpose of the earned income tax credit is to help get poor working people closer to the poverty line and give them “added incentives to work” (TaxCreditResources.org, n.d. b).
The earned income tax credit was created in 1975 by Congress but was expanded in 1986, 1990, and 1993. It expanded during the 1980s and 1990s under two Republican presidents and one Democratic president: Ronald Reagan, George Bush (senior), and Bill Clinton (Wilson, 1997, p. 222). One source asserted, “EITC [earned income tax credit] lifts more working families above the poverty line than any other federal program.” Wilson (1997) noted that these increases in the earned income tax credit reflected a recognition that wages for low-paying work have eroded and that other policies to aid the working poor—for example, the minimum wage—have become weaker” (p. 222). Even with increases in the earned income tax credit during the mid-1990s, it still fell short of making up for “the sharp drop in the value of the minimum wage and the marked reductions in AFDC [Aid to Families with Dependent Children (welfare)] benefits to low-income working families since the early 1970s” (p. 222). Even when food stamps were added, workers’ incomes still fell below the poverty line during the mid- to late 1990s (p. 222).

If we want to solve the poverty problem in the United States, we could make sure that adults who have minimum wage jobs will receive an earned income tax credit that will put them above the poverty line. As we discussed in the preceding subsection, we could also tie the minimum wage to the rate of inflation and then make the subsequent adjustment to the earned income tax credit so that all working people could rise above the poverty line, thereby getting many Americans out of poverty.

Decrease the Income Tax, Social Security Tax, and Sales Tax on the Poor

We can give poor people more take-home pay each week by decreasing the taxes that they pay. One way to decrease taxes on the poor is to make our income tax, social security tax, and sales tax more progressive, where poor people pay less in taxes and rich people pay more in taxes. Let us take the social security tax as an example. Currently, Americans who make $94,200 or less pay 6.2% of their income in tax. People who make more than $94,200 in income do not pay any social security tax on the amount over $94,200. We could change this tax to make it a progressive tax where, for example, the poor pay 1% in social security tax and the rich pay 8%. By the poor paying only 1% instead of 6.2%, they would increase their take-home pay by 5.2%, thereby helping them come closer to getting out of their poverty.

We could also decrease the state sales tax for poor people. For example, the sales tax in Indiana is 6%. A poor family of four needs the same amount
of toothpaste, toilet paper, shampoo, and soap as does a rich family of four. When these two families go to the store to purchase these items, they both pay the same amount of sales tax. This sales tax takes a larger proportion of money out of the income of the poor family than it does out of the income of the rich family. We could pay a sales tax dependent on the income we make. That is, the less income we earn, the less sales tax we pay; the more income we earn, the more sales tax we pay. This would make the sales tax progressive and, in so doing, help poor people to get out of their poverty.

We currently have somewhat of a progressive tax in place with respect to the income tax we pay. We could make the income tax much more progressive, where poor people would pay a lower percentage of their incomes in tax and rich people would pay a higher percentage of their incomes in tax. Taken together, if we made income tax, social security tax, and sales tax more progressive, we could provide more money for people to help them get out of their poverty.

Continue to Improve Unemployment Compensation, Provide Better Job Training, and Create More Effective Job Placement Services

Whenever we have a capitalistic economy, a number of people will lose their jobs through no fault of their own; for example, corporations move elsewhere, add robots to the assembly line, and downsize. We live in a society and world where corporations will put their own survival and profits ahead of the welfare of their workers. As a consequence, some people will lose their jobs and fall into poverty.

Unemployment Compensation

To get people out of poverty, we need to provide them with services as soon as they lose their jobs. One step we could take is to provide enough money for them to pay their daily, weekly, and monthly bills. Currently, we have unemployment compensation for people when they lose their jobs. This program was established in 1935 with the passage of the Social Security Act, where workers who lose their jobs “through no fault of their own” (Cornell Law School, n.d.) receive a percentage of their individual earnings within 2 weeks of filing for benefits. These benefits can last up to 26 weeks. However, during periods of high unemployment when workers have used up these 26 weeks, extended benefits can go into effect for an additional 13 weeks. The weekly benefit that the unemployed worker is supposed to receive is between 50% and 70% of the worker’s previous
wage. However, data show that in actuality “the national average weekly benefit amount as a percent of the average weekly covered wage was only 35 percent” (Almanac of Policy Issues, n.d.).

This raises the following question: Can people live on 35% of their former income and receive $215 per week, on the average, and pay for food, rent or mortgage, and electricity, water, and other weekly and monthly bills? We need to review this amount to see whether it provides enough for people to live on until they can find another job.

**Job Training**

We also can get people quickly connected to retraining schools to help them learn new skills that are in demand in the current economy. As we all know, a capitalistic economy is constantly changing, with some jobs decreasing in demand and other jobs increasing in demand. Our job training programs need to constantly readjust as our economy changes.

Currently, people can take different paths in getting retrained. They can go to vocational schools that teach specific skills, they can go to employers who will train them, or they can go to a college or university to get a broader education in the form of a bachelor’s degree.

Local administrators of these job training programs can make recommendations as to how we can have more effective training programs. We can also make these services more visible and more known through television, radio, and newspaper advertising that tells poor and unemployed people how and where they can get job training. Moreover, our schools can do a better job of teaching high school students how to write a résumé, how to search for a job, how to apply for a job, and how to interview for a job (Almanac of Policy Issues, n.d.). That is, high schools, in cooperation with each state’s job training and placement services, could help graduating students to find the jobs they want, thereby lessening the amount of time they would be unemployed.

**Job Placement**

As for job placement services, we currently have in our country various kinds of services that help various kinds of people get jobs. For example, in Indiana, Transition Resources helps migrant and seasonal workers get connected to jobs (Almanac of Policy Issues, n.d.). Older workers who are looking for jobs can get help from a service called Experienced Workers (Almanac of Policy Issues, n.d.). There are also job matching services that match people to local jobs or to jobs that are available statewide. More recently, a national job bank called America's Job Bank helps to give people access to jobs at the national level (Almanac of Policy Issues, n.d.).
So, to get people out of poverty more quickly, we could increase the amount of unemployment compensation while they are unemployed, we could work to get unemployed people into job training programs and make sure that these training programs are changing along with changes in the economy, and we could work to improve local, state, and national job placement services. The improvements that we could make in these three areas could help newly unemployed people who have fallen into poverty, or other people who have been in poverty for a longer period of time, to get out of their poverty more quickly. This quicker turnaround time from unemployment to employment will also mean that the rest of us will pay less in taxes that go toward providing for unemployment compensation.

Give Corporations Tax Incentives to Create New Jobs

Even though people are trained and are looking for jobs via various job placement services, we need to find ways to create more jobs for the many people in our country who are unemployed. One important way to do this is to give corporations incentives to create jobs in our country. Corporations are in business to make profits. If they do not make profits, they will be out of business rather quickly. So, if corporate managers think that creating more jobs in our country will increase their profits, they will do so.

One way to stimulate job creation by corporations is to decrease the taxes on corporations and to make up for this tax loss by making the income tax more progressive by having the wealthy pay more in taxes and the poor and working classes pay less in taxes. Local, state, and federal governments could give more tax breaks to corporations in exchange for corporations providing a certain number of jobs in the United States.

Provide a Guaranteed Minimum Income

If the economy cannot provide enough jobs for all Americans who want them, we might need to consider giving some kind of income to people so that they can survive and stay above the poverty line. Capitalism has cycles of more or less unemployment. During the Depression of the 1930s, the unemployment rate rose to more than 20%. During the boom years of the mid- to late 1990s, unemployment was at times less than 4% (University of Texas, n.d.). Starting in 2000, our economy began to level off and take a nosedive. By July 2003, the unemployment rate had reached 6.4%.

What do we do when people cannot get jobs? Gans (1995) discussed the economy, jobs, and poverty in *The War Against the Poor* and asserted that we might need to face the fact that our economy will not produce enough decent-paying jobs for all who want or need them. He stated that due to the
loss of factory jobs to other countries, due to the use of robots and computers in place of human workers, and due to corporate downsizing of midlevel jobs, we face a big challenge of producing enough jobs for everyone (p. 133). As a result, we might need to have other alternatives in mind if we wish to lift the poor out of their poverty.

If, in such a scenario, the government did not respond with some type of safety net of both income and services, poor people could not get out of their poverty and could feel a sense of despair and anger, especially in our country where we emphasize upward mobility. Moreover, the poor could question the legitimacy of the prevailing social system, form various kinds of conflict groups, and promote conflict in some way (this is a good example of where our theory of conflict and social change and the accompanying causal model outlined in Chapter 1 can be applied). Thus, the stability of the country depends, in part, on matching the ideology of upward mobility with actual chances for people to be upwardly mobile. If jobs are not forthcoming, we might need to rely on the government to provide some sort of safety net of income and services.

One safety net that we could provide is a guaranteed minimum income that puts people above the poverty line when, through no fault of their own, they cannot find jobs and yet need money to pay their bills. Possibly, a guaranteed minimum income could begin at the point where people have tried to get jobs and their unemployment compensation has run out.

We could construct the guaranteed minimum income in such a way that it is more in people’s vested interests to find work than to remain on the guaranteed minimum income. In other words, when they find work, they make more money at their new jobs than they would if they remained on the guaranteed minimum income. This could be one of the final methods that we use to get people out of poverty if the other methods we discussed do not totally solve the problem of poverty.

The guaranteed minimum income has been suggested by conservatives as well as liberals. At first thought, you might think that this is “just another liberal idea” where we, as taxpayers, need to pay more in taxes to provide for yet another government program. In reality, former President Richard Nixon, a Republican conservative, suggested that we implement the guaranteed minimum income. Also, the conservative economist Milton Friedman, in his book *Capitalism and Freedom*, supported this idea (Friedman, 1962, pp. 190–195). Friedman (1962) asserted that there are a number of advantages to having a guaranteed minimum income. First, it would be “directed specifically at the problem of poverty” (pp. 191–192). Second, it could act “as a substitute for the present rag bag of measures directed at the same end” (p. 192). Third, it “could be far less costly in money” (p. 193). Being a conservative and not liking big government and many government
programs and the waste and overlap that these programs can bring, Friedman concluded that the guaranteed minimum income is the best way to address poverty. Finally, we might point out that Harold Kerbo, a specialist in the study of social stratification, noted, “The United States is the only industrial nation that does not have a basic guaranteed income program for all families below the poverty level” (Kerbo, 2006, p. 37).

If we implement the guaranteed minimum income, this is how it could work. We, the American people, would decide how much of our tax money we want to give to put poor people above the poverty level. Let us say, for example, that a mother of two children was laid off from her minimum wage job, where she was making $10,712 per year, but the poverty level for her was $15,927. She was on unemployment compensation, and her time on this has been exhausted. She could receive a guaranteed minimum income that puts her and her children above the poverty line, for example, $16,000. If she eventually finds a part-time job that gives her $1,000 more income, we would not take away the equivalent amount of $1,000 because she would have no incentive to work. To give her an incentive to work, when she earned $1,000, we would take, for example, only $500 away from the $16,000 guaranteed minimum income. As a result, she would get $15,500 of guaranteed minimum income and $1,000 from her job and now make $16,500. That is, she would make more money working than she would not working. If she was able to work more and made another $1,000, again only $500 would be subtracted from her guaranteed income, and she would now make $17,000. This same process would continue. As the mother works more and more, she makes more and more, thereby giving her more incentive to work than not to work.

If the economy cannot provide enough jobs for everyone, we might some day be in the position that Gans predicted. Should we, as a society, consider the guaranteed minimum income? This is an option to which we will need to give serious thought and discussion because it is one that could solve our poverty problem, especially if we find in the future that our economy provides relatively fewer and fewer jobs.

Improve Housing Subsidies

What should we do for people who live in dilapidated housing or have no housing? Even if we raise the incomes of poor people to a little above the poverty line, in many instances they will not have enough money to live in adequate housing.

Due to the Depression during the 1930s, when many people were out of work and had a difficult time in finding decent housing, the government began to build housing for people as a way not only to provide housing but also to provide jobs for people and therefore stimulate the economy. Slum
housing was cleared and 114,000 low-rent units were built (Palen, 1997, p. 320). Although this program ended during World War II, it was fairly successful in that it built housing that poor people could afford.

With the Housing Act of 1934, which created the Federal Housing Administration (FHA) and the Veterans Administration (VA), both of which insured home loans, banks began to loan more money to people who were starting to improve economically and therefore began to move out of public housing. The people getting these loans began to move to new homes being built in the suburbs. The FHA and VA, however, strongly discouraged giving loans to African Americans so that people buying new homes in the suburbs would, they thought, have their property values protected. The results of these loans and discriminatory policies were as follows. First, white families who were improving their economic situations moved out of the public housing units to the suburbs. Second, black families had no option to borrow money and build new homes in the suburbs and thus had no chance to own new homes and begin to build equity in their homes and hence use the building of the new homes as a way to build wealth. Third, the people who were left in the public housing units were more likely to be less successful economically, meaning that poor people became more physically concentrated in public housing. Fourth, the children who remained in the public housing saw fewer and fewer successful role models who were making their way up and out of poverty through legitimate means versus through illegitimate means such as robbery, selling drugs, and prostitution. Fifth, the general public in the United States began to become more negative about public housing, with the very poorest of the poor making up the vast majority of residents of public housing, thereby giving public housing a negative stigma compared with public housing in Europe, where many working- and middle-class people lived. White families were also given a tax break on the interest they paid on their mortgages (home loans). The loans together with this tax break allowed white families to begin building wealth that was not available to African American families.

More recently, our country has provided vouchers to poor people so that they can go to various privately owned apartment buildings and get an apartment and pay 30% of their income toward rent while the federal government pays the landlord the rest of the rent. This program is called Section 8. The advantages of Section 8 are as follows. First, poor people can choose various places to live, thereby giving them some freedom of choice of apartments and geographic location. Second, given more freedom of choice of geographic location, poor people no longer need to be physically concentrated in one area and hence can have more choice of neighborhoods and schools. Third, poor people now have a chance to live closer to their
jobs. Fourth, the federal government does not need to be in the business of building and running a housing program.

Currently, giving poor people vouchers so that they have choice and the ability to move to various places could be the best answer for helping poor people to attain adequate housing. However, because 5 million families still live in inadequate housing, we could expand this program so that more poor people could have adequate housing. If we do not provide enough Section 8 funding for poor people, it seems that the only other alternative to provide enough adequate housing for poor people is for the government to get back in the business of building low-income housing. The problems with this are that the government adds more bureaucracy in building and maintaining such housing and that the poor end up living in areas of the government’s choosing where there are higher concentrations of poor people and fewer chances for employment. Given these problems, the Section 8 program seems to be a better idea.

Given President Bush’s tax cuts, it will be more difficult to find the tax money to expand the Section 8 housing program. Time will tell what we will do with respect to housing for poor people. In the meantime, millions of poor Americans will live in very poor housing or have no housing. It is up to us to decide what to do. What do you think we should do?

Create More Public Transportation

As I mentioned in the preceding subsection with respect to providing people with Section 8 vouchers so that they can have choices as to where to live, these vouchers will also help the transportation problems that many poor have because they cannot afford to own a car.

So, how do people in large and medium-sized cities get to their jobs, grocery stores, and other places they need to go (e.g., doctor appointments, dentist appointments)? If they cannot afford a car, what do they do? Ideally, they live close enough to walk to jobs, grocery stores, schools, hospitals, and banks. But in the spread-out fashion of the contemporary city, where services many times are miles apart, transportation for poor people becomes a major challenge. Public transportation in the larger cities helps to solve this problem for many poor people.

One solution for poor people in larger cities is that the public transportation system could be expanded. For example, during recent years the city of San Francisco has created a subway and train system and has continued to expand both systems to take care of the transportation needs of more and more people and, at the same time, allow more people from one part of the Bay Area get to jobs and services in other parts of the Bay Area.
The extending of these transportation systems should be of great help to poor people in getting to jobs and services.

Besides helping poor people to have better chances at getting to new jobs, these public transportation systems allow many nonpoor people to use this service and hence cut down on the use of cars that contribute so much to the air pollution in our country. So, this partial solution to poverty will also be a partial solution to our environmental problem (see Chapter 13 for a discussion of our environmental problems).

What can we do in smaller cities and rural areas? One program that has been implemented in southeastern Indiana, called “Catch-a-Ride” and covering a five-county area, offers transportation for poor people who need to get to work (personal interview with M. Hueseman, Catch-a-Ride, Lifetime Resources, August 31, 2003). Based on the Catch-a-Ride model, we could design a national program that covers smaller cities and rural areas to help the poor travel to their places of work.

Provide Adequate Health Care for the Poor, Near Poor, and Working Poor

During the 21st century, even after much discussion by President Clinton during the early to mid-1990s about the need to provide all Americans with some form of adequate health care, our country had 44.3 million people who did not have health insurance (Pear, 1999). Many Americans are in a crisis situation if any of their family members gets seriously ill or has a serious accident, where the illness or accident will cost the family thousands of dollars. Most of these families without health insurance are poor, near poor, or working poor, where the jobs the parents have do not provide health insurance benefits. Because these people are poor or close to being poor, they cannot afford to buy health insurance on their own. So, they take a chance and go without it.

We are the only industrialized country that does not have a “national health program meeting the medical needs of all families” (Kerbo, 2006, p. 37). Providing health care for all Americans can be a key ingredient in helping poor people to get out of their poverty, thereby addressing three social problems discussed in this book: rising inequality, persistent poverty, and no health care for millions of Americans.

Create Good Public Schools

To give poor children a chance to get out of their poverty, we could make sure that we create good public schools for all students. By good schools, I mean a number of things. First, I mean that all children are in a safe
environment when they are at school. Second, I mean that all public schools are well maintained and have up-to-date facilities and equipment so that students get a very good education (and are also proud of their schools).

Third, I also mean that all of the teachers are well qualified by being certified in the areas they teach. Moreover, these schools have low student-to-teacher ratios so that teachers can take more time with each student. For example, schools in poverty neighborhoods could have student-to-teacher ratios of 10 to 1, where teachers can concentrate on bringing each child up to his or her full potential.

In such an atmosphere, children from poor families will get a good education, which will, in time, help them to go on to college or trade school or prepare them to work right after high school. To provide schools that are safe and well maintained, have up-to-date equipment, have well-qualified teachers, and have low student-to-teacher ratios will require that we invest more money into our public school system.

If we want to work at getting rid of poverty, we will need to create a much more proficient public school system. Creating such a system will be a major way to help poor children acquire the proper education and skills to get out of poverty and make it on their own, thereby addressing two social problems in our country: poverty and poor-quality schools (see Chapter 7 on unequal education in our country).

Give the Elderly a Prescription Drug Subsidy

A group of poor people who will not be helped with an increase in the minimum wage, a larger child care subsidy, or better quality schools are the elderly poor. We could create other ways to get them out of poverty so that they can live a decent lifestyle.

A number of things could be done to help the elderly poor get out of their poverty. Many of the elderly have social security income that helps but might not keep them out of poverty. Medicare, a health program provided by the federal government, is a great help in providing the elderly with health care. Yet currently the prescription drugs that the elderly must pay for take a substantial chunk out of their monthly incomes. Congress has been struggling with this issue. It appears that Congress has arrived at a partial solution where the elderly will get some help from the government, and this will take some financial pressure off of the elderly (Pear, 2003). However, more could be done in the prescription drug area to help the elderly poor rise out of their poverty. Moreover, a national health care system (discussed in Chapter 10) could address our health care problem and, at the same time, help the elderly poor to get out of their poverty.
Concluding on an Optimistic Note

If we want to do so, we can decrease poverty in our country considerably. The reason why I say this is that Western European countries have already done this. Whereas the poverty rates in countries such as Germany, France, Belgium, Denmark, The Netherlands, and Sweden are roughly the same as our poverty rate (as measured by income below 50% of median income in a nation), all of these countries’ poverty rates declined to 5% to 7% levels after they added income and services provided by the government, whereas our country’s poverty rate remained much higher at 19% (Kerbo, 2006, pp. 260–262). If European countries can do this, we can do this too. This brings us to the following question: Are we really willing to get rid of poverty in our country? We have the tools discussed in this chapter to do this.

Questions for Discussion

1. Should we increase the minimum wage?
2. Should we increase the child care subsidy?
3. Should we increase the earned income tax credit to the poverty line?
4. Should we tax the poor less in terms of income tax, social security tax, and sales tax while we tax the rich more?
5. Should we tax corporations less to give them incentives to stay in the United States and provide more jobs for American workers?
6. What should we do with respect to unemployment compensation, job training, and job placement?
7. Should we have a guaranteed minimum income if our economy cannot provide enough jobs for all Americans who want jobs?
8. What combination of the previously discussed measures do you think will eliminate poverty?
9. Which of the solutions discussed in this chapter will be tried and which will not? Why?
10. If you were asked to eliminate poverty, what would you do?