

**ANTI-POVERTY PROGRAMMES IN
THE UNITED STATES: POLICIES AND
PRACTICES, 2001-2014.**

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DOCTOR OF PHILOSOPHY

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DECLARATION

POVERTY

I declare that the thesis entitled "**Anti-Programmes in the United States: Policies and Practices, 2001-2014**" submitted by me for the award of the degree of **Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

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CERTIFICATE

We recommend that this thesis be placed before the examiners for evaluation.

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Dedicated to

Dada & Dadi

(Late Sri Jugal Kishore Prasad & Late Smt. Sudama Devi)

&

Nana & Nani

(Late Sri Randhir Prasad Sinha and Late Smt. Krishna Devi)

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ABBREVIATIONS

ACA:	Affordable Childcare Act
AFDC:	Aid to Families with Dependent Children
ARRA:	American Recovery and Reinvestment Act
AYP:	Adequately Yearly Progress
BLS:	Bureau of Labour Standard
BLS:	Bureau of Labour Statistics
CB:	Census Bureau
CBO:	Congressional Budget Office
CBO:	Congressional Budget Office
CCF:	Compassion Capital Fund
CDC:	Centre for Disease Control and Prevention
CE:	Consumer Expenditure
CEA:	Council of Economic Advisors
CETA:	Comprehensive Employment and Training Act
CHIP:	State Children's Health Insurance Programme
CPI:	Consumer Price Index
CPI-U:	Consumer Price Index-Urban
CPI-W:	Consumer Price Index-Worker
CSBG:	Community Services Block Grants
CTC:	Child Tax Credit
DHHS:	Department of Health and Human Services
DoA:	Department of Agriculture
DUA:	Disaster Unemployment Assistance
EB:	Extended Benefits
EGTRRA:	Economic Growth and Tax Relief Reconciliation Act

EITC:	Earned Income Tax Credit
EOA:	Economic Opportunity Act
ESEA:	Elementary and Secondary Education Act
EUC:	Emergency Unemployment Compensation
FCSU:	Food, Clothing, Shelter and Utilities
FHA:	Federal Housing Administration
GAO:	Government Accountability Office
HHS:	Department of Health and Human Services
HIFA:	Health Insurance Flexibility and Accountability
HMI:	Healthy Marriage Initiative
HSA:	Health Savings Account
HUD:	Department of Housing and Development
JGTRRA:	Jobs and Growth Tax Relief Reconciliation Act
JOBS:	Job Opportunities and Basic Skills Programme
LEA:	Local Educational Agencies
MOOP:	Medical Out –of-Pocket-Expenses
NAS:	National Academy of Sciences
NCLB:	No Child Left Behind
NCSL:	National Conference of the State Legislature
NDCS:	National Drug Control Strategy
NEWWS:	National Evaluation of Welfare-to-Work Strategies
NGA:	National Governor’s Association
NGO’s:	Non-Governmental Organization
NQS:	National Quality Strategy
NRC:	National Research Council
NUL:	National Urban League
OASDI:	Old Age Survivors and Disability Insurance

OEC:	Office of Economic Opportunities
OECD:	Organization of Economic and Co-operation Development
OEO:	Office of Economic Opportunity
OFBCI:	Office of Faith-Based and Community Initiatives
PPA:	Participatory Poverty Assessment
PPACA:	Patient Protection and Affordable Care Act
PRWOR:	Personal Responsibility and Work Opportunity Reconciliation
SCHIP:	State Children’s Health Insurance Programme
SIP:	Social Insurance Programme
SNAP:	Supplemental Nutrition Assistance Programme
SNAP:	Supplemental Nutrition Assistance Programme
SPM:	Supplemental Poverty Measures
SSA:	Social Security Act
SSI:	Supplemental Security Income
STEM:	Science, Technology, Engineering and Math
TAA:	Trade Adjustment Assistance
TANF:	Temporary Assistance for Needy Families
TANF:	Temporary Assistance for Needy Families
UC:	Unemployment Compensation
UI:	Unemployment Insurance
USDA:	United States Department of Agriculture
USDE:	United States Department of Education
USDLS:	United States Department of Labour and Statistics
VA:	Department of Veteran Affairs
VISTA:	Peace Corps and Volunteers in Service to America
WPA:	Work Progress Administration
WPA:	Works Progress Administration

CHAPTER 1
INTRODUCTION

Poverty has been a consistent problem throughout history. No matter what median income, unemployment or prosperity level has been, there have always been homeless and hungry people. Despite being one of the most prosperous countries in the world, the United States has not been immune to it either. Even today, people in that country struggle to find shelter, feed their kids and find warm clothes.

Poverty has been a large social issue in America which could not be resolved even after fifty years of War on Poverty. It remains rampant across the US even today and goes ignored by many who are affluent and could help to alleviate it. They consider poverty as the problem of poor and it is the poor who should make an effort to combat it. They do not consider it a social problem. There are many social issues surrounding poverty which are the consequents of poverty (poverty being the antecedent) that can be tackled, if poverty is alleviated. Poverty fuels crime, which affects everyone and deteriorates the social fabric.

To comprehend poverty issues in America, it is necessary to factor the livelihood of those whom the government classifies as poor. The US Federal Government defines poverty as income that drops beneath the poverty threshold, also known as the poverty line. Anyone who falls beneath that line is considered poor". The US Census Bureau defines poverty in terms of "a person lacking food, proper shelter and inadequate necessities needed for survival" (US Census Bureau, 2012).

Significantly, the spread of poverty in America has been intense among certain people and in some particular geographical areas. Those who have been especially prone to poverty include women and children, old age, racial and ethnic minorities, people with low level of educational attainment, the unemployed, low skilled, disabled, etc. The US Census mentioned that "in 2014, 14.8% of the general population lived in poverty. Out of which 10.1 percent were white non-Hispanic persons, 12 percent were Asian people, 23.6 percent were Hispanic persons, and 26.2 percent were African American nationals" (US Census Bureau, 2104). The US Census Bureau further notes that "In 2014, 13.5 percent of people aged 18 to 64 (26.5 million) were in poverty compared with 10.0 percent of people aged 65 and older (4.6 million) and 21.1 percent of children under age 18 (15.5 million). Children represented 23.3 percent of the total population and 33.3 percent of the people in poverty" (Walt and Proctor, 2015). Poverty has been highly deep in certain areas

than in others. It is “about twice as high in central cities as it is in suburban areas and nearly three times as high in the poorest states as it is in the least poor states. Some neighborhoods may be characterized as having high concentrations of poverty. Among the poor, the likelihood of living in an area of concentrated or extreme poverty varies by race and ethnicity” (Gabe, 2013).

Over the last two decades, there have been various concerns regarding the official poverty measurement in America. In 1995, the National Research Council’s Committee on National Statistics convened a panel on measuring poverty. This Committee was chaired by Robert Michael, former Dean of the Harris School of the University of Chicago. The findings of the Committee were that “the official poverty measure in the United States did not adequately inform policy-makers or the public about who is poor and who is not poor. It has not kept pace with far-reaching changes in society and the economy” (Bojicic, 2010). According to the panel’s recommendations, “income would include, in addition to money received, the value of non-cash benefits such as food stamps, school lunches and public housing that can be used to satisfy basic needs. The new measure also would subtract from gross income certain expenses that cannot be used for these basic needs, such as income taxes, child-support payments, medical costs, health-insurance premiums and work-related expenses, including child care” (Harms, 1995).

The US government for long has been taking a number of initiatives to fight poverty like government funded programmes such as social security, unemployment benefits, Medicare, Medicaid, etc. Three basic strategies/approaches for combating poverty in America can be identified. War on Poverty and the Great Society Programmes were the first strategies applied as a curative strategy for the problems of the poor people. The curative approach to poverty aimed to end chronic and persistent poverty by making the poor self-supporting by transforming their personal lives and environment. The curative approach focused on the rehabilitation, and it targeted the root causes of poverty. The other approach has been the ‘alleviative approach to poverty.’ Under this strategy public assistance programmes are provided to the people that attempted to ease the suffering of the poor rather than ameliorate the causes of poverty. The other strategy has been the ‘preventive approach to poverty’ which provided social insurance programmes such as Social Security. Through this approach, people utilized the social insurance to insure against the costs of accidents,

sickness, death, old age, unemployment, and disability. The strategy considered the state as a large insurance company which would save the people from the worst circumstances in the life.

In spite of these measures, poverty continued to rise in America. This thesis aims at examining the issue of poverty in America and analyzing policies and programmes adopted by the George Bush Administration and the current Obama Administration in a comparative perspective. Ever since the Johnson administration's "War on Poverty", there have been many laws, regulations, government programmes for combating poverty in America, but still millions of poor people exist in the USA. What are the causes of continuing poverty in the richest country on earth? The thesis aims to study the root causes of poverty amidst plenty, its social and political consequences and analyze the governmental measures by successive American administrations to combat this menace. The thesis has also analyzed the outcome of legislative measures and executive programmes under the Bush and Obama Administrations. It has also side by side discussed the role of civil society in combating poverty in the US. It has also attempted to critically examine the socio-political impact of the policies and programmes of the Bush and Obama administrations in combating poverty in the US.

When George W Bush became the President of America, he took particular interest in poverty alleviation. During his tenure, important laws relating to poverty were passed which included Retirement benefits, Medicare (Part D or the Prescription Drug Benefit), Extended Benefits Programmes, No Child Left Behind Act, Supplementary Nutrition Assistance Programme etc. In spite of these measures, poverty rate began to increase under his administration. After Bush, Barack Obama came to power. During his presidential campaign in 2008, Obama often spoke of ending poverty and after assuming office; he sought to fulfill those promises by bringing in American Recovery and Reinvestment Act, Affordable Care Act, the Tax Relief and Job Creation Act, etc. However, poverty still continued to rise, and the goals of poverty reduction are yet to be achieved. Thus, this thesis has compared the approaches of these two administrations and analyzes how far these approaches have been successful.

REVIEW OF LITERATURE

There is a substantial body of literature on poverty in America. Many of them focus on the historical perspective of American poverty in order to understand its causes, development, and consequences. These include *Michael B Katz's Poverty and Policy in American History*, *Daniel Patrick Moynihan's Understanding Poverty: Perspectives from the social Sciences*, *Michael Harrington's The Other America* among others. Analyzing the historical perspective, *Stephen Pimpare (2008)* in his book *A People's History of Poverty in America*, vividly discusses poverty from the standpoint of the poor and the Americans dependent on welfare ranging from the urban population to the rural geographies. He concentrates on the poor for the creation of communities, a gain of food and shelter, and shows how it boosts their skirmishes for dignity and respect. Pimpare explains the ways in which through notable archival research and well-articulated analysis, aid and charity have been attached with the poor, more often than not, from the ridicule and displeasure of those who would help them. Pimpare reverses any conclusions from the testimonies that he collected from the poor in America, about the way poor see themselves or how it feels to be like a poor, although these testimonies being rich and historic. Consequently, he shows and explains that the poor are mostly all aware that any charity comes with a price. Pimpare, through powerful narratives, some heart-wrenching and some surprisingly hilarious, powerfully questions in this book about that price, reminding us that poverty is not simply a moral failure.

There has been a lot of debate regarding measurements of poverty in America and its procedure. *John Iceland's book Poverty in America: A Handbook (2012)* provides some important information regarding American Poverty. He discusses head counts and poverty gaps, transformation in the aggregate poverty levels, the presence of poverty in particular areas and poverty among particular sections of the people, the cost, and the effectiveness of the anti-poverty programmes for the poor, makes comparisons of poverty levels and gaps with that of international standard. This book is, however, unique in terms of the consideration of the social construction of poverty through a detailed analysis of changes (and variations) in poverty measures the careful analysis for the causes of deep poverty is really impeccable. A whole chapter is devoted to the discussion of the measurements of poverty. Not only does Iceland review the different ways in which poverty may be assessed — absolute, relative,

subjective measures, social exclusion and hardship indicators, etc. — but also points out the strengths and weaknesses of each measurement. The comparison of the level of poverty in the U.S. using three of the income related indicators and the international comparisons through both absolute and relative poverty measures highlights the underlying argument about the constructed nature of poverty and poverty statistics and the role of governments, social scientists, and the general public in defining what it means to be poor.

Although the emphasis in the book is on empirical data, Iceland presents a number of theories explaining poverty or evaluating the plight of the poor. While the very brief discussion of Marx and Weber is somewhat simplistic and even perhaps unnecessary, the careful and straightforward presentation of a number of mid-range theories, such as the culture of poverty argument, the discussion of the declining significance of race, trickle-down economics, as well as theories of gender and racial segregation and discrimination, is exemplary.

Milton Meltzer (1986) in his book *Poverty in America* uses statistics to determine facts about the numerous poor even in affluent society. He started the book with a detailed analysis of the life style of the poor population and the hardship they face. Then he explains the definition of poverty provided by the US Government and what are the effects of that definition. He combats the general analysis that the rich and poor gets whatever they deserve and if the poor works hard, his hard work will certainly pay off. He strikes at the sad version that America has a long and consistent history of poverty. Meltzer uses a graphical representation for providing descriptions of the poor children, and people who have been in poverty due to the job loss. He has also analyzed the conditions of a farmer in America and the effects of import and export on these sections of people. Meltzer focussed on sad tales of government stinginess, the feminization of poverty, and the harm economic shackling does to society as a whole.

Rodgers and Rodgers (1993) in the article '*Chronic Poverty in the United States*' in the *Journal of Human Resources* proposed an approach of measuring deep and transitory poverty through a decomposable index of poverty aggregates. They use this approach to measure deep poverty in the United States during the late 1970s and 1980s and come to the conclusion that deep poverty has been a serious problem in

America. During this period, poverty has not only raised but also became deep and less transitory. This is right for the total population and some, but they have not considered all the sub-population.

According to *Howard Glennerster's article 'United States Poverty Studies and Poverty Measurement: The Past Twenty-Five Years'* published in 2002, the condition of poverty has been steady in the US. But presently the discussion on the culture and race of poverty have become more focused. A majority of assistance programmes serve the minorities of America. Women welfare has also become an important issue. This section of the society has retracted to various employment opportunities along with taking care of the children. Therefore, Glennerster has focussed on the poverty conditions of minority and single mother. This analysis provides a general conception of poverty that is present in other countries also.

Joan Axelrod Contrada in his book *Poverty in America: Cause or Effect?* (2009) discusses the historical context of poverty with regard to rural and urban poverty, unemployment and homelessness. He also provides solutions for the problems mentioned above. The author describes a twenty-first-century picture that has been there for centuries. President Franklin Delano Roosevelt formed the New Deal. However, the World War II ended the Great Depression. President Lyndon B. Johnson declared War on Poverty in America in 1964, but it could not eradicate poverty in America. Racial discrimination ended with the Civil War. The manufacturing jobs were taken away by the blacks who consequently moved into the middle class. Children who have been the original natives of America have not been able to attain upward mobility compared to the children of the immigrants. Also, children of the two-parent families have performed much better than the one born out-of-the-wedlock. Poverty has been rampant across the length and breadth of America. One of the affluent nations of the world has one out of eight Americans below the poverty threshold. The author has also devoted a chapter in suggesting solutions for fighting poverty in America.

Michael B Teiz and Karen Chapple (1998) in their article 'The Causes of Inner-City Poverty: Eight Hypotheses in Search of Reality' in *Cityscape* observe that in spite of having the anti-poverty programmes in America, poverty has persisted in the inner cities of America for over forty years. The gap between the population and the

minorities have widened. The article has also provided explanations for the continuing poverty in the urban areas despite having repeated efforts. The article offers eight important hypotheses for explaining poverty in the inner cities and urban areas. The hypotheses included structural changes in the economy, inadequate human capital, racial and gender discrimination, adverse cultural and behavioural factors, racial and income segregation, impacts of migration, lack of endogenous growth and, adverse consequences of public policy. The article concludes that all the eight hypotheses might become important for urban poverty, but their importance varies substantially.

Another writer *Allan Singer* (2006) in his article '*Business Strategy and Poverty Alleviation*' in *Journal of Business Ethics* has focused the issue of small business owners and the types of poverty they face which is related to their interests. For instance, Singer boldly claims that "entrepreneurs and corporations overwhelmingly do not view the alleviation of global poverty as a strategic priority" (Singer, 2006). Significantly, people overcome their interests to help the others. Singer, through this article, describes that poverty does not mean deprivation of assets. He considers it an issue of 'capability-deprivation' which is based on the condition of the people. He opines this aspect as an unjust perspective because people cannot foresee their good future with not having a positive condition. Lastly, he focussed on the government's role and businesses to alleviate poverty.

While discussing this issue, it is clear that a certain section of the country is poor and that too in certain areas. Racial and ethnic minorities; women and children; the very old; the unemployed; and those with low levels of educational attainment, low skills, or disability, among others are especially prone to poverty. Immigration is considered as one of the reasons for increasing poverty in the United States. This view is supported by *Steven Raphael and Eugene Smolenskey* in their article '*Immigration and Poverty in the United States*' in the *American Economic Review* that analyzed the data from 1970 to 2003 and comes to the conclusion that migration counted for net population growth. But on the other hand, *Jeff Chapman and Jared Bernstein* in his article "Immigration And Poverty: How Are They Linked?" published by the *Monthly Labour Review* view that the share of an immigrant in the US population was neither the only nor the significant feature in the poverty rate from 1989 to 1999. In fact, poverty rates fell faster for immigrants than the natives.

Poverty in America has been concentrated in certain areas. It has been highly concentrated in some areas than the others. *Patridge and Rickman* (2006) in their book *The Geography of American Poverty: Is There a Need for Place-based Policies?* comprehensively examine poverty in the US from 1969-1999. There are three main objectives of the book- to document the uneven distribution of poverty, to explore its underlying demographic and economic determinants, and to offer policy prescriptions for its ameliorations. Their emphasis on the spatial distribution of poverty show the differences in the rate of poverty for different states, counties and, the sub-urban areas. They also explain why anti-poverty programmes have been successful in certain areas and failed in other areas. This makes them suggest that the government should frame the place-based programmes as an anti-poverty measure. This should be supplemented with the people-based programmes because there is a little possibility that the low-income people would move to other places of vibrant economies. The government should create enough jobs for the people. Skill training should not be made a condition for providing jobs. They argue that those areas which have been economically disadvantaged show less poverty with the creation of new jobs.

Janet E Kodras (1997) in his article '*The Changing Map of American Poverty in an era of Economic Restructuring and Political Realignment*' in the *Journal of Economic Geography* demonstrates that an estimation of geographical and historical aspect of poverty can lead to the actual causes of poverty. He argues that the theory of the Conservatives that poverty is the result of individual behaviour such as idleness and low aspirations lose strength when the geographical aspect of the American poverty is taken into consideration. The article investigates the changing map of American poverty from the 1970s-80s. Then the article shows five case studies to demonstrate that poverty is geographically produced, as alterations in the market and the statements emanating from the global and national levels are differentially translated into the social order of locales to generate distinctive prospects for affluence or impoverishment. Taken together, the five case studies conclude that the geographic variance is not the only theory regarding poverty, but also in the generative processes, modes of resistance or accommodation, and experience of poverty.

There have been several government funded programmes such as social security, Medicaid, Medicare, unemployment benefits, etc. to fight poverty in America. It started with the Johnson administration's declaration of war on poverty in 1964. Ever since then it has been a never-ending war to end poverty. *Daniel B Cornfield's* edited *Ending Poverty in America: How to Restore the American Dream?* (2006) comprehensively describes poverty in America and different anti-poverty policies and measures taken by the successive Governments. Organized into five parts, the book addresses the causes and changing the character of poverty in America. It assesses the various governmental anti-poverty programmes including the labour reconstruction policies and policies framed to establish social capital through strengthening family and communities. One of the chapters of the book deal with the causes and changing composition of American poverty not only in materialistic trends but also regarding vulnerability. The analysis of fragile families and poverty, review and examination of the policies of the government, the effectiveness and impact of these policies, the concentration of poverty in the inner cities and a call for such economic policies which could produce tight labour markets can be found in this book.

It also examines a variety of government programmes that help low-income families. This includes Katherine Newman's assessment of various poverty eradication strategies which would eventually upward the social mobility of the low-income people such as access to college education, state-earned income tax credits, extending health insurance coverage to poor people and extending affordable childcare to working class low-income families. Harry Holzer, one of the authors of the book, opines that proper education, skill building, training for the working class, proper coverage of health insurance and extended protection against the loss of a job could help in poverty alleviation.

The condition of poverty in American deteriorated in the recent years with the economic slowdown. The recent 2007-08 financial crisis left much jobless and unemployed. *Stephanie Chen*, in her article '*The New Hungry: College-Educated, Middle-Class Cope with Food Insecurity*,' proposes her arguments on poverty and argues that "more than 50 million American were living in a food insecure home at some point in 2009" (Chen, 2010). She compares this to the 36 million people in similar conditions in 2006. The main problem faced by these downtrodden people was whether to pay the mortgages or pay for the food. Chen in her article has not

discussed the conditions of the minorities specifically but has discussed the conditions of the poor low-income families as a whole who have been struggling to meet demands from various areas of the spectrum from the homeless to the middle class.

James X Sullivan (2012) in his article '*Winning the War: Poverty from the Great Society to the Great Recession*' explains the condition of poverty in the United States from 1960-2010. He opposes the studies which say that there has been little improvement in the condition of poverty over these periods or the poverty eradication strategies have not been successful in alleviating poverty. The article says that America has moved from traditional poverty measurement (income-based) to consumption based poverty measure. This shows that the rate of poverty has declined by 26 percentage points from 1960 to 2010. This new pattern of poverty measurement show improvement in the poverty rate of single-parent and the aged than the income poverty measurement. It also shows that the rate of poverty for married parent families considerably. The analysis of these changes shows that decline in poverty was partly due to the changes in the tax policy. It also states that social security has been the most important programmes of the government and has played an important role in poverty alleviation as compared to other programmes. Changes in education have contributed to the decline, while other demographic trends have played a small role. Measurement error in income is likely to explain some of the most noticeable differences between changes in income and consumption poverty, but saving and non-saving do not appear to play a large role for most demographic groups.

Jean Anyon and Kiersten Greene (2007) in their article '*No Child Left Behind as Antipoverty Measure*' in *Teacher Education Quarterly* argue that although George Bush's No Child Left Behind is not a policy for providing jobs yet NCLB has created decent paying jobs for those in need. It has been aimed at providing education to the poor people because it holds the assumption that proper educational attainment is one of the important measures of poverty alleviation among low-income families. The Programme stands in the place of policies like job creation and significant raises in the minimum wage which although considerably more expensive than standardized testing would significantly decrease poverty in America.

According to *Teresa A Coughlin and Stephen Zuckerman's* article (2008) "*State Responses to New Flexibility in Medicaid*" published in the *Milbank Quarterly*, states have long lobbied to be given more flexibility in designing their Medicaid programmes, the nation's health insurance programme for the low-income, the elderly and individuals with disabilities. The Bush administration and the Deficit Reduction Act of 2005 have put in place policies to make it easier to grant states this flexibility. Since 2001, more than half the states have changed their Medicaid programmes, either through Medicaid waivers or provisions in the Deficit Reduction Act of 2005. These changes are in benefit flexibility, cost sharing, enrolment expansions and caps, privatization and programme funding. The article argues that if this programme of Bush administration is implemented properly, it could lead to profound changes in Medicaid.

Frances Fox Piven (2009) in his article '*Poor Relief: Does Obama have a Poverty Policy?*' (published at Sage publications) states that the United States is one of the most industrialized nation in the, despite the fact that they use a poverty measure that gravely understates any reasonable measure of actual need. Then he describes Obama's stimulus package, the American Recovery and Reinvestment Act of 2009 and says that given the size of the economy, the stimulus plan which Obama offered was too little. He also says that laid side by side with the far larger governmental policies to bail out financial institutions and auto companies, the Obama initiatives for the poor shrink in significance.

Annenberg Public Policy Centre's 'Obamacare Myths' critically evaluates the Affordable Care Act and says that it is long, complicated and still being implemented. The law has not impacted the people positively. It claims that the 8.2 million part-time workers who want full-time jobs cannot find it partly due to the law. Moreover, it claims that in Medicare government will come between the patient and the doctor, choosing the doctor for the patient. The law is not immune from new government - conspiracy -type -claims.

Richard C Fording and Joseph L Smith's (2012) article '*Barack Obama's Fight to End Poverty: Rhetoric and Reality*' examined Obama's leadership on the issue of poverty. It sought to address three specific objectives. Firstly it began by examining the Obama administration's anti-poverty efforts and their relationship with recent

trends in the US poverty rates. Secondly, it compared the leadership on the issue of poverty with other recent presidents. Thirdly, it discussed the implications of theories of presidential leadership. Their analysis found out that contrary to the claims of critics, although the rate of poverty has risen during Obama's term, recent increases in poverty have actually been somewhat lower than what would be expected given the state of the economy. The evidence indicates that one important reason for this is the implementation of ARRA. They found considerable support for claims that President Obama has demonstrated relatively little rhetorical leadership on the issue of poverty, although the frequency with which he has emphasized issues related to poverty is not significantly different compared to past presidents. The article concludes that President Obama has had some objective success in his anti-poverty efforts, but his leadership style on this issue can be characterized more like a "facilitator" rather than a "director" of change.

STRUCTURE OF THE RESEARCH: This research has been structured in the following way:

Definition, Scope, and Rationale of the Study:

The thesis has examined the social and political effects of poverty in the United States. The government decision-making processes, poverty alleviation programmes, the role of NGOs and the social consequences of poverty in a land of plenty has been the principal rationale of this study. The thesis, moreover, has attempted to examine the social, economic and political causes of poverty in the United States. The scope of the study has been limited to social and political dimensions of poverty. The period covered has encompassed a comparative study of Bush and Obama administration's policy for combating poverty in America. One of the goals of the thesis has been to assess the Republican Party's approach and measures wanted by the Democratic Party to deal with the poor and thus a comparative analysis of this issue during Bush and Obama period has been attempted.

Research Questions

The research has attempted to explain the following research questions in order to solve the research puzzle:

- How is poverty defined in the United States and how does it differ from the definitions of poverty by the United Nations and the World Bank?
- What has been the procedure to measure poverty in America? How far have these poverty measurements been realistic?
- What factors are the primary causes of poverty in America?
- Why has a certain section of people and certain geographical areas continued to remain poor in the United States?
- What legislative and executive measures have been taken to combat poverty in America? What role, if any, do NGOs and civil society play in addressing poverty?
- What have been the policies and programs undertaken by the Bush and Obama administrations for combating poverty in America?
- What has been the socio-political impact of poverty in America?

Hypotheses

The hypotheses of this study include:

- The Democratic Party's entitlement programmes have been more efficient than the '*trickle-down approach*' of the Republican Party in alleviating poverty in the US.
- Entitlement Programmes that provide unemployment benefits, housing, food stamps, Medicare, among others, have failed to alleviate poverty in the US.

Sources and Methodology

The present research has used both the descriptive and analytical methods. It has used available primary materials and secondary sources, such as relevant books, articles,

and journals. Content analysis of newspaper reports and articles has been done. A deconstructionist approach of examining speeches and statements of important leaders has been done.

The Primary sources, such as Congressional Hearings and data from various other US Government Departments such as the US Department of Agriculture, the Centres for Medicare and Medicaid Services, the US Social Security Administration, and the US Department of Housing and Urban Development, Congressional Budget Office, etc. have been optimally used. Secondary Sources such as relevant books, articles, journals and magazines have been referred.

Economic data from Economic Research Report, the US Census Bureau, and the US Department of Labour and Statistics, etc. have been important parts of the study as it has analyzed the trends in the level and composition of poverty.

Organization of the Study

The study has been organized in six chapters. The first chapter provides a historical background to poverty issues debated, addressed and critiqued in the United States.

The second chapter discusses the concept and definition of poverty in America. It provides a detailed analysis of poverty measurement in America. It examines and analyzes the American debate on different causes of poverty in the United States.

The third chapter reviews the measures adopted by various administrations to fight poverty. It examines Johnson administration's War on Poverty and its impact on the US citizens. This chapter also analyzes the different legislations related to poverty eradication. It examines how far these legislations such as Social Security Act, Food Stamp, and Retirement Benefits Programmes, etc. have been successful.

The fourth chapter discusses the different strategies undertaken by the Bush administration in addressing poverty in America such as Extended Benefits Programme, Supplemental Nutrition Assistance Programme, No Child Left Behind Act, Medicare (Part D or the prescription drug benefits), etc. It also analyses the various pros and cons of the different measures taken by the Bush administration in 2000-2008. It also discusses the 2007-2008 recession and its impact on American

society. It examines the causes of the recession of 2007 and analyses the steps taken by the Bush administration to counter this issue.

The fifth chapter analyzes the policies and programs of Obama administration for combating poverty. It analyzes Obama's programme of 'Promise Zone' for fighting poverty. It also compares the policies and programmes of the Bush administration with that of Obama administration regarding social security, unemployment benefits, jobs creation, Medicare, and Medicaid, etc.

Concluding remarks have been given in the last chapter. It also evaluates the arguments made in the preceding chapters to test the hypothesis of the research undertaken.

MAJOR THEMES IN POVERTY POLICY DEBATE

The issue of poverty in America and the measures to address this problem have been a topic of debate among the social scientists, researchers and the policy makers. Numerous research articles, editorials, and statements focussing on the effectiveness of the policies (which were made in the past and which are presently in effect) can be found. They also offer new measures to cope up with the issue. But none of these have been helpful in eradicating poverty from America. The term 'poverty' and 'welfare' have often been considered similar and mainly referred as providing aid to the poor population. Likewise, in America, cash assistance is provided to the people to manage their living. Also, there are different universal social insurance programmes which have been an important part of the country's anti-poverty programmes. In this perspective, it can be said that "poverty is affected by many aspects of public policy, ranging from macroeconomic policies to anti-discrimination laws to a national commitment to universal public education" (Spar, 2014).

In America, the anti-poverty programmes have been made keeping in mind the characteristics of the poor population and the causes of poverty. Poverty has been a result of varied forces for different people. If one person is suffering from poverty due to lack of skills, then other might be suffering from lack of education. Some of these forces can be listed as under:

- The poor people do not get a good education and lack skills. These forces get reflected in their low earning;
- Racial and other forms of discrimination in various sectors of the economy and the society faced by this section;
- Lack of employment opportunities available for these people;
- The slow hike in the rate of wages;
- Choices in life and behaviour made by individuals, such as having a child out of marriage or as a teenager, substance abuse or divorce;
- Getting risen in a household of single-parent; and
- The scheme of certain support programmes that might dispirit work or marriage or embolden out of wed-lock births.

Poverty eradication programmes have always been legislated and executed keeping in mind the above factors. However, the US has not been able to eradicate this issue. With the passing times, the rate of poverty and the number of poor have rather increased.

However, substantial changes can be noticed in the demographic make-up in the economy as well as the structure of the economy since 1990. These are the following:

- There has been an increase in the foreign-born population in the society;
- Gentrification of urban areas that is, “renovation of deteriorated urban neighbourhoods by means of the influx of more affluent residents” (Freeman, 2005);
- The increasing suburban poverty;
- Lack of employment for young adults; and
- There has been a change in the composition of jobs available to the workers with lower levels of educational attainment.

Major Themes in Poverty Policy Debates

Anti-poverty programmes in America has been legislated and executed around certain broad themes. The following themes have been taken into consideration while making poverty laws:

- **Universal Policies vs. Need-tested benefits:** It has been a matter of discussion for the policy makers in America about whether the policies should be framed in such a manner that they address each citizen or it should only benefit those who actually need them.
- **Income, Employment or Services:** what would be more effective in eradicating poverty?
- **Work and other behavioural requirements:** should conditions be placed on the receipt of assistance, and what behaviours should those conditions reinforce?
- **Federalism:** how to manage the balance between the state and the local governments in framing and implementing these policies?
- **Co-ordination and related policies:** how to avoid duplication and overlapping of these programmes?
- **Experimentation:** how to determine the effectiveness of these policies?
- **Budget Considerations:** how much these programmes would cost and how to balance the costs of these programmes against other federal priorities?

These frameworks have defined the policies implemented in America to deal with the issue of poverty. These themes have been broadly discussed as under:

Universal Policies versus Need Tested Benefits

It has been a matter of discussion for the policy-makers that the programmes related to poverty should benefit the overall population of the American society or it should be made for certain groups needing financial help. The Universal standard comprises:

- Macroeconomic policies that impact the overall health of the economy (such as taxation policies and monetary policies);
- These programmes provide benefits to the overall population. These programmes also provide benefits in the events of specific circumstances.;
- These programmes are based on laws like anti-discrimination laws and regulatory policies such as minimum wage laws;
- These programmes are formulated for the purpose of public goods and services.

Some of the important anti-poverty programmes of America based on universal policies are as follows:

Social Insurance Programmes

Social Insurance programmes are the universal policies. However, they demand certain requirements of the people enjoying this policy. These programs are intended “to protect people from normal vacillations in the labourmarket and to assist the elderly and disabled who are not able to fully participate in the labour market” (Huang and Vikse, 2014). In certain cases, “social insurance programmes can be costly, large-scale, and potentially unsustainable. They are typically funded via payroll tax and pay out cash benefits to qualifying participants” (CRS Report, 2012).

Old Age Survivors and Disability Insurance (OASDI):

The Social Security Act of 1935 has been a significant landmark social welfare policy resulting from the New Deal. This act placed “responsibility for social welfare on the federal government and reflected a shift from public concern for property rights to concern for the rights of people” (Trattner, 1999). In its final version, “the SSA was considerably more conservative than had been envisioned by the Committee on Economic Security; it did not include provisions for health or disability insurance and entailed only fiscal administration of unemployment insurance and relief programs” (Stern and Axinn, 2012). However, subsequently, it added old age insurance, unemployment benefits, and benefits for the vulnerable population. Subsequent amendments extended “coverage and benefits to survivors and family dependents (1939) and the disabled (1954), added Medicare health care benefits (1965) and mandated cost-of-living adjustments (1977)” (Huang and Vikse, 2014).

OASDI commonly referred to as social security is a universal programme because “American citizens are entitled to participate in the program as a social right” (Gilbert and Terrel, 1993). It includes retirement benefits and Social Security Disability Insurance. In the retirement benefits, the beneficiary starts getting cash benefits when they reach the age of sixty-two years. But at this age, they get a reduced amount. The

full amount is paid once they reach the age of sixty-five years. The spouse and the dependent children also receive this aid. To avail this benefit, “a person must contribute payroll taxes during their working years” (Levitan and Magnum, 2008). Those individuals “contributing payroll taxes for a minimum of 10 years (i.e., 40 quarters in social security eligibility terms) are covered permanently under the program. Individual benefit levels are determined by the level of covered earnings (i.e., how much money paid in) and the age of retirement” (Marx, 2004).

Disability Insurance has been provided to those adults (18 years to 64 years) who are not fit to join any substantial employment due to physical or mental disability. The Disability Insurance automatically turns into Old Age benefits when these individuals attain the age of sixty-five years.

Both of these Social Security programmes are “federally financed and are moderately progressive and redistributive; while benefits are positively related to contributions, replacement rates are higher for low-income workers” (Ben-Shalom, 2011). According to the Social Security Administration in 2013, “59 million Americans received Social Security benefits. The average monthly benefits for retired workers was \$1,294; for disabled workers, \$1,146; and for survivors, \$1,244” (Social Security Administration, 2014).

Medicare:

Medicare is the health insurance programmes financed by the federal government. The beneficiaries are those people who have attained the age of sixty-five or more. A person who is under the age of sixty-five years can also avail this benefit if he has certain disabilities and last stage of kidney disease. This programme has a limited coverage and “many recipients choose to supplement their Medicare benefits with privately sold “Medigap” policies. In 2012 Medicare-covered approximately 50 million individuals and total spending were \$555.9 billion” (Huang and Vikse, 2014).

Unemployment Insurance:

Unemployment Insurance has been another major social insurance programme. “Like social security, unemployment insurance is an effective poverty prevention program, although it is a temporary aid. That is, unemployment benefits normally last a maximum of 26 weeks” (ibid)

Worker’s Compensation:

Worker’s Compensation has also been a major social security programme in America. It has been “one of the oldest major social insurance program in the nation, dating back to the Progressive Era at the beginning of the 1900s” (Skocpol, 1993). This programme has been providing compensation (cash, medical allowance and even rehabilitation in some cases) to the workers if they get injured while working. However, it does not cover all the workers as farm workers, and domestic workers have not been included in this.

The Social Security Programmes (OASDI, Medicare, and UI) have the largest expenditures as compared to the Need-Tested benefit programmes. As these have not been focussed only on low-income families, their expenditures have remained high.

The Universal programmes have its merits and demerits. Universal Policies have been transforming the society as a whole by defining rights such as free public education, work with minimum wage, work providing insurance to old age and disabled, etc. But these policies lacked the thought process behind that one person who is at a identified income level and is eligible for the program, whereas another person who has a higher income compared to the earlier person deemed as ineligible for the same program. Promoters of common approaches also note that “historically, political support for programs such as Social Security and Medicare has exceeded that of more narrowly targeted programs. Universal programmes, while not targeted on the poor, have been effective in addressing poverty” (Skocpol, 1993).

Need-Tested Programmes

Need Tested programmes have provided benefits and services to those individuals or families that met certain criteria. Those families who were provided these benefits have to be below a certain threshold of either income or assets. Sometimes these programmes were restricted to certain categories, that is, age, disability or certain family types, that is, single mother families.

There are seventy-nine need tested programmes financed by the federal government in America. These programmes include twelve educational assistance programmes, twelve programmes providing foodaid, eleven housing assistance programmes, nine vocational training programmes, seven medical assistance programmes, three energy and utility assistance programmes, twelve programmes funding social services, three child care and child development programmes and ten programmes providing cash assistance.

These Need-Tested programmes differ from the universal programmes in two ways. “First, they provide aid exclusively to persons (or communities) with low incomes; second, individuals do not need to earn eligibility for benefits through prior fiscal contributions” (Rector, 2012). Some of the Need-tested programmes of the government serving the American poor are as follows:

Temporary Assistance for Needy Families:

Aid to Dependent Children programmewas created in 1935 through the Social Security Act. This programme provided cash assistance to the “poor single, white mothers, who were expected to remain at home with their children—and thus reinforced women’s roles as wives and homemakers (Tolleson-Rinehart & Josephson, 2005). In 1962, it was felt that the programme was a possible reason for discouraging marriage and thus, it was renamed as Aid to Families with Dependent Children (AFDC). During the period of the 1990s, “mothers were seen as employable and were expected to work, and a subsequent wave of welfare reforms imposed time limits and more stringent work requirements on all recipients (Huang and Vikse, 2014). In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act was created shifted the AFDC to Temporary Assistance to Needy Families. Presently the “TANF

provides a basic block grant of \$16.5 billion to all states and requires states to contribute a maintenance-of-effort (MOE) requirement of at least \$10.4 billion annually” (CRS Report, 2012). In 2011, “there were 1.9 billion needy families receiving TANF cash assistance—a 58% decline since 1998” (Trisi & Pavetti, 2012). One of the significant characteristics of the TANF programmes has been its limitation on providing lifetime cash assistance. “The maximum, federal limit is 60 months, and many states have imposed shorter limits—as low as 21 months” (CRS Report, 2013). It also put special conditions for employment search and work requirements upon the beneficiary. It allows the states to formulate their plan for monthly cash entitlements and work requirement conditions. For example, the maximum monthly benefit for a family of 3 in 2011 was \$170 in Mississippi and \$704 in California. Additionally, while six states make no allowances for parents caring for young children, twelve states (including New Jersey) provide three months of exemption from work requirements (CRS, 2013).

Supplemental Security Income:

SSI or the Supplemental Security Income was created in 1974 under the Nixon administration. “It was essentially a restructuring of the Social Security Act’s public assistance programs for blind and older Americans. The program assists poor people aged 65 or older as well as blind people and people with disabilities” (Levitan, 1998). The federal government has been administering this programme. The beneficiaries of this programme automatically receive the benefits of Medicaid. When this programmewas implemented, there was a limited beneficiary as applications were rejected on the one or the other grounds.

This programme has been criticized for “having structural work disincentives; recipients experience a ‘cash cliff’ (i.e. suddenly lose benefits) when they engage in any so-called substantial gainful activity (SGA)” (Guzman, 2013). Some “states have addressed this problem by developing ‘benefit offset’ initiatives. However, researchers have found that such policies have thus far had little effect on labour force participation” (Weathers and Hemmeter, 2013). There were “7,912,266 recipients of federally administered SSI payments in 2010, 1,183,853 of them aged; 2,385,933 of

all recipients also received state supplementation. On average, an individual receiving SSI in 2012 received \$8,376 annually” (CRS, 2012)..

Supplemental Nutrition Assistance Programme (SNAP):

Food Stamp was established in America to provide food to low-income families. Food Stamp was replaced with SNAP in 2008. “One out of every seven Americans, and one out of every five American children access this program, and all who receive TANF or General Assistance (GA) are eligible. There is also a specialized variation of the program, D-SNAP, which is designed to provide food assistance in disaster relief situations” (Huang and Vikse, 2014).

Medicaid:

Medicaid has been the largest social assistance programme jointly funded by the federal and the state government in America. It helps in managing the healthcare of the poor population. “Its coverage extends to individuals with certain disabilities, and to low-income adults and their children. Anyone who receives SSI is automatically eligible to enroll in Medicaid” (Huang and Vikse, 2014).

Amongst the various Need-Tested Benefits, the Medicaid programme has the largest expenditure. After this, the expenditure on SSI, EITC, and housing programmes dominate the list. These programmes come in the range of \$40 to \$50 billion. Below these programmes, the expenditures on SNAP, TANF, and other programmes come on the list. Although the relationship between the expenditure and beneficiaries vary across programmes, the largest recipient comes under the Medicaid. For instance, “School Food Programmes have almost as many recipients (40 million) as Medicaid but have much smaller expenditure per recipient. The EITC and SNAP also have large caseloads, in the 25 million range, but also provide low expenditure per recipient. The relatively large expenditure in the housing programs is a result of large expenditures per recipient combined with a small caseload” (Rector, 2012).

Need-Tested programmes have its advantages and disadvantages. These programmes have been helpful in lifting the population out of poverty and raising their living

standards. It covers those people who may not have been covered by the universal programmes. That is why “the size of the federal means-tested aid system is particularly large because it is funded not only with federal revenue but also with state funds contributed to federal programmes” (Huang and Vikse, 2014). This programme has also been distinguishing between the ‘deserving’ poor and the ‘non-deserving’ poor and “can be used to encourage or require certain behaviours, such as work or abstaining from illegal drug use. But such policies can be controversial as the definition of ‘deserving’ poor may differ from person to person. Moreover, political supports for implementing these programmes have been weak due to the smaller number of individuals they directly serve” (Falk and Karen, 2014).

However, in practice, many universal policies have included need-tested benefits. For instance, “Social Security, which has been a universal social insurance program, also has a progressive benefit structure that replaced a higher proportion of wages at retirement or disability for lower wage earners than for high earners. The refundable tax credits—the Earned Income Tax Credit, the Child Tax Credit, and the ACA health premium tax credit—combined elements of both universal and targeted policies” (Spar, 2014).

Income, Services or Employment

Poverty is a multidimensional and thus require all round strategies to address it. Some of them are:

1. The Income Approach
2. The Employment Approach
3. The Services Approach

Every strategy has its own conceptual framework and benefits. Each one defines the causes of poverty in its style and manner. These strategies have been present in the policy framework of the American government ever since the Great Depression of the 1930s. However, they have mainly focussed on the Income and the Services approach.

The Income Approach:

This approach involves providing monetary assistance to supplement the income of the poor people. It involves providing assistance to the low-income families in the form of money or in-kind benefits or subsidizing the purchase of certain necessities such as food, housing, medical care, etc. As a matter of fact, this has increased the purchasing power of the beneficiaries.

Ever since the Great Depression, 'Income approach' has been one of the most credible strategies for addressing poverty. Social insurance programs, while not specifically targeted toward the poor, "provided benefits to those who lost their jobs due to selected circumstances, namely old age, disability, the death of a breadwinner (i.e., survivors benefits), or involuntary unemployment. Need-tested benefits were provided to low-income groups who were not expected to work. In 1935, when federal aid to states for need-tested benefits was established, single mothers with children were a group that society did not expect to work" (Karen and Spar, 2014).

Over the years, the Income Approach has considerably grown not only in its form but also in terms of the number of recipients. Noncash benefits—"food, housing, and ultimately medical assistance—became available to groups who were not necessarily eligible for cash aid. As noted above, noncash benefits increase the ability of lower income people to obtain certain necessities. They also may serve other interests, such as increasing consumption of food in support of agricultural policies, promoting construction of housing, and increasing the use of medical care" (Spar, 2014).

A new form of the Income Approach has been the policy framework which emphasizes upon the concept of 'make work pay.' Through 'make work pay' programmes, parents have been encouraged to work. They have been provided temporary financial assistance, but they have been the focus of the 'make work pay' programmes like EITC, medical assistance, and child care subsidies. Now the EITC has become larger programme as compared to the TANF/AFDC programmes.

The impact of income support "in terms of raising purchasing power and alleviating the material hardship associated with poverty can be measured, and such impacts have been shown in the short-term" (CRS Report, 2008). An interim assessment of the usefulness of additional income in assuaging material hardship does not require a

specific verdict or theory about the cause of poverty of an individual or family, as compared to addressing a root-cause of poverty.

The income tactic can also produce longer-term effects in terms of a family's welfare, though these bearings are harder to measure. Some research proposes that "increasing resources for families improve their children's educational, behavioural, and health outcomes" (Duncan, 1997). On the other hand, research has also shown some evidence that "work disincentives in income support programs can reduce an individual or family's earned income over the long-term" (Moffitt, 1992).

The Services Approach:

Poverty has been addressed through this strategy by providing a service designed to change a particular behaviour and improve the ability of the individual to function better. This strategy has been addressing the root-cause of poverty and also alleviating the effects of low income. For example, if someone has been poor due to lack of good education and skill, then the skill training programmes can address this problem through services designed to raise an individual's human capital. If poverty has been caused by substance abuse, drug, and alcohol, treatment programmes can address the issue through drug rehabilitation centers (as they treat addiction).

The federal, as well as the state governments, have been operating these activities of providing education, training and social skill programmes that addressed the varying needs of the people. The concept of Services Strategy was present in the 'Johnson's War on Poverty' (Job Corps, federal aid to disadvantaged college students, etc.)

The Services Strategy has been criticized on several grounds. The critics argue that the Services Strategy does not directly target poverty. The main recipients in this category have been the organization and professionals (educators and the social workers) providing these services to the population at large. Moreover, these labour-intensive services have been very costly.

The effectiveness of this strategy has been dependent upon the quality of its implementations. Also, the implementation takes its course of time and cannot produce a result in short span (being a long-term project). The "early evaluation

research through the 1980s often produced findings suggesting that programs did not have their intended impact” (Rossi, 1987). However, the research on “mandatory participation in welfare-to-work services during the welfare reform experiments of the 1980s and 1990s found that such programs did tend to increase work and reduce welfare receipt (through mandatory participation in such services alone did not raise incomes or reduce poverty)” (Gueron and Rolston, 2013). Evaluations of other types of services also began to show positive effects, “with some examples being early childhood development programs, career academies for high school technical and vocational education, and nurse home visiting for newborns and their parents” (CRS Report, 2010).

The Employment Strategy:

Job has always been regarded as the best anti-poverty measure. It has been an important determinant in raising the standard of living. If an individual is employed, he will provide good lifestyle and education to his children. In this way, poverty would not be transferred from one generation to other. As having good education and skills, children would be able to acquire good jobs. For instance, during the Great Depression, the American government provided public works employment under the Works Progress Administration (WPA)

Although the Employment Strategy has not been in practice very widely, it has remained an important aspect of policy discussions among the American policy makers. Hence, during the economic downturn, “there have been numerous calls to revive programs such as the Depression-era WPA to put people back to work. Some have advocated replacing cash assistance with a program that would provide a government-financed job as a last resort” (Social Security Amendments, 1972).

The Employment Strategy has been emphasizing on the fact that the unavailability of employment opportunity has been the main reason behind poverty. The issue becomes tense during certain specific circumstances (like an economic crisis) when there are fewer jobs available for the people. This had happened during the recent economic crisis of 2007 when a lot of people were fired from their jobs and became unemployed. Their unemployment made them homeless and poor.

Work and Other Requirements for the Recipients of Aid

There has been a debate among the policy makers regarding conformity to social norms. They have always discussed how anti-poverty programmes should encourage conformity to social forms of work for an individual. It has also been an issue of concern whether the programmes should require the social norms of work. Generally, the benefits of Social Insurance Programmes have been offered in certain specific circumstances like old age and disability based on past work. But the need-tested benefits were initially offered to those who were not expected to work. As expectations changed with respect to single mothers, policies evolved “to provide incentives to work and eventually to require work, or participation in activities that would lead to work, as a condition of receiving cash aid. Debates over the relationship between welfare and work also led to participation requirements in certain non-cash programs, such as food stamps (now SNAP) and housing assistance for some groups” (Falk, Maggie, and Randy, 2014).

Assistance has also been conditioned on behaviours other than work. Up till the 1960s, assistance was only provided to mother-headed and single parent families, if they maintained a decent home for their children. In some states, assistance was denied to families where children were born out-of-wed-lock or female-headed families. Under current TANF policies, states have the option “to require certain recipients to undergo drug tests, and to condition aid on compliance with other behavioural requirements such as keeping children in school” (CRS Report, 2016). There has been “experimentation (in New York City and Memphis) with a ‘conditional cash transfer program,’ that provides financial rewards to families that meet certain goals relating to their children’s education, preventive health care, and parent’s employment” (Riccio, Dechausay, and Miller, 2013).

Federalism and Poverty Alleviation

Federalism means the division of power between the center and the units. However, there has been shifting perspectives on the concept of federalism. The role of the federal government has changed and grown over time. Hence, federalism became an

important debate in social policy formulations. Before the 1930s, the federal government paid little heed to social programmes. These functions were largely carried out by the private charitable organizations. However, the Great Depression overwhelmed the resources of states, local governments, and private organizations in serving the poor. Thus, the need for the interference of the federal government was felt. As a result of which, the federal government fully entered in the fields of social insurance and social welfare in 1935 with the enactment of the Social Security Act.

In the present time, “the federal government provides substantial funding for a wide range of social policy goals—sometimes for specific purposes with detailed federal rules to ensure a level of national uniformity, and sometimes with discretion for states or other grantees to set their own rules within broad federal parameters” (Dilger, 2015). After the federal government had entered into this field, there was an issue related to the levels of government in designing and funding the anti-poverty policies.

Those who advocated that poverty was a national issue; also advocated that the federal government has the sole responsibility to frame national policies to curb it. They argued that the federal government can only ensure equitable treatment of vulnerable population irrespective of the fact where they live or which locality they belong to. On the contrary, advocates of decentralized policy making argued that state governments know and understand the problem as compared to federal government and likewise better equipped to frame the policies keeping in mind the specific needs of the people.

However, the current policies dealing with poverty show a mixture of approaches. Like “the EITC is a fundable federal tax credit, and low-income housing programme generally operates through a direct relationship between the federal government and local quasi-governmental public housing authorities” (CRS Report, 2009). Under TANF, states have been given the rights to establish eligibility conditions and benefit rules. SNAP has been federally financed, but the states have the authority to administer this. Likewise, Medicaid which has been the largest federal low-income programme, but federal government reimburses states for a portion of their eligible expenditures on behalf of eligible individuals.

To some extent, “the design of federal programs reflects the era in which they were created or significantly amended, as particular theories of federalism prevailed at

different times” (Boyd, 1989). In 1964, “President Johnson introduced the idea of ‘Creative Federalism,’ which expanded the federal role in social programs in conjunction with his vision of a ‘Great Society.’ Rather than the federal government assisting states and local governments to help them achieve their goals, which was the prevailing concept at the time, ‘Creative Federalism’ envisioned all levels of government working actively together in pursuit of high-level national goals, such as ending poverty and racial injustice” (CRS Report, 2014). Thus, a direct relationship between the federal government and units was established through these categorical grants. However, there was a concern regarding duplication and coordination of these grants. Private organizations and the community groups also actively participated in providing services at the local levels.

President Nixon came up with the concept of ‘New Federalism’ which “sought to consolidate programs into broad purpose block grants with greater power and flexibility for states and localities” (CRS Report, 2014). Through the New Federalism, Nixon reduced the interference of federal government in certain policy areas (Education, Urban Development, etc.) and provided the state with greater flexibility in the decision-making process. However, he also emphasized on the fact that those functions which were federal in nature (welfare, healthcare, etc.) would continue to be guided by the federal government.

President Reagan continued his federal agenda in domestic politics with New Federalism. During his tenure, he emphasized on the limited role of the federal government and larger roles of the provincial government. In the early phase of his tenure in 1981, he “proposed (and Congress enacted versions of) a series of block grants to replace numerous existing grant programs. Subsequently, he proposed an ambitious ‘swap’ in which the federal government would take full responsibility for the cost of Medicaid, which has historically been shared with the states, in exchange for the states taking over cash welfare (then AFDC) and food stamps (now SNAP)” (Shipp, 1989). He also proposed to transfer some of the important federal programmes in the field of community development, transportation, social services, etc. to the provincial governments. States were “to receive temporary federal funding for these ‘turned back’ programs from a trust fund financed by excise taxes; after four years, the trust fund was to be phased out and states allowed to decide for themselves whether to continue funding the programs” (Diljer, 2014).

However, the proposed ‘swap’ and ‘turn back’ policy of the Regan was not implemented. But, in the subsequent years, there has been a demand for the larger roles of the state through the delegation of power. For instance, “during the 104th Congress in conjunction with welfare reform, the Republican House majority proposed a series of block grants to replace existing programmes in several social policy domains, including cash assistance (AFDC), child care, child welfare, nutrition assistance, housing, and others” (Karen and Spar, 2014). Although most of these were not put into practice, in 1996, President Clinton replaced AFDC (repealed it) to TANF block grants to the states which consolidated certain child care funding streams under a unified block grant structure. In 2012, “budget resolutions passed by the House during the 112th and 113th Congresses called for the conversion of Medicaid, SNAP, and housing assistance into state-administered block grants” (Diljer and Eugene, 2014).

As has been discussed in an earlier paragraph, private community groups were actively participating in delivering services at the local levels during Johnson’s era. Through this renewed attention, Johnson wanted to empower the poor and provide them opportunity to participate in the programmes serving their communities. This was established through the Community Action Programmes which provided “a nationwide network of private nonprofit organizations called ‘community action agencies,’ governed by poor members of the community along with elected officials and other local representatives” (US Congress House, 1964). These agencies were to develop local antipoverty plans based on the specific needs of their communities, and to access and coordinate all resources available in the fight against poverty – “Federal and State, local and private, human and material. These agencies exist today under the Community Services Block Grant” (Spar, 2016).

The participation of private community groups has been throughout in the social policy programmes. They have been performing the function of recruitment, determining eligibility criteria, imparting training, providing technical assistance, evaluating the programmes, and delivering the services. They have been operating either directly with the federal or with the state governments.

The welfare reform law enacted in 1996 included what became known as ‘charitable choice’ rules to govern the participation of religious organizations in the new TANF

program. These rules “explicitly allowed states to operate their TANF programs through ‘charitable, religious, or private organizations,’ and were intended to enhance the ability of faith-based groups to receive federal funding to provide services, without impairing their religious character or the religious freedom of beneficiaries or applicants for services” (Karen and Spar, 2014). The establishment also answered to interest at that time in advancing “privatization” of social services by postulating ‘private’ in addition to ‘charitable’ and ‘religious’ organizations. As per the CRS Report, 2012, the charitable choice rules were added to several supplementary programs in the late 1990s (Community Services Block Grants, and certain programs overseen by the Substance Abuse and Mental Health Services Administration) however the successive legislative efforts were unproductive.

However, a White House Office of Faith-Based and Community Initiatives were established by President George W. Bush. President Obama maintained this office as the White House Office of Faith-Based and Neighbourhood Partnerships. Many federal agencies, including faith-based organizations have offices specifically dedicated to building relationships with government and community agencies.

Programme Co-ordination, Service Integration and Waivers

In the context of federalism, there has been an issue of the duplication of the programmes which can be hardly ignored. The expansion of federal grant programs in the 1960s added “to the social welfare and social insurance programs created 30 years earlier soon caused concern about the number and potential overlap of federal programs serving the same or similar populations. This concern has been a recurring feature of poverty policy discussions ever since” (GAO, 2011). Thus in order to provide efficient delivery of anti-poverty programmes, a mechanism to promote co-ordination has also been one of the important issues for maximizing efficiency and minimizing overlapping and confusion. Also, throughout the social programmes, the channel to provide successful delivery of services by coordinating the designs of the programme without altering their structure has been one of the significant issues discussed among the policy makers. Another issue has been the eligibility criteria, which remained same for the different programmes.

The efforts made in the past to coordinate and integrate different services have met a varying degree of success. A CRS Review which was conducted in 2005 to evaluate the initiatives of the integration of services from the early 1970s through the early 2000s, “revealed several ‘lessons learned’ from these efforts” (CRS Report, 2005). For instance, many service integration projects were designed with the expectation that they would either save money or be cost-neutral, but there was little evidence this was necessarily true. The selection of programs to be included in service integration efforts was important, with evidence that very disparate programs were harder to coordinate while still ensuring that all necessary services would continue to be provided.

For providing right integration and coordination of the federal policies and programmes, leadership has been a significant issue. It has been an essential element when exercised through a single federal agency with the required authority and expertise. Estimation and assessment have also been an important tool in evaluating the past policies and forming the new programmes. But evaluation could be costly. Also, effective evaluation of the programmes measures has ensured accountability and enabled oversight. But developing such policies has been a challenging task for the policy makers.

Waivers have been an important tool of the social policies. It has also been used when TANF was implemented in 1996. It has also been very significant while enacting the Medicaid programme which established a greater role for the states in determining eligibility criteria, effective delivery, etc. In a discussion over reauthorization of TANF (that started in 107th Congress), President George W Bush advocated “a proposal—which came to be known as the “super waiver”— that would have allowed states to request waivers from federal requirements in order to integrate activities across multiple programs” (Spar, 2014). Eligible programmes included “TANF, food stamps (now SNAP), the Workforce Investment Act (recently reauthorized as the Workforce Innovation and Opportunity Act), the Wagner-Peyser Act (which authorizes the Employment Service), federal housing and homeless assistance programs, and GED and post-secondary education programs” (Karen and Spar, 2014). States were provided authority to establish the eligibility criteria which reduced the role of the federal government. Although this proposal was passed by the Senate Finance Committee, it was not implemented.

Experimentation

“The country needs and, unless I mistake its temper, the country demands bold, persistent, experimentation. It is common sense to take a method and try it: If it fails, admit it frankly and try another. But above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach” (Roosevelt, 1932).

Experimentation in both its form-formal and informal has been an important element in social policy formulation. The first formal experimentation began with the evaluation of ‘War on Poverty’ when the policy makers were not able to measure the effectiveness of the services approach. The federal government initiated wide ranging experiments in a later phase of the 1960s and throughout 1970s. These experiments established the fact that “income guarantees reduced work effort. At the same time, they failed to produce conclusive evidence about the impact of economic assistance programs on family structure” (Munnell, 1987). The subsequent welfare reform experiments of the 1980s and 1990s provided “evidence that mandatory welfare-to-work programs could achieve the policy goals of reducing receipt of assistance and increasing work. However, other goals, such as poverty reduction, were not achieved through mandatory work requirements alone” (Falk, 2013).

Federally-initiated welfare reform experiments like the National Evaluation of Welfare-to-Work Strategies (NEWWS) tested the “the relative effectiveness of ‘work-first’ employment-based strategies and longer-term education programs. Both types of programmes increased employment and reduced assistance receipt; longer-term education programs did not produce more positive results than did “work-first” programs” (Karen and Spar, 2014). Both these programmes did not raise the incomes of the participant. Moreover, neither type of programme raised the incomes of participants. Some of these experiments were carried out by the states in their respective areas. These states used the authority established by the law of the federal government which provided ‘waiver’ in certain cash assistance programmes.

The experiment which was conducted in the 1980s and early 1990s led to the formation of 1996 Welfare Reform Law. This law established that the states have the

authority to formulate their programmes of work and financial assistance for the family in need. For this, they do not require any formal testing or waivers. However, the federal government has shifted its social experiments in post-welfare reform period. They have been experimenting broader programmes (education reform, teen pregnancy prevention, etc.) for the disadvantaged section of the society.

The policies of the Obama administration has promoted the ‘evidence-based’ policies which brought together Social Science research and Social Policy which has been discussed in Chapter 5)

Budget Considerations

One of the major policy considerations for any anti-poverty initiative has been the impact of such programmes on a budget. While policy goals may “include a reduction in poverty, they may also include reducing the cost of anti-poverty programs or at least slowing their rate of growth. Most recently, the federal cost of low-income assistance gained high visibility as spending for certain programmes climbed sharply, due to both automatic and legislated responses to the recession of 2007-2009” (Spar, 2011). These legislations enacted through American Recovery and Reinvestment Act was short term and has expired.

Health care has dominated the budget estimates ever since the recession of 2007-2009. The Affordable Care Act enacted during the Obama administration permanently increased the budget spending. The Congressional Budget Office (CBO) projects “this trajectory will continue, with real spending for low-income health programs expected to rise by 6.9% between FY2013 and FY2024, while real spending for other (non-health) low-income assistance declines by an estimated 1.2%” (Falk, 2014).

Changes in programmes which took place in the 1990s such as replacing AFDC with TANF, expanded EITC, etc. raised the budget limit. However, these changes in the programmes were made through the legislations that “reduced the federal deficit through cuts in spending for other programs or revenue increases. For example, the EITC expansion was enacted in the 1993 tax bill that also raised taxes on upper-income persons, the 1996 welfare reform law that created TANF and expanded child

care was estimated at the time to reduce spending, mainly through restricting benefits to noncitizens, etc.” (Karen and Spar, 2014)

The last major debate on anti-poverty policy occurred in the 1990s and “the main focus policy goal at the time was to reduce welfare dependency and promote work for cash assistance recipients, not explicitly to reduce poverty” (Gabe, 2012). This debate focussed on the policies which required the individuals to work. It emphasized on the requirements of work and limited the time for receiving aids. However, it has been considered that work would lift people out of poverty or raise their income. So in the 1990s some policies such as make work pay, child care subsidies were expanded. These policies have been effective in meeting their goals. For instance, “TANF caseload (1.7 million families in December 2013) is dramatically reduced from its pre-welfare reform high (5.1 million families on the AFDC rolls in March 1994). These policies are generally limited to families with children and have focused particularly on single mothers with children, who have been the traditional target group for cash welfare programs (i.e., AFDC and TANF)” (Karen and Spar, 2014).

The policy framework established in the 1990s, however, has been challenged by the recession of 2007-2009. The coverage and the cost of the programmes have increased dramatically. The Recession has ended, but unemployment rates and poverty rates have continued to rise. Also, the demographic and structural changes in the economy have an important impact on the economy.

While formulating policies, the policy makers evaluate these changes but keep in mind the above recurring themes. For instance, with respect to the question of widespread versus beleaguered initiatives, most recent proposals are attentive on low-income populations. These policies include some universal elements like minimum wage increase and aspirations for universal Pre-Kindergarten, although having been supported by the Obama Administration and Congressional Democrats.

The proposals of both the Republican and the Democrats have been based on the assessment and enactment of the past policies. Social science research and valuations have shown that some policy intercessions do achieve their policy goals.

Different theories have emerged over time regarding the causes of poverty. The past and current policies have reflected this in their programmes. The policy makers

focussing on the issue of reducing poverty have to face the challenges and the debates. However, there have been constraints like the condition of the economy, different views on the causes and characteristics of poverty, best methods for addressing the causes of poverty and, the level of government to take the measures.

CHAPTER 2
POVERTY IN THE US:
CONCEPT, DEFINITION, AND CAUSES

The term 'poverty' has been derived from the French word 'poverté' or the Latin word 'paupertas'. The Oxford Dictionary defines poverty as "the state of being extremely poor and the state of being inferior in quality or insufficient in amount" (Oxford Dictionary, 2012).

According to the UN definition, poverty is a "violation of human dignity whereby humans are denied from having choices and opportunities" (Gordon, 2005). The World Bank defines poverty as a "pronounced deprivation in well being and it encompasses various factors" (World Bank, 2000). The World Bank's Participatory Poverty Assessment (PPA) defines poverty as "the perspectives of the poor people themselves" (World Bank, 2003). The five perspectives given by the poor people are as follows: poverty being a complex phenomenon comprises of various facts; poverty is related to deprivation which includes the necessities of life; poverty leads to "the poor being exploited as they do not have a voice, are powerless and dependent. This leads to being humiliated and sometimes inhuman treatment by others with power and status when they seek help" (Farinda and Ting, 2013); the poor people do not get basic necessary items such as purified drinking water, health care, and higher education; poor people are more concerned of what they own than employment. They lack assets. Therefore, they are vulnerable.

Thus, it is clear that poor people have low earnings and therefore, they are unable to avail the basic necessities required for leading a decent standard of living. It "brings the poor to low levels of health and education, lack of clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life" (Ng, Kan, and Lim, 2013).

Poverty means hardship or deprivation which could be either absolute or relative. Absolute Poverty is "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education, and information. It depends not only on income but also on access to services" (UN, 1995). Relative poverty means the deprivation that is relative to the standard of living enjoyed by other members of society. Although basic needs are met, members of a segment of the population may be considered poor if they possess fewer resources, opportunities, or goods than other citizens" (UN, 1995).

But the answer to the question- who is a poor person?- is whom the society considers as poor varies across both time and place. A labourer working in a developing country is likely to be considered poor in developed countries. Even the official standard differs from place to place. In fact, “the World Bank uses a poverty standard of \$1 to \$2 per person per day, \$1,095 to \$2,190 per year for a family of developing countries in Africa or Latin America”(Ravallion, 1996). While in America “the average official poverty threshold for a family of four was \$22, 350 in 2011” (US Census Bureau, 2014).

In this context, Adam Smith examined the importance of social views in perceiving economic hardship. In his magnum opus, *Wealth of Nations*, he discussed “the lack of necessaries as the experience of being unable to consume not only the commodities which are indispensable necessary for the support of life, but whatever the customs of the country renders it indecent for credited people, even of the lowest order, to be without”(Smith, 1776).

Likewise, the early views of determining economic hardship in America reflect the social conditions. According to this view, a common assumption during the colonial period in America was that “the roots of poverty lay primarily not in the structural economic causes but individual misbehaviour”(Katz, 1993). It was an individual who was considered responsible for his economic deprivation because of his idleness. Sometimes the unemployed men were forced out of town or put in jail for their idleness. However, the communities accepted responsibility for those who were in need such as children and older people. They were looked upon sympathetically.

There is another view which maintains that poverty and, more particularly, characteristics of poverty are transferred from one generation to other, and this is called Culture of Poverty. According to this theory, “Culture of Poverty transcends regional, rural/urban, and national differences and everywhere shows striking similarities in family structure, interpersonal relations, time orientation, value systems, and patterns of spending”(Banfield, 1966). According to the advocates of this theory, “the culture of poverty is characterized by hopelessness, indifference, alienation, apathy and a lack of effective participation in or integration into the social and economic fabric of the society” (Karger and Stoesz, 2010). However, this theory has been criticized, and the critics argue that these factors do not focus on the real

causes of poverty. They simply divert the attention. They argue that the traits of the Culture of Poverty can also be found in the middle and upper classes.

There is yet another school of thought which can be called Radical School. Radicals define poverty as a consequence of domination and exploitation by the upper class. Poverty gives the opportunity to the dominant class to hire workers more than required for the work. Then these dominant classes suppress the wages of the workers. If the unruly workers demand higher wages, then they are threatened with dismissal. In such an intense competition for employment, the poor labourers are left with no option but to work for the lower wages.

According to another view, “poverty can be understood in terms of status, resource allocation and the division of labour” (Gil, 1981). The division of labour is a measure for determining the position of an individual in the society. The performance of the individual in the society helps him maintain status in the society. An individual whose performance is better in the society is given a higher status in the society while the one who does not perform well is given a lower status. The process of determining the status is associated with the distribution of rights. Higher-status roles implicitly demand greater compensation than lower-status roles, and such rewards come by way of the distribution of rights. Higher-status groups are “rewarded by a substantial and liberal distribution of general entitlements and rights to material and symbolic resources, goods, and services. Conversely, lower-status groups are denied these resources through formal and informal constraints” (Jordan, 2004).

However, Socialists argue that “poverty will be omnipresent so long as society reproduces itself on the basis of the private ownership of the means of production. They believe that poverty cannot be altered without fundamentally rearranging the economic fabric of the American society” (Jordan, 2004).

Thus, there were different ways of addressing the issue of poverty. Different people had different views over this. But none of the theory completely addressed this issue properly. All these theories lacked something or the other.

Measurement of the Poverty

According to Booth and Lucas, “measuring poverty is important as the indicator helps in designating who is poor, and how many people are poor and identify the different types of poor people” (Booth and Lucas, 2002). So that policies and programmes can be made for these people. Similarly, Haughton and Khandker states that “the reason for measuring poverty is to keep the poor people on the agenda of authorities, to identify the poor and implement, monitor, maintain and evaluate programmes that are suitable for the targeted poor” (Haughton and Khandker, 2007).

There have been different methods of poverty measurement. Sumner “differentiates the poor by looking at their economic and non-economic well-being whereas, some look at whether the poor fall into the basket of extreme poverty or relative poverty. The measure of economic well-being takes into account the income of the people.” (Farinda and Ting, 2013). The “advantage of this measure is that the data is quick to retrieve, easier to measure, and generally updated regularly” (World Bank, 2001). The “measure of non-economic well-being takes into account the indicators of education, health and nutrition, environment and empowerment and participation in society” (Sumner, 2004). These methods assess the condition of the people for a longer term.

Poverty can be further divided into two forms, that is, Extreme Poverty or Absolute Poverty and Relative Poverty.

Absolute Measures:

Absolute poverty measure is related to poverty lines that remain constant over time. In the Absolute Poverty Measure, there is a particular level of income or consumption which determines whether an individual is poor or not. If an individual earns less income or consumes less than the given amount, he is considered poor. The “absolute thresholds do not necessarily have to represent a severe measure of deprivation; it is nevertheless implicit that they are developed by experts concerning basic psychological needs” (Sen, 1983) The US poverty measure is an excellent example of Absolute Poverty measure. In America, there are two components of poverty

measurements- first one is the poverty threshold, and the other one is the family income which is compared with the poverty threshold.

Relative Measures:

Relative poverty measure counts the relativity of poverty with the other present economic, social and cultural development. It is considered that the people staying in the society maintain their relationship in the society. Those whose “resources are significantly below the resources of others, even if they are physically able to survive, may not be able to participate adequately in social organizations and relationships, and are thus incapable of fully participating in society” (Sen, 1992).

Measurement of Poverty in the US

In the US, the federal government uses two different but inter-related definitions of poverty. These two definitions help in delivering poverty eradication services to the citizens. The first one is the statistical definition of poverty. This statistical definition of poverty is maintained by the US Census Bureau. This is used to arrive at official estimates of the poor population and their characteristics on the basis of which funds are provided for different relief measures.

Another definition of poverty is based on federal poverty guidelines by the Department of Health and Human Services. This figure is used for the administrative purposes which include determining income eligibility of individual families and households for different programmes covered under the federal and provincial governments.

Both the Statistical definition of poverty (and the poverty thresholds) and the poverty guidelines have been somewhat controversial. An “absolute poverty measure remains constant over time, assuming that there is some measurable absolute level of income that is necessary for subsistence, and this is what determines poverty” (Iceland, 2003). Hence, it is said that the relative poverty measure is more suitable in America. Because Relative poverty measure “takes into account the economic well-being of the society as a whole and make comparisons based on what is considered enough to

provide for a standard of living that allows a person or family to be a fully functioning member of the populace” (Sanders, 2011). These “measures account for changing social standards and notions of poverty, but such a measure has not been adopted in the US because some believe that poverty should be seen as a definite concept, which does not change over time”(Iceland, 2003).

Historical Background

Ever since the Second World War ended, the American scholars consider poverty as a remnant of the Great Depression. There was no officially accepted definition of poverty. Thus, its scope and magnitude were unknown. In the early 1950s, poverty became a matter of great concern and debate when people started realizing that they also belong to the nation and have the right to enjoy a decent standard of living. It was the publication of different books and journals in the late 1950s and early 1960s which drew the attention of public and policy makers towards this menace.

John Galbraith’s *The Affluent Society* (1958) raised issues about economic growth and abundance, private and public investment, income inequality and poverty, and means of striking a social balance within a market-based capitalist system. He (in his book) stated that rising standards of living in America was reducing hardship, but the materialism of American consumer culture contributed to inequality. He argued that “amid an affluent society, poverty was no longer a universal or massive affliction (but) more nearly an afterthought. Poverty was not limited to those(who have) limited and insufficient food, poor clothing, such crowded, a cold and dirty shelter that life is painful as well as comparatively brief...People are poverty stricken when their income, even if adequate for survival, falls markedly behind that of the community. Then they cannot have what the larger community regards as the minimum necessity for decency; and they cannot wholly escape, therefore the judgment of a larger community that they are indecent” (Galbraith, 1958).

According to him, there are two broad categories of poverty in the affluent society. One is the Case Poverty (generally related to some characteristics of the afflicted individuals). The other one is the Insular Poverty or islands of poverty (where the communities themselves may be considered poor.) He inferred that economic growth

alone would be insufficient to eliminate poverty. So, in addition to economic growth, investment in people and communities would be required as a remedy to the poverty. Thus, he says “the hardcore of the very poor was declining but not with great rapidity” (Galbraith, 1958).

The above views of Galbraith were challenged by Robert Lampman, an economist at Joint Economic Committee for the University of Wisconsin. He examined the potential effects of economic growth on the low-income population. He defined “an annual low-income cut-off for a family of four as \$2,500 in 1957 and adjusted the scale upwards for larger families and downwards for smaller families and persons living alone. The dollar amount used to define low-income families was well below the \$4,000 annual income level designated by Bureau of Labour Statistics (BLS) family budget standards for an urban family of four to maintain an “adequate standard of living.” (Joint Economic Committee, 1959). He estimated that “in 1947, over one-fourth (26%) of the population had income below the low-income criterion; by 1957 the portion of the population below the low-income standard had fallen to 19%; and he projected that by 1977, 10% of the population might be expected to fall below the low-income criteria” (Evanson, 1986).

In 1962, Michael Harrington’s *The Other America: Poverty in the United States* drew the attention of public and policy makers towards the persistence of poverty despite being one of the affluent nations. He estimated that 40 to 50 million Americans were poor (based on Lampman’s study). He argued that “poor, black and white alike, were subjected to chronic suppression of their living standards. This led to a culture of poverty that was perpetuated by an endless cycle of neglect and injustice” (Harrington, 1962).

Walter Heller became the head of Council of Economic Advisors under the Kennedy administration in 1960. He “embraced the progressive role of government in promoting social welfare by promoting full employment and promoting the development of “social capital,” primarily through greater investment in education and training” (Flash, 1965). He wanted to launch Kennedy Offensive against poverty. Meanwhile, the CEA was planning a broader economic agenda which aimed at rapid acceleration of the economy and secured joint tax-cuts. Hence, Heller was allowed to do so. Under his direction, work undertaken by the Council provided actual state of

poverty, which over the course of time would help in the formulation of policy guidelines for tackling poverty. Simultaneously, the 1962 Economic Report of the President, along with the accompanying Annual Report of the CEA, recognized the importance of economic growth in reducing poverty, but noted that some groups, notably “families headed by women, the elderly, nonwhites, migratory workers, and the physically or mentally handicapped, were short changed even during times of prosperity” (CEA Report, 1962). The CEA report used an annual income of \$2,000 to demarcate the 7 million families and individuals (living outside families) who might be considered to have incomes below poverty” (Economic Report of the President, 1962).

In 1962, discussions on possible tax cuts and fiscal stimulus in the form of increased government spending were taking place within the CEA and with the President. During the summer of 1962, the administration decided to go forward with tax cuts in its January 1963 economic proposal to Congress. In December 1962, President Kennedy discussed with Heller the fiscal side of the economic stimulus package, and asked Heller to provide facts and figures relating to the “poverty problem in the United States” (O’Brien, 1962). Heller shared Lampman’s and the Council’s economic and statistical analysis with the President, indicating that there was a dramatic slowdown in the rate at which the economy has been taking people out of poverty. He highlighted the groups beyond the reach of the tax cuts and offered thoughts on poverty reduction strategies. The CEA began to put greater emphasis on more targeted approaches to address the problems of those who might not automatically reap the benefits of economic growth.

When Lyndon B Johnson became the President of America, he followed Kennedy administration’s plan to focus on this issue. Consequently, in January 1964 State of the Union Address, he announced War on Poverty with the signing of Economic Opportunity Act.

The Economic Opportunity Act created a new executive office of the President, the Office of Economic Opportunity (OEO), which was given responsibility for administering and coordinating anti-poverty programs. In order to both administer programs, for purposes of determining applicants’ income eligibility, and assess progress towards the national goal of eliminating poverty, the OEO adopted a

measure of poverty, but one different than that appeared in the CEA's 1964 annual report developed by Lampman. The OEO adopted the Social Security Administration/Orshansky poverty measure for planning and administrative purposes.

Orshansky's Poverty Measure

Molly Orshansky was an American Economist and Statistician who served as a family and food economist at the US Department of Agriculture (USDA) and developed priced food budgets for low-income families. Such food budgets were based on food plans designed to provide adequate nutrition at minimal cost. Unlike other measures of poverty, this provided a need-based approach.

Molly Orshansky was inducted as a research analyst of the Social Science in the Research and Statistics Office in 1958. In her office, she was given the task of analyzing income suitability, the welfare of families and their family income pattern. In her 1963 Social Security Administration study, Orshansky constructed poverty income cutoffs using the relationship of food spending to other spending needs. Recognizing food as a basic necessity, Orshansky used two different food plans to estimate the cost of what low-income families of varying size and composition might reasonably need to spend in order to meet their basic food needs—"one based on the USDA's *Low-Cost* food plan, and another based on its "*Economy*" food plan, which was valued at 80% of the Low-Cost plan" (Citro and Michael, 2008).

Using these two food plans, she developed poverty income cutoffs based on results of a 1955 USDA food consumption survey that found, on average, families spend one-third of their pre-tax income on food and two-thirds on everything else. Using this finding, Orshansky developed alternative poverty cut-offs based on the cost of estimated Low Cost and Economy food plans multiplied by a factor of three. The resulting poverty income cutoffs for a two-parent family with two children (in 1962 dollars) were \$3,995 under the Low-Cost plan, and \$3,165 under the Economy plan (i.e., the amount referenced in the 1964 CEA Annual Report). Resulting poverty thresholds differed by age and sex for persons living alone, and for families, by the sex of the family head, a total number of members, and number of related children under the age of 18. Poverty thresholds were separately defined for the farm and non-

farm population, as food costs were determined to be lower for farm families, who grew and raised some of their food. In all, “124 different poverty income cutoffs were constructed for each of the poverty measures (i.e., Low Cost and Economy food plan measures), reflecting variation in family size, composition, and farm non-farm residence. Based on her methodology, Orshansky estimated that between one-fourth and one-third of all children in America comes under poverty on their families’ pre-tax money income” (Fisher,1992).

Orshansky conducted her research keeping in mind that the findings would be used as a research case. However, they were soon adopted by the Office of Economic Opportunity in 1965. In 1969, these poverty estimates became the official measurement of poverty by the Budget Bureau for the designation of poverty. Since then these data have been published by the Census Bureau and updated yearly for inflation based on the Consumer Price Index (CPI). However, the difference of family type either male headed or female headed and farm residency have not been included. Following changes were adopted in the original document:

- Economy Food Plan was selected as opposed to the higher-priced Low-Cost Food Plan as the basis for establishing poverty thresholds (1965).
- Annual adjustment of “non-farm poverty thresholds to be based on the change in Consumer Price Index (CPI) rather than the changes in the cost of food included in the Economy Food Plan (1969)” (Blank, 2008).
- Farm poverty thresholds were raised as compared to the nonfarm poverty thresholds.
- CPI index used for annually updating poverty thresholds was replaced from the CPI for Urban Wage Earners, and Clerical Workers (CPI-W) to the then newly developed Consumer Price Index for all Urban Consumers (CPI-U) (1979).
- The provisions of separate poverty threshold on the basis of different family types like female-headed families, widow-headed families, and other families were abolished.
- It also raised the size of the family matrix from seven to nine or more persons.

Presently the Census Bureau measures poverty based on 48 separate poverty thresholds, for families of varying size and age composition. For example, in 2008

the poverty threshold for a four-person family, consisting of two adults and two children, was \$21,834; for a single parent under age 65 with one child, \$14,840; and for a single adult age 65 or older living alone or with no other family members, \$10,326. Weighted average poverty thresholds are based on the average poverty thresholds families of varying size and composition, and unrelated individuals, based on their relative number in the U.S. population for whom poverty status is determined.

Table 2. Poverty Thresholds in 2008 by Size of Family and Number of Related Children Under 18 Years
(in dollars)

Size of family unit	Weighted average thresholds ^a	Related children under 18 years								
		None	One	Two	Three	Four	Five	Six	Seven	Eight
One person (unrelated individual)	10,991									
Under 65 years	11,201	11,201								
65 years and over	10,326	10,326								
Two persons	14,051									
Householder under 65 years	14,489	14,417	14,840							
Householder 65 years and over	13,030	13,014	14,784							
Three persons	17,163	16,841	17,330	17,346						
Four persons	22,025	22,207	22,570	21,834	21,910					
Five persons	26,049	26,781	27,170	26,338	25,694	25,301				
Six persons	29,456	30,803	30,925	30,288	29,677	28,769	28,230			
Seven persons	33,529	35,442	35,664	34,901	34,369	33,379	32,223	30,955		
Eight persons	37,220	39,640	39,990	39,270	38,639	37,744	36,608	35,426	35,125	
Nine persons or more	44,346	47,684	47,915	47,278	46,743	45,864	44,656	43,563	43,292	41,624

Source: U.S. Census Bureau,

<http://www.census.gov/hhes/www/poverty/threshld/thresh08.html>.

Limitations of the Orshansky Measure of Poverty

There have been many critiques of the official poverty measure. Some of the criticisms are as follows:

One of the basic criticism of the Official Poverty Measurement is that it considers 'needs' as only food needs. It does not take into consideration the other basic necessities of human life such as clothing, shelter, housing, or healthcare. Although "these other needs are indirectly considered through the multiplier of the inverse of the food share of the total budget, this multiplier has never been adjusted to consider changes in need or consumption over time. This limitation was recognized by Orshansky too, who recommended updating the thresholds for changes in costs of food and other necessities" (Citro and Michael, 2008).

Another criticism of the current official measurement of poverty is that it defines the resources of the family as income generated through money. This based on pre-tax income. It does not include the value of noncash benefits which are provided to the poor people through social security measures such as food stamps, health insurance, or housing assistance. It does not take into account for taxes. Consequently, the benefits from public programme provided to the poor people and the social security measures are not calculated as income. This "limitation in counting family resources was not a major omission when Orshansky developed the original measure because most transfers for low-income families were cash transfers and because low-income people paid very little in taxes at the time. Since then, in-kind benefits such as food stamps and school lunch, Medicaid, and housing assistance, have grown and a sizable portion of the nation's anti-poverty strategy is in the form of the earned income tax credit" (Citro and Michael, 1998).

In the past few years, the American society has experienced various social and economic changes. The participation of women in the labour force has considerably increased. Also, the expenses of the child care constitute a major part of the family expenditure. The family composition in America has changed. There are more single-headed and female headed families than in the 1960s. An "increasing number of parents do not live in the same household as their children and, while child support received as cash would count toward family resources for the family in which the child resides, child support owed is not counted against family resources even though

it diminishes disposable income for those who owe it” (Citro and Michael, 2008). These changes have not been included in the current Official Poverty Measurement. However, these changes have major implications for policy framework in dealing with poverty.

The Official Poverty measurement has also been criticized on the ground that it takes a similar value for different geographical areas. For example, the cost of living in urban areas are different from that of a rural area. Also, the housing costs differ from place to place. The original thresholds have also been criticized because of “the methods used to adjust the thresholds for different family types and sizes, which led to some irregular comparisons between family types. Other criticisms include the definition of the family unit in counting resources (e.g., excluding cohabiting partners or other household members who are not immediate family members) and how the thresholds are updated over time to account for price changes” (Citro and Michael, 2008).

Alternative Poverty Measures

Limitations of the original method led to the development of alternative measures of poverty. These include:

- Relative measures of poverty “that count all those below a percentile of the income distribution as poor, or, more appropriately, that count those below a percentage of median income or consumption as poor” (Blank, 2008).
- Thresholds “based on expert budgets, which are normative standards of need based on experts’ knowledge about needs for commodities or baskets of commodities. (Orshansky used the USDA’s expert budget for food needs)” (Citro and Michael, 2008).
- Lack of basic requirements such as affordable health care, access to quality education, poor housing conditions,
- “Consumption measures of poverty, which define resources by consumption (actually measured by expenditures) instead of by income. Resources measured by consumption are then compared to a threshold to determine poverty status.

- Subjective measures that ask a representative sample of people what they believe are a minimum level of income or consumption needed to get by.
- Measures of poverty depth and severity, which assess how poor people are (how far below a poverty threshold)” (Citro and Michael, 2008).

National Academy of Sciences- Measuring Poverty: A New Approach

The Official Poverty Measurement has been described as outdated by many social scientists. They emphasized that the poverty measurement should be regularly altered and updated to meet the changing social conditions. In the early 1990s, “the Congress commissioned an independent review of the US poverty measure which culminated in a study issued by the National Research Council (NRC) of the National Academy of Sciences (NAS) entitled *Measuring Poverty: A New Approach.*” (CRS Report, 1998) Considering the problems of the Official poverty measurement, the NAS panel made specific recommendations for its revision. In its recommendation, the panel made three specific guiding principles:

- Public should accept and understand the measure.
- The measure should be statistically defensible.
- Data should be available for easily implementing the measures.

Their major recommendations focussed on the setting, updating and adjusting poverty thresholds and defining family resources to be counted against poverty thresholds for determining families’ and individuals’ poverty status.

Setting, Updating and Adjusting Poverty Thresholds

The USDA 1955 food consumption survey had shown that the average US family spent one-third of its pre-tax income on food and the rest two-thirds on others. Ever since its inception in 1969, the official poverty measurement has not changed much. The only exception “the rest two-thirds on the other was made in annual adjustments for overall price changes in the economy. This was measured by Consumer Price Index (CPI) for all Urban Consumers. It was based solely on the concept of minimal

standard of food consumption which prevailed in the 1950s.” (Gabe, 2009) It is often characterized as “an absolute poverty measure, in that it is not adjusted to reflect changes in needs associated with improved standards of living that have occurred over the decades since the measure was first developed. If the same basic methodology developed in the early 1960s were applied today, the poverty thresholds would be considerably higher than the current thresholds.” (US Department of Labour and Statistics, 2008)

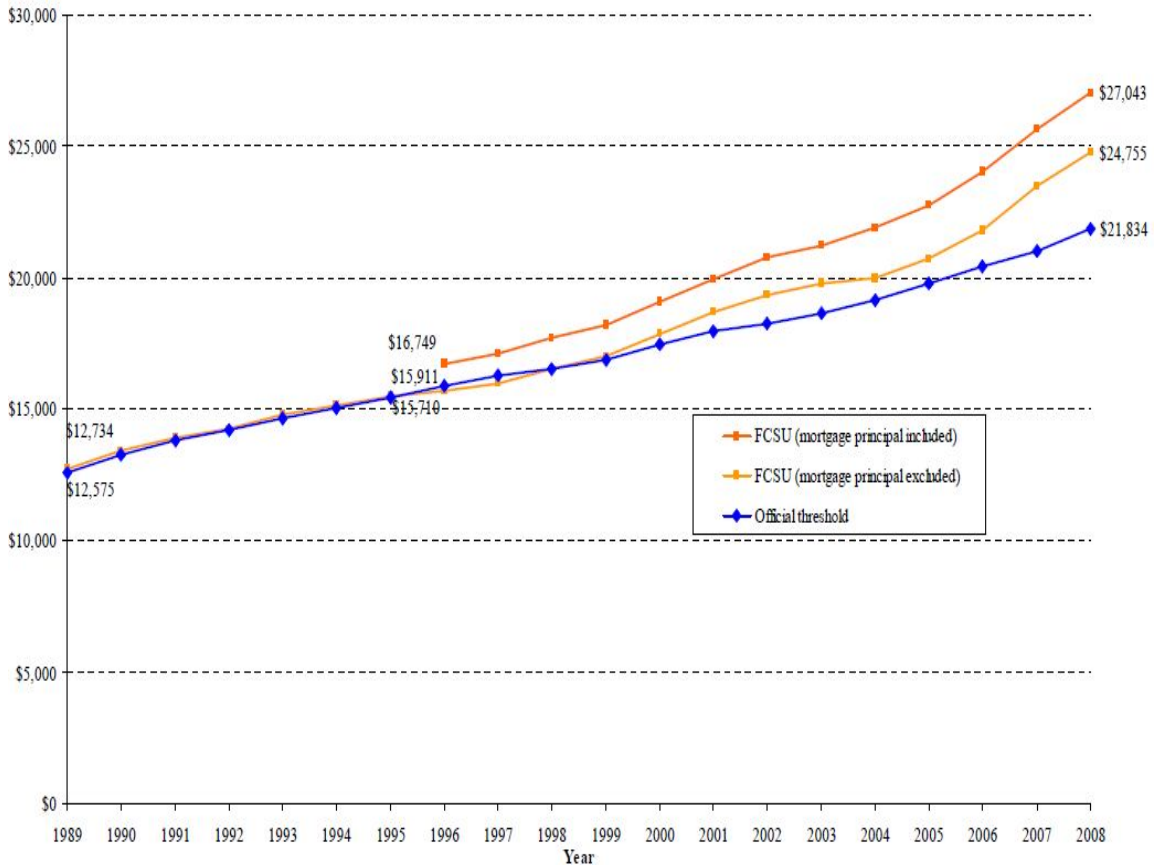
The NAS panel recommended that the official poverty measurement should take into consideration basic necessities like food clothing shelter and healthcare as well as other needs such as household items. The “Consumer Expenditure (CE) Survey data would be used to estimate a percentage of median annual spending on these three items for a reference family (two adults and two children) and multiplied by a small multiplier to include the small amount for other needs.” (Citro and Michael, 2008) However, the recommendations did not “suggest an exact percentage of median spending nor an exact multiplier but suggested a reasonable range for the initial threshold—between the 30th and 35th percentile of expenditures on food, clothing, and shelter with a multiplier in the range from 1.15 to 1.25 for other necessary items. To apply the thresholds to families of different sizes, the panel recommended using a two-parameter equivalence scale that would account for economies of scale for larger families and differences in need between adults and children” (Citro and Michael, 2008).

The panel recognized that the medical needs vary from person to person. Thus, it “considered developing a separate index in which individuals would need sufficient resources to obtain non-medical necessities but would have adequate medical care, or sufficient resources to purchase health insurance in order to not be considered poor. The panel majority recommended that a medical care risk index be developed in addition to poverty measure. The proposed index would serve as a measure of the economic risk of not being able to afford needed medical care, accounting for the lack of insurance and underinsurance” (Gabe, 2009). They recommended that medical out-of-pocket-expenses (MOOP) be considered in the poverty measure and subtracted from the resources.

The US Census Bureau developed poverty thresholds consistent with the NAS recommendations in 1989. They applied “the basic methodology proposed by the NAS panel (that is, selecting the midpoint 32.5 percentile of the recommended range (32-35 percentile) of the distribution of food, clothing, shelter and utilities (FCSU) for reference families of four persons (two adults with two children) and multiplying that amount by 1.20 (the middle of the recommended range, that is, 1.15-1.25) for other necessities. These estimates included mortgage interest payments as a part of shelter expenses but excluded mortgage principal payments.” (Citro and Michael, 2008) However, researchers argued that “principal mortgage payments should be included in setting poverty thresholds that include shelter expenses, as payment of mortgage principal is a nondiscretionary expenditure many homeowners face, representing funds that cannot be used to meet other household needs such as food, clothing or utilities. Recognizing this issue the BLS and CB constructed NAS-based poverty thresholds that include principal mortgage payments as part of shelter expenses in 1996.” (Gabe, 2008) Poverty thresholds under the official definition, and two alternative definitions based on FCSU, one excluding principal mortgage payments (shown back to 1989) and the other including mortgage principal payments (shown back to 1996), are depicted in **Figure 1**

Figure 2 shows changes in relative prices from 1989-2008 for food (food consumed at home), clothing (apparel), shelter, and utilities (home energy), as well as changes in overall prices for all urban consumers (CPI-U), changes in prices for all goods and services other than food, shelter, and utilities, and changes in NAS-based poverty thresholds (with and without mortgage principal factored into their calculation).

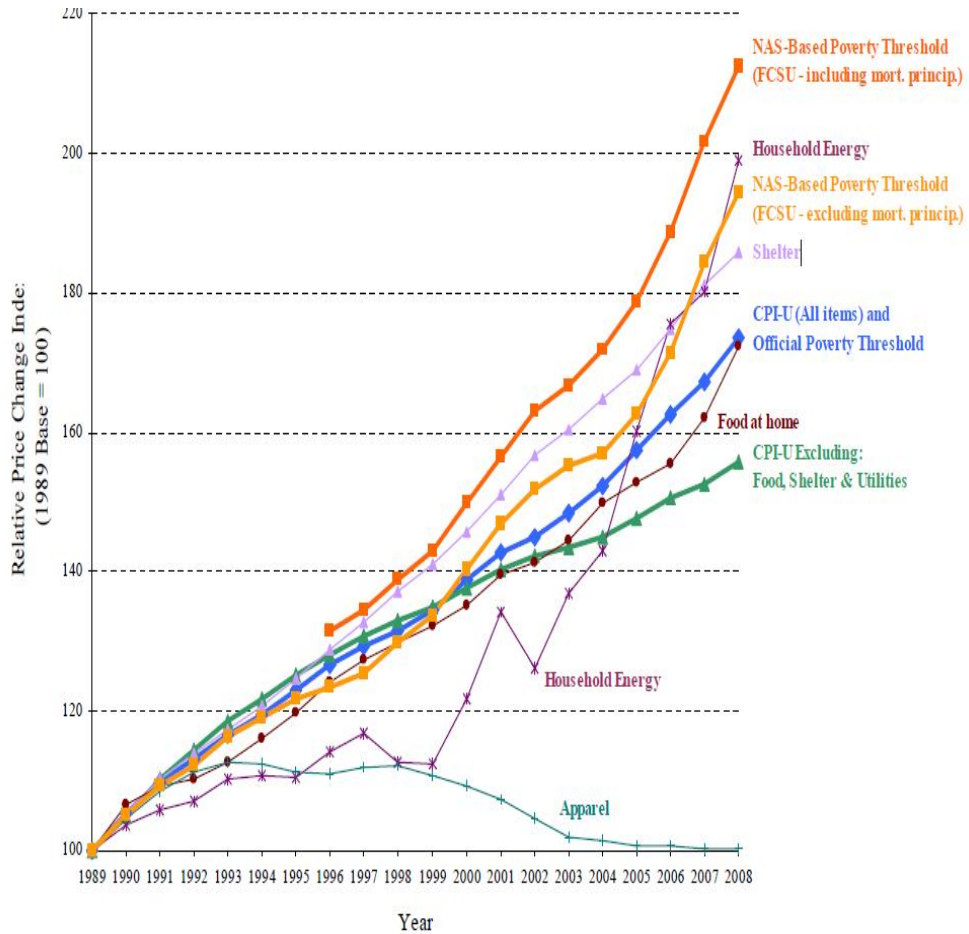
Figure 1 Poverty Thresholds for a reference family of four persons under the Official definition and alternate definitions based on FCSU with and without principal mortgage payments included: 1989-2008.



Source: CRS Report. Alternative Poverty thresholds based on FCSU with mortgage principal excluded are primarily from Kathleen Short, Experimental Poverty Measure: 1999, US Census Bureau Reports, P60-216.

Figure 1 shows that in the NAS-based poverty thresholds changes in prices for food, clothing, shelter, and utilities affect the spending patterns of reference families.

Figure 2 shows change in Relative Prices for Food, Clothing Shelter and Utilities and Official and NAS based Poverty Thresholds: 1989-2008



Source: Congressional Research Service based on Bureau of Labour Statistics consumer price indices for indicated items.

Adjustments of Poverty Thresholds for family Size

The NAS panel recommended “a two-parameter scaling procedure, based on the number of adults and number of children living in a family. Under the procedure, children under 18 were treated as consuming 70% as much as adults. The threshold adjustments were obtained by summing the number of adults in the family plus the number of adult-equivalent children (i.e., 0.7 times the number of children) and then raising the result to a power ranging from 0.65 to 0.75.” (Citro and Michael, 1998) But some work suggests that the recommended two parameter scale would not be sufficient and it should be exchanged with a three-parameter scale. The three parameter scale would do the job of two parameter scale and would additionally manage the thresholds for family with children.

Table 1 and **Table 2** shows the NAS-based methodology, which sets poverty thresholds for alternate poverty thresholds for a four persons family based on FCSU, respectively excluding (**Table 1**) and including (**Table 2**) mortgage principal in the calculation.

Table 1 NAS-Based Poverty Thresholds Excluding Mortgage Principal, by Family Size: 2008 (dollars)

Size of family unit	None	One	Two	Three	Four	Five	Six	Seven	Eight
One person (unrelated individual)	11,743								
Two persons	16,177	17,313							
Three persons	24,755	21,789	20,554						
Four persons	30,277	27,576	24,755	23,588					
Five persons	35,396	32,880	30,277	27,576	26,463				
Six persons	40,215	37,838	35,396	32,880	30,277	29,210			
Seven persons	44,797	42,532	40,215	37,838	35,396	32,880	31,850		
Eight persons	49,186	47,013	44,797	42,532	40,215	37,838	35,396	34,399	
Nine persons or more	53,413	51,318	49,186	47,013	44,797	42,532	40,215	37,838	36,870

Source: Congressional Research Service

Table 2 NAS NAS-Based Poverty Thresholds Including Mortgage Principal, by Family Size: 2008 (dollars)

Size of family unit	Number of Related Children								
	None	One	Two	Three	Four	Five	Six	Seven	Eight
One person (unrelated individual)	12,533								
Two persons	17,672	18,913							
Three persons	27,043	23,803	20,554						
Four persons	33,076	30,124	27,043	25,768					
Five persons	38,668	35,919	33,076	30,124	28,909				
Six persons	43,931	41,336	38,668	35,919	33,076	31,909			
Seven persons	48,937	46,463	43,931	41,336	38,668	35,919	34,793		
Eight persons	53,732	51,359	48,937	46,463	43,931	41,336	38,668	37,578	
Nine persons or more	58,350	56,061	53,732	51,359	48,937	46,463	43,931	41,336	40,278

Source: Congressional Research Service

Geographical Adjustments

The NAS panel recommended that “poverty thresholds should be adjusted for differences in the cost of living across geographical areas for the components in the poverty budget” (Citro and Michael, 1998) However, the panel noted that lack of data as well as conceptual and measurement issues had made the development of such a measure practically difficult. For example, CPI data are collected for a limited number of metropolitan areas but not for rural areas. Other issues which should be considered are whether a fixed market basket of goods should be used across all areas, or whether market baskets should reflect differences in needs or consumer preferences and how to account for differences in quality of goods across areas.

The panel also recommended that housing costs, which represent the largest component of the poverty budget and the component that varies most across geographical areas, be used to adjust the housing component of the poverty thresholds. Based on an assessment of available data, the panel recommended that housing cost indexes be developed for different geographic regions.

Defining Family Resources:

The Official method used for counting the poor is “based on families’ total cash, pre-tax income measured against poverty thresholds corresponding to families’ size and composition. The current definition of poverty counts most sources of money income received by families. A major criticism of the current measure is that it fails to account for a variety of forms of government assistance to low-income families or federal or state income or pay-roll taxes on families. As such the current definition of poverty is unable to measure the effects of a host of government programmes and policies on poverty. Non-cash benefits and tax-credits represent a growing share of assistance to the poor, yet the official measure does not count them.” (Haskins, 2011)

The NAS panel recommended that “an expanded definition of resources be developed for the purpose of defining poverty.” (Citro and Michael, 1998) The panel recommended that “the value of near-money non-medical in-kind benefits, such as food stamps, subsidized housing, school lunches and home energy assistance be added to resources. They recommended that out-of-pocket medical expenditures, including health insurance premiums, be deducted from resources and that income taxes and social security payroll taxes be deducted as well. For families in which there is no non-working parent, the panel recommended deducting actual child care costs per week worked, not to exceed the earnings of the parent with the lower earnings or a cap that is adjusted annually for inflation” (Citro and Michael, 1998). The panel recommended that work-related and transportation expenses allowance be subtracted for the working people. Also, The child support payments be withdrawn from the payer’s income.

The official poverty measure considers family as a basic unit whereby members are related to one another by birth, marriage or adoption. The NAS panel recommended

that the definition of family should be expanded to include unmarried cohabiting couples (and presumably the co-residing relatives of each member). The NAS panel also recommended that the “research should be conducted on resource sharing among roommates and other household and family members to determine whether the unit of analysis for poverty measurement should be modified in the future” (Census, Bureau, 2014)

Consistency between Poverty Thresholds and Resources

In its 1995 report, “the NAS panel recommended that in developing a new poverty measure, family resources should be included to the extent those resources were considered in developing and adjusting poverty thresholds. They noted that the current measure of poverty violates this principle of consistency as did the inclusion of expanded income definitions in Census Bureau technical reports on experimental and alternative poverty measures that had been issued up to that time. The NAS report said that such measures should be discontinued (absent the development of consistent poverty thresholds), but that expression was not conveyed as a specific, formal, recommendation.” (Citro and Michael, 2008)

The Supplemental Poverty Measure

The Census Bureau started publishing a Supplemental Poverty Measure (SPM) since 2011. This Supplemental measure of poverty is based on the NAS Panel recommendations, and it is different from the original official poverty measurement in calculating the poverty thresholds. The SPM uses recent expenditures of the families for calculating the poverty thresholds. While calculating, it considers all the necessary expenditures of the people including food, shelter, clothing and utilities. The expenditure is calculated on the basis of whether they have their own home or they have rented accommodation, or they have a mortgage. Then these items are raised by 20% to cover all the other important items. Further “adjustments are made based on differences in family size and structure, and, unlike in the official measure, the threshold is adjusted for geographic variation in living costs” (Short, 2013)

The Supplemental Poverty Measure also “uses a more accurate measure of disposable income that accounts for both a greater number of income sources and a wide array of necessary expenditures” (CEA, 2014). Unlike the official poverty measure, “the SPM uses a post-tax, post-transfer concept of resources that add to family earnings, all cash transfers and the cash equivalent of in-kind transfers such as food assistance minus net tax liabilities, which can be negative for families receiving refundable tax credits like the EITC or CTC. Necessary expenditures on work and child care are then subtracted from the resources” (CEA, 2014).

The SPM deducts medical-out-of-pocket (MOOP) expenditures from the resources of the family. SPM considers that this money cannot be used for the other expenses. The SPM “can thus be thought of as a measure of deprivation concerning non-health care goods and services” (Korenman and Remler, 2013). However, the advantages of the health care are not accurately provided by the SPM. Instead, the SPM considers the expenses of the healthcare, as far as, it deducts medical-out-of-pocket expenditures of the households and hence uses the resources for other purposes. The neglects the advantages that arise due to the health care insurance which may improve the health care, or it may decrease the stress caused by exposure to a financial risk. Consequently, “the measured trend in SPM poverty may understate progress in decreasing economic hardship since the War on Poverty began by ignoring these benefits of increased access to insurance” (ibid)

One of the most significant characteristics of the SPM is that “the definition of minimum needs is adjusted each year based on recent data on family expenditures on necessities rather than adjusting a fixed bundle only for inflation. By considering families’ expenditures on array of necessary items, including food, shelter, clothing and utilities and then setting poverty rates based on how much families at the 33rd percentile spend- the SPM adjusts poverty thresholds as societies’ spending patterns on these necessities shifts” (Ibid).

While comparing the official poverty measure with that of the SPM, “the Census Bureau notes their differences in measurement units, poverty threshold, threshold adjustments (e.g., by family size), updating thresholds, and what counts as resources” (Institute for Research on Poverty, 2017). The differences are listed in the following table-

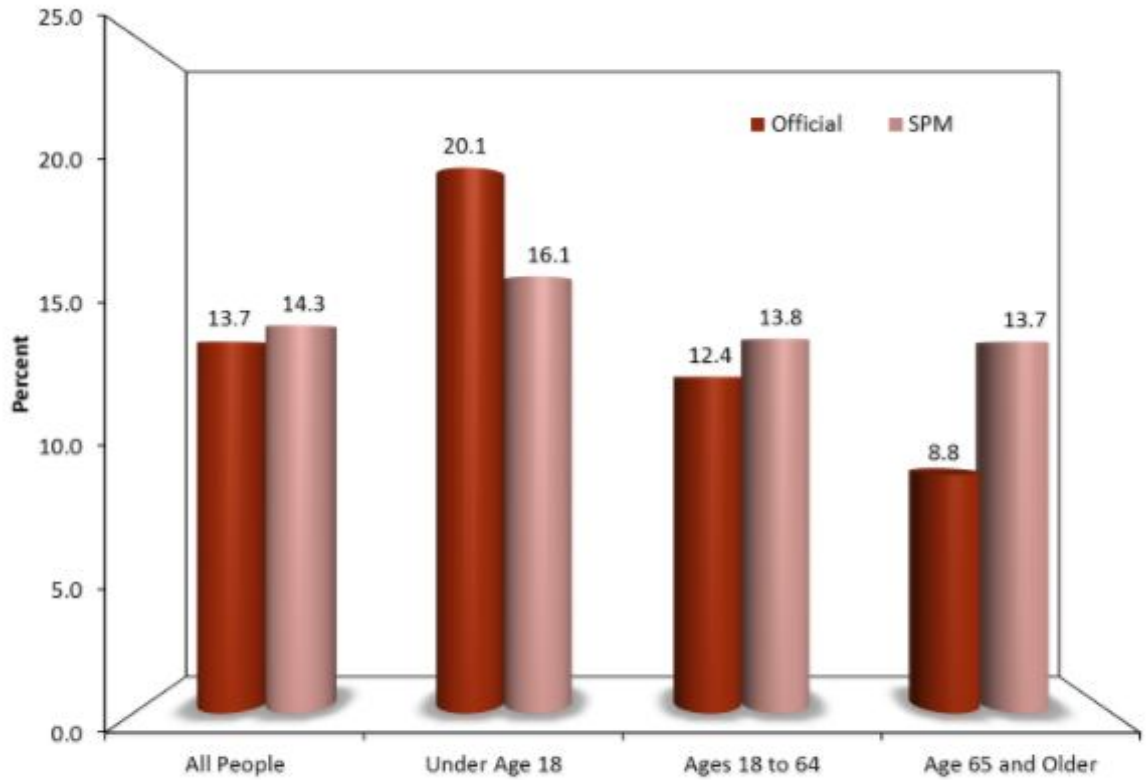
Table 1 Difference between the Official Poverty Measure and the Supplemental Poverty Measure

	Official Poverty Measure	Supplemental Poverty Measure
Measurement Units	Families or unrelated individuals	Families (including any coresident unrelated children, foster children, unmarried partners and their relatives) or unrelated individuals (who are not otherwise included in the family definition)
Poverty Threshold	Three times the cost of a minimum food diet in 1963	The mean of expenditures on food, clothing, shelter, and utilities (FCSU) over all two-child consumer units in the 30th to 36th percentile range multiplied by 1.2
Threshold Adjustments	Vary by family size, composition, and age of householder	Geographic adjustments for differences in housing costs by tenure and a three-parameter equivalence scale for family size and composition
Updating Thresholds	Consumer Price Index: All items	Five-year moving average of expenditures on FCSU
Resource Measure	Gross before-tax cash income	Sum of cash income, plus noncash benefits that families can use to meet their FCSU needs, minus taxes (or plus tax credits), minus work expenses, minus out-of-pocket medical expenses and child support paid to another household

Source: The US Census Bureau

While comparing the Supplemental Poverty rate with that of the Official Poverty Rate, it was found that SPM was higher than the Official Poverty Measure for most of the age groups in 2015. The following figure shows the comparison between the two with respect to the population as a whole and among three age groups.

Figure showing the comparison between the SPM and Official Measure of Poverty for the total population and three age groups- under age 18, between 18-64 ages and ages 65 and above.



Source: The Supplemental Poverty Measure: 2015, Current Population Reports, Pg 60-258 (RV), September, 2016.

State Actions

Since there has been an absence of a modern federal measure of poverty, some states have started exploring alternative ways to measure poverty more accurately. States need a better picture of whether individuals and families are meeting their basic needs and how state policies could increase economic opportunity. Some states have set up state poverty and opportunity task forces to address the issue. “About half (six) of the thirteen task forces which have issued reports address the need for a modernized income poverty measure.” (Smith, 2010) Some states have even set a poverty reduction target, like reducing poverty to half in a decade. Some of these states are:

Colorado:

Colorado created the Colorado Economic Opportunity Poverty Reduction Task Force in 2009. This task force set the poverty reduction target at 50% by 2019. “The Task Force’s recently approved legislative recommendations for the 2010 session include a bill that would require the Task Force to develop a model for assessing the impact of its poverty recommendations on state poverty rates.” (Smith, 2010)

Connecticut:

Connecticut created the Connecticut Child Poverty and Prevention Council in 2004. This legislation was made in Connecticut to reduce child poverty by 50% by 2014. The state took the help of the Urban Institute to analyze the policies which were implemented to reduce child poverty. “The Urban Institute analysis uses a model that relies on a poverty measure based on NAS recommendations. It found that if five of the policy recommendations were implemented—a child care subsidy expansion, education and training initiatives, full child support payments, transitional assistance for those leaving cash-aid, and increased participation in safety net programs – the child poverty rate would decrease by almost 35 percent.” (Smith, 2010)

Delaware:

In 2007, Delaware created Delaware Child Poverty Task Force through executive order. The main goal of this was to reduce child poverty by 50% by 2017. The Task Force's 2009 final report recommends that "the state adopts NAS recommendations and, develop a new poverty definition for Delaware that considers more than just pre-tax income, including the post-mid 20th century changes that have occurred impacting family resources such as out-of-pocket medical expenses." (Smith, 2010)

Minnesota:

This state created the Legislative Commission to End Poverty in Minnesota by 2020 in 2006. The Commission's 2009 final report supports "developing a modern federal measure and calls for developing a state-based modern poverty definition that adopts the NAS recommendations. Further, to predict the poverty reduction impact of legislative proposals, the Commission recommended using poverty impact statements that rely on a NAS-based poverty measure. A poverty impact statement bill was introduced in 2009 and is expected to be reintroduced in 2010. The bill would allow Committee chairs to secure poverty impact statements attached to legislation that could reduce or increase the number of Minnesotans in poverty by at least one-tenth of one percent of the state population, as measured by a NAS-based poverty measure. The Commission's final report also includes an analysis by the Urban Institute of how its recommendations would affect state poverty rates using a NAS-based poverty measure. It found that five policy recommendations (\$9.50 minimum wage, expanded EITC, guaranteed child care assistance for families at 300 percent of federal poverty level, 85 percent food stamp participation, and expanded education and training)." (Smith, 2010)

Theories about the Causes of Poverty in the US

There have been many theories regarding the causes of poverty in America. But the two main theories which are debated among the theorists and policy-makers in America are- Cultural/Behavioural theory and Structural/Economic theory. This

debate has been based on the support of different parties with Republicans supporting the Cultural/Behavioural thesis and the Democrats looking more to Structural causes. The enactment of the Personal Responsibility and Work Opportunity Reconciliation Act in 1996 and its strengthening by the Bush administration and its Congressional Ally have created a new debate for the further assessment of the relationship between Cultural/Behavioural and Structural causes of poverty.

Culture of Poverty

Culture “tends to be the explanatory variable that theorists and policy makers look to last when attempting to explain social dysfunction, particularly due to the sometimes visible connection between cultures and race.” (Glazer, 2000) This may be the reason why cultural arguments lost its value and policy makers started linking poverty to behaviour or rational calculation. The scholars of this school argue that poverty is the result of the behaviour of the individual. The behaviour of the individual makes him economically dependent on others in the society. However, due to the “persistence of poverty in certain areas, the behavioural perspective is reinforced by the culture of poverty thesis, which suggests that individual creates, sustain and transmit to future generations a culture that reinforces the various social and behavioural deficiencies” (Rodgers, 2000). In other words, it also means that the government’s initiative and programmes of providing cash assistance to the poor people has made them dependent on the government aid. This has contributed to a variety of social ills in the society.

The Culture of Poverty theory is basically based on the anthropological arguments of Oscar Lewis which “later came to be erroneously associated with laying blame for poverty either on the poor themselves or on a government that keeps them dependent” (Patterson, 2000). Rising “rates of divorce, female headed single parent families, teen pregnancy, drug/alcohol misuse, and criminal activity are said to reflect the dysfunctional attitudes and values, relative to mainstream society, about family, education and work” (Jordan, 2004). These “attitudes are passed onto subsequent generations leading to a vicious cycle of poverty from which few escape” (Rodgers, 2000).

According to Lewis, poverty was "an adaptation to a set of objective conditions of the larger society, [but] once it comes into existence, it tends to perpetuate itself from generation to generation because of its effect on children" (Patterson, 1994). While Lewis argued that poverty was culturally self-reinforcing, its incidence was directly connected to "structural conditions in society" (Massey and Denton, 1993). This important point became lost as "Americans internalized the view of poverty as expressed by a 1964 edition of the Saturday Evening Post which suggested the cause of poverty was in fact purely behavioral dysfunction transmitted between generations (Patterson, 1994).

This cultural/behavioral perspective have been controversial among the academician, yet blaming the victim mentality seems to retain a significant hold on Americans' perceptions of the causes of poverty and the government's level of responsibility. In a 1994 poll by Times Mirror, "63 percent of respondents stated that welfare spending should be cut" (Gilens, 1999). Similarly, "a poll taken by the General Social Survey, also in 1994, showed that 71 percent of respondents believed that the number of people on welfare should be cut" (Gilens, 1999). These "statistics stand in contrast to data that demonstrate higher support for social programs such as education, healthcare, and child care" (Gilens, 1999). The "durability of the negative perception of welfare may be due to its manipulation by politicians as a means to limit the publics' position on the degree of government responsibility" (Patterson 2000), and consequently public funding for progressive anti-poverty programs.

Structural Causes of poverty

Scholars of the Structural School argue that most poverty can be traced back to structural factors. Of the "various institutional environments that tend to sustain a multitude of economic barriers to different groups, it is discrimination based on race and gender that create the most insidious obstructions. The disproportionately high rate of poverty among women may be viewed as the consequences of patriarchal society that continues to resist their inclusion in part of society that has been historically dominated by men, and as a consequence, welfare programmes have been designed in ways that stigmatize public support for women as opposed to marital support; both arrangements tend to reinforce patriarchy." (Abramovitz, 1996)

When discrimination against black is considered, it was found that “the percent of black median income relative to white median income was 51 percent in 1947. In 2002, the figure had risen to 62 percent.” (US Census, 2002) In 2000, “35.5 percent of Black single parent families were considered low-income while Blacks represented only 12.1 percent of the general population in that year.” (IWPR, 2003). Given the over-representation of Black Americans among the poor, it stands to reason that closing the gap between black and white median income by working to end racism and discrimination will have positive effects on poverty. Messey and Denton (1993) argue that “institutional racism in general and residential segregation in particular is a critical structural level cause of the severe poverty in the Black community. However, they contend that as segregation took hold, the Black communities in the inner cities reacted by creating an oppositional culture that devalues work, schooling, and marriage and stress attitudes and behaviours that are antithetical and often hostile to success in the larger economy” (Messey and Denton, 1993). But it should be noted that Oppositional culture do exists but social isolation is the primary culprit. Structural economic factors include the level and variation of unemployment, median income, and measures of income inequality. “The rate of poverty tracks very closely with median income and in general rises in median income has positive benefits for all classes, including the poor.” (Hines, Hoynes and Krueger, 2001). Thus, providing work is understood as the best mechanism for lifting people out of poverty. Indeed, “one of the clearest strategies for fighting poverty should be to focus on ensuring a strong and growing economy. However, for individuals to take full advantage of a strong and changing economy, they need education and skill development” (Jordan, 2004). However, educationa and skill development is not equally accessible to all the members of the population. Moreover, the quality of education varies from place to place as the property taxes represent the largest share of school funding in the US.

Political Factors

Presumably, the Republicans tend to support the ideas that favour business class over the working class in terms of policy. They believe that government interference in the economy becomes beneficial for the business class and hurts the sentiments of the working class. Historically, “Republicans have sought to curb domestic spending,

particularly social spending, based on the ideals of individualism, limited government, and laissez-faire economics. They believe that one's poverty is the sole responsibility of the individual. The cash assistance creates dependence by shielding recipients from the market and prevents functional adaptation to market conditions, reflects these ideals" (Jordan, 2004)

The economic system of capitalism is based on labour surplus so that more labourers are employed for less positions, which make them earn low wages. The Republican position is contradictory, that is, "welfare is the cause of poverty, yet the current breed of American capitalism depends to some extent on the existence of a lower class. The mediating variable seems to be equal opportunity for all citizens, but equal opportunity does not exist for all citizens as the preceding discussions on gender, race employment trends, income, and education suggest" (Ibid). If the Republican ideals on the benevolence of the free market and the perfectly diffuse presence of equal opportunity are correct, then their policies should be associated with reductions in poverty.

Causes of Poverty

In spite of various anti-poverty programmes, poverty remains rampant across America. Following causes can be put forward for this:

Work Rates:

One of the ways to combat poverty is to work and raise the standard of living. Likewise, in America, people except the old ones work to avoid poverty. "An individual or family that is dependent on welfare will be poor because welfare programmes, even in combination, do not, as a rule, remove people from poverty" (Haskins, 2011). Working hard and being self-sufficient has been a fundamental part of the nation's culture and thus it enforces the restriction on the social security. The citizens of America believe that they should work and earn their living instead of relying on welfare. In this regard, President Roosevelt, in his 1935 message to the Congress stated that

“the lessons of history . . . show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber and that welfare was a —narcotic and a —subtle destroyer of the human spirit. He even said that —we must, and we shall quit this business of relief” (Roosevelt, 1938)

Since employment is essential for tackling poverty in America, work rate has been a major determining factor for the poverty rate. “Between 1980 and 2009, work rates for men declined from 74.2 percent to 67.6 percent, a fall of around 9 percent. The trend for young black men (ages 20-24) is even worse. Starting from the very low base of 60.9 percent, their ratio declined to the startling level of 46.9 percent, a decline of nearly 23 percent” (Haskins, 2011). “Given that a very large number of young black men are in prison and are not included in these employment figures, it is not too much to claim that work among young black males is a national crisis.” (Holzer, 2005)

The work rates of women compared to men shows that there has been an increase in the number of women workforce. Also, the number of unwed mothers rose sharply than any other in the workforce. “These mothers and their children have always been the group most likely to be in poverty, including long-term poverty, in large part because historically their work rates have been so low” (Wu and Stojnic, 2007)

The composition of workforce in America has been like- less work by males (especially black males) and more work by females. But with the onset of recession work rates declined. Prior to this, “the employment to population ratio of males and females were 72 percent and 58 percent respectively, combined with the fact that the poverty rate for individuals in families in which no one works is nearly eight times as high as the poverty rate for individuals in families with at least one full-time, year-round worker, shows that there is plenty of room for improvement” (Census Bureau, 2010). With the onset of the recession, many people lost their jobs and became unemployed. Moreover, these unemployed persons were foreign-born workers. “in 2009 the employment-population-ratio among foreign-born males (ages 16 and older) was an impressive 16 percent higher than the ratio for native-born men” (Alsalam, 2010)

Family Composition:

Ever since the anti-poverty programmes have been targeting poverty, the composition of poverty has changed drastically. “In 2009, the poverty rate for children in married-couple families was 11.0 percent. By contrast, the poverty rate for children in female-headed families was 44.3 percent” (US Census Bureau, 2010). The reason behind high poverty rates for the female-headed family is the change in the composition of the families. The female-headed families have been increasing for over five decades. “In 1950, 6.3 percent of families with children were headed by a single mother. By 2010, 23.9 percent of families with children had single-mother heads.” (US Census Bureau, 2010) “That a higher and higher fraction of children live in a family type in which they are about four times (in some years, even more) as likely to be poor exerts strong upward pressure on the poverty rate. One way to think of the shift to single-parent families is that even if government policy were successful in moving people out of poverty, the large changes in family composition serve to offset at least part of the progress that otherwise would be made.” (Haskins, 2010)

Drug Abuse:

Another major reason of poverty in America has been drug abuse. People of drug abuse become addicted to drugs which start dominating their lives. They start dumping all their money and assets into this. This problem is more concentrated with the lower class people. This is because “those in the lower class typically live in urban ghettos where drugs are most prevalent and easy to obtain” (Goelz 2010). By using drugs, the lower class people turn into a state of destitution. For example, “a gram of cocaine sells for about \$100. Therefore, say if a person were to use a gram per day that would mean \$700 per week on that habit. That is more than most Americans weekly paychecks. For those who use heroine, their habit could cost them thousands of dollars per week. Based on these examples, it is easy to see how drug use could drive users and their families into poverty or homelessness.” (Akerlof and Kranton, 2010)

Education:

There now appears to be universal agreement that “the combination of technological advances and globalization have resulted in education being a major factor in determining the employment and earnings of most Americans as well as most workers in nations with modern economies” (Golden and Katz, 2010). It has been a fact that there is a symbiotic relationship between education and money. An individual with a good academic record would certainly earn a handsome salary as compared to an uneducated person. “Even more pertinent for examining the causes of poverty, family income for those with less than a college degree has been stagnant or declining for three decades. The average high school dropout, for example, earns around \$31,100.” (US Census Bureau, 2010)

Immigration:

The United States has been one of the most important places for finding jobs and education. It has been number one choice for the engineers and technocrats to settle down. As a result of this, America has been experiencing a lot of immigrants. “For the past two decades, an average of about one million immigrants has obtained legal permanent resident status in the US each year” (Department of Homeland Security, 2010). “also, according to the Pew Hispanic Center, in the seven years before the Great Recession, the population of undocumented immigrants grew by an average of a little over 500,000 per year” (Pew Hispanic Centre, 2011). However, the education and skills of the immigrants differ from those of Native-Americans. “As George Borjas of Harvard shows, about 20 percent of immigrants have less than a 9th-grade education as compared with a little less than 3 percent of non-immigrants” (Borjas, 2006). “Consistent with the relatively large number of immigrants who lack even minimally adequate education, Borjas also finds a long-term trend toward lower wages by immigrants. In 1940, the age-adjusted average wage of first-generation male immigrants was 5.8 percent above the average wage of non-immigrant males. This figure fell to 1.4 percent above the average wage of non-immigrant males in 1970 and then dropped dramatically to 20 percent below the non-immigrant male wage in 2000” (Borjas, 2009).

Thus, the rate of poverty as compared to native-Americans has been higher for the immigrants. “In 2009, the immigrant poverty rate was 19.0 percent as compared with 13.7 percent for native-born Americans. Given that the overall poverty rate for the nation was 14.3 percent, the poverty rate would be lower by about 0.6 percentage points (or around 1.9 million people) if the immigrant poverty rate were the same as the poverty rate for native-born citizens” (US Census Bureau, 2009)

Lack of Affordable Housing:

There has been a huge gap in the earnings of the individual and the cost of housing in America. This gap make them unable to make ends meet. According to the National Low Income Housing Coalition, “families across the country would need to earn a “housing wage” of \$15.37 an hour to afford a two-bedroom apartment at the average fair market rent. Even in West Virginia, the least expensive rental state in the country, a full-time wage earner would have to earn over \$8.78 an hour in order to afford a two bedroom apartment.” (US Census Bureau, 2010)

Medical Expenses:

Medical illness can happen unexpectedly and it could be severe in situation. Americans, either rich or poor can face this situation. But it could lead them to high cost of medical billa, as they would be staying in hospital or growing for a surgery. The “average cost per night to stay in a hospital typically falls around \$350. During a hospital stay, a simple Tylenol in a hospital costs you about \$14 per pill. Treatments such as chemotherapy can cost a cancer patient \$30,000 just for an eight week treatment. In addition, minor surgeries cost patients at least a few thousand dollars, while major surgeries may cost patients tens of thousands of dollars” (Pursuegod.org)

These practices ultimately cause a deep hole in patient’s pocket. Medical insurances indeed cover the majority of expenses, but not all of it. They leave the people to pay the remaining bill which is not covered by the insurance. These bills easily leave them in the clutches of poverty.

Rising Incarceration:

There has been a historic rise in the incarceration in the United States. The “fraction of population in prison rose from 221 per 100,000 to 762 per 100,000 in 2008” (Western and Pettit, 2010). Imprisonment makes an individual lose their jobs. Consequently, the family of the person imprisoned has to face economic hardship and this increases the probability of their children growing up in poverty. For instance, Johnson finds that “child poverty increases by 8.5 percentage points and family income falls by an average of \$800 while a father is in prison (Johnson, 2008). This impacts the long-term earnings that results in increasing rate of poverty among those imprisoned. The wages of the offenders are “lower by between 3 and 16 percent after incarceration” (Raphael, 2007).

Together these factors help in raising the poverty rates in America. However, various anti-poverty programmes have been enacted to fight these causes. But it cannot be ignored that it is the individual who is also responsible for fighting poverty. It is the individual who can utilize the resources provided through these anti-poverty programmes and come out of it. To some extent, the behaviour of the individual should be blamed. But this does not mean that the structural and political factors have no role to play in it. The structural factors discriminate one person from the other. This leads to low income and people gradually slide into poverty. It is here the political factors come into question. Because it is the responsibility of the government that this discrimination be eliminated and each person should be treated equally. For this the government has to adopt certain measures and should work for the welfare of the people.

CHAPTER 3
HISTORICAL OVERVIEW OF POVERTY IN AMERICA

Poverty in America is not something that has just recently become an issue. It has been around for centuries. The history of American poverty dates back to the country's origin, and it has been in the experience of American people ever since. In fact, it has been closely linked to the major political, economic and social developments that shaped the nation throughout its history.

Colonial Period:

In the colonial period, the American Poverty can be associated with the conquest, immigration, and forced labour. These were accompanied with the European settlement of North America. The sixteenth and seventeenth century has been considered as a 'golden era' by the colonial promoters. America was understood as a 'land of plenty.' Gabriel Thomas shared similar notion in his *Historical and Geographical Account of the Province and Country of Pensilvania*. He has described "the newly established colony is the place where poor people (both men and women) of all kinds, can get three times the wages for their labour they can in England or Wales. The food was plentiful and cheap, children were born beautiful to behold, and inhabitants live freely and well together." (Thomas, 1698.) This impression can also be found in American printer John Greenleaf's *Burn's Justice of the Peace and Parish Officer* (an English legal manual for local magistrates), where he described "this land as of affluence and wealth." (Greenleaf, 1773). However, this was not the case. Certainly, many colonies became prosperous with the expanding economy of North America, but many others did not get the actual benefit. In fact, "when Greenleaf printed his abridged volume, poverty was on the rise everywhere in North America, most especially in Greenleaf's town of Boston." (Nash, 1979) "During the latter part of the 1700s, at least 15% of Philadelphia's inhabitants were unable to provide themselves with the necessities of life." (Alexander, 1980)

There were different causes of poverty in America during the colonial period. However, immigration became one of the most important causes. These immigrants were people who came to 'land of plenty' in search of better opportunities. Poor Europeans who were desperate to leave their place spent whatever they had to cross the ocean, hoping to get a better opportunity in the new land. Many others, who did not have anything to spend, sold themselves in exchange for crossing the ocean.

Some people were kidnapped and forced to become bondage. European slave trader forcibly transported African captives to make them slaves. These immigrants constituted a majority of all North American immigrants in the eighteenth century.

Native Americans became impoverished with the European settlements. They were forced to abandon their traditional occupation of hunting, fishing, and agriculture. They even struggled to feed their families and eventually started doing menial jobs.

Poverty increased with the maturation of colonies and expansion of European settlement. Hence, the new immigrants and the Native Americans migrated to more populous areas, hoping to eke out a living in a new place. As poverty increased in the eighteenth century, so did the gap between the rich and the poor.

The poor populations in those times can be categorized into- 'charity dependent poor (or commonly referred as poorer sort),' and 'bound servants and slaves.' According to an American Dictionary, Charity-dependent poor means "those who are in the lowest rank of the community and those who could not subsist but by the charity of others." (Alexander,1980) In other words, it meant being dependent on others for social and economic needs. This poorer sort constituted the tenants of the small and unproductive farm; skilled artisans such as shoemakers, tailors and coopers; unskilled laborers such as seasonal farmhands, domestic day servant, washerwomen, and woodcutters and sailors. They lived in an insecure environment where there was a little scope for their advancement.

The servants and slaves were a separate category of unfree labor. The masters of these slaves were bound to provide them the basic needs of life, yet they did not have any property. Consequently, there was a little scope of their advancement.

Poverty was rampant among certain groups like African Americans, Native Americans, and women without spouses, children and the elderly. "These people were especially vulnerable to outside forces- economic downturns, weather disasters, poor harvests, wars, disease epidemics- and had few resources to cope with such personal difficulties as disabling injuries, handicaps, chronic illnesses, alcoholism, death or desertion of spouse or parent, or the birth of a child out of wedlock." (Herndon, 2001).

Women were considered as an inferior section. There was no equality between men and women. Women were not paid at par with men. Mostly they were paid half or two-thirds for an equivalent amount of work. Married women were obliged to transfer the control of the property to their husbands. Moreover, pregnancy made their life tough. After having babies, their life became more complicated as they needed to feed them. As a result, the widows with young children and mothers of 'bastard' children swelled the relief lists in every community and were officially over-represented among the poor in colonial Philadelphia." (Wulf, 2000)

Poor had to experience a very difficult life in colonial America. The Charity was not available to all as it was limited to certain sections of the people. Mostly they had to work (menial jobs) or starve. The earnings of the poor were not adequate to fulfill the essentiality of life. The poor "lived in rented houses or rooms within other people's homes, in quarters that were often small, cramped, in bad repair, and sparsely furnished. There was seldom enough firewood for adequate cooking and heating. Meals were frequently thin, unsatisfying, and less than regular. The make and material of their clothing and shoes (if they had them) effectively communicated their low status. Their possessions were few and unremarkable." (Herndon, 2001)

Such inhumane, unsanitary and poor hygiene often made the poor people vulnerable to infections and chronic illness. The search for better opportunities abroad exposed the immigrants to different disease environments. The spread of contagious diseases like smallpox and yellow fever made the lives of poor people worse in the 1790s. In the "eighteenth-century Philadelphia, the poor were far more likely than the upper classes to fall ill and die." (Smith, 1990) It also led to the disintegration of families. The search for better opportunities separated spouses from each other (as the men migrated to other places). Parents were also separated from their children. The family life of the poor became fragile as their jobs and health.

Social Welfare:

Social Welfare took many forms in colonial America. The family was the basic unit of society, and hence it was the first one to offer support to the poor people. Even the relatives, friends, neighbors assisted these poor people providing them the necessities.

Religious groups also assisted them in the moments of distress. The “Jewish community in colonial Newport had a synagogue charity fund to help members in distress; Dutch Reformed congregations in New York maintained alms chests; the Philadelphia Society of Friends opened an almshouse for needy Quakers in 1713; itinerant Anglican Minister George Whitefield established the Bethesda Orphanage for Boys in Savannah, Georgia, in 1740. In the most populous communities, charities and mutual aid societies also sprang up in the eighteenth century: the Philadelphia Hospital was opened in 1751, expressly to minister to the poor who were ill.” (Herndon, 2001)

Each colony had a different system of social welfare. The Poor Laws of the seventeenth and the eighteenth centuries had made the social welfare more systematized. It made compulsory for the local government to look after the poor population. They were responsible for providing relief to the poor people either through the special poor tax or the general tax. It made it mandatory that the distressed people would receive the basic amenities of life in the time of crisis. The “poor laws equipped magistrates with three principal ways to address poverty: Warning out removed needy people who legally ‘belonged’ to another community. Orphan or pauper apprenticeship placed poor children in labor contracts with masters who provided daily maintenance in exchange for work. Poor relief (sometimes termed ‘outdoor relief’) gave money, goods, and services directly to poor or placed such persons with caretakers who were repaid out of the public purse.” (Hendron, 2001)

Different colonies passed different legislations for providing welfare. There were no common systems of relief measures. Some colonies appointed particular persons as the guardian of poor to look into the matter separately. On the basis of political and judicial set up of the colony, Church Wardens, Justices of Peace took responsibility for the welfare of the distressed section. It was largely a local affair. In 1642, “Plymouth Colony enacted a series of statutes that provided for the ‘poore’ in the towns where they resided. English colonists fashioned a poor relief system in New York as soon as they took control of the colony from Netherland in 1664; by 1696, they had opened a hospital for ailing paupers. South Carolina passed its first poor relief act in 1695; Pennsylvania in 1706 and North Carolina in 1749.” (Hendron, 2001)

Group institutions also started appearing in the colonial America for the poor population. However, these remained concentrated in the populous towns. Boston had “its first almshouse in 1660 and opened its first workhouse in 1739. New York had a poorhouse by 1700 and constructed a municipal almshouse in 1735. Philadelphia tried a series of group institutions in the early 1700s and finally constructed a ‘bettering house’ a combined workhouse and almshouse in 1766. Charleston built a work-house in 1734 and opened an orphan house- the first municipal orphanage in the country in 1792.” (Mink and Connor, 2004)

The relief measures and social welfare provided in the colonial America were temporary in nature and dealt with temporary circumstances such as an unmarried woman unable to work during the final stage of pregnancy. Permanent welfare measures for those (such as physically handicapped) who were unable to work was minimal. The colonial Magistrates distinguished between the ‘worthy’ and ‘unworthy poor.’ Worthy poor were those who remained submissive to the authorities after getting the relief measures. They showed an attitude of deference towards the authority. The appointed persons often used the less expensive system for providing relief to the poor. Caretakers used to transfer the poor people from one to another in order to get a better bargain. In Charleston in the early 1700s, “potential caretakers publicly bid against each other for the business of taking in the sick poor; the lowest bidder won.” (Bellows, 1993) In some areas, poor came to be distinguished as ‘industrious poor versus’ ‘idle’ poor or respectable versus ‘improper’ poor.

Thus, over the course of the eighteenth and the nineteenth century, poverty became widespread in the colonial America. As the expansion of the economy started and became industrialized, society became more stratified, and poverty became more visible especially in the populous towns such as Philadelphia, New York, Boston, and Charleston.

19th Century America

In the early nineteenth century, the poor population of America resembled the European poor. They were chiefly orphans, widows, people too old or too sick to work, or seasonal workers out of season. Wealthy people or local governments gave

them outdoor relief, consisting of food, firewood, or small amounts of money known as alms, primarily from a sense of paternalism or community responsibility. State poor laws generally inherited from English tradition, required towns to take care of their poor” (Simmons, 2015).

The conditions of the poor in the nineteenth century can better be understood from the four important writings of- Thomas Jefferson’s ‘Declaration of Independence;’ Adam Smith’s ‘Wealth of Nations’ (1776); ‘Omaha Platform’ of the People’s Party (1892) and; a volume of economic theory called ‘The Distribution of Wealth’ written by Columbian University Economics Professor John Bates Clark (1899).

Declaration of Independence:

The Declaration of Independence is the statement adopted by the Second Continental Congress meeting at the Pennsylvania State House (Independence Hall) in Philadelphia on July 4, 1776. It declared that the thirteen colonies of America which were fighting with the Great Britain would now be regarded as the thirteen newly independent sovereign states. Also, they have become free from the British rule. The commitment announced through the declaration (that all humans are born equal, and they possess inalienable right to liberty and right to property) led to the protests against inequality, hunger, and poverty in the nineteenth century. There was a belief that the relationship between liberty and property was a core value. They have become a new nation- the United States of America. Drawing as well on a liberal principle most clearly outlined by John Locke that “humans were entitled to mingle their labour with nature and take possessions of their fruits, this linkage of liberty and property expressed a broad consensus among nineteenth century Americans that labour created all value and that the preservation of political liberty would depend, if not upon a precise distributive equality, then at least upon a very wide dispersal of small holdings of property in the form of shops and farms and the rejection of monopoly and privilege” (Huston, 1998)

Just like Declaration of Independence, Adam Smith’s ‘Wealth of Nation’ criticized mercantilism for stifling initiative. He widely supported the idea of free trade and the concept of laissez-faire state. Though the Declaration of Independence and Wealth of

Nation were opposed to each other, “the Declaration of Independence was imitated by disenfranchised women, indebted or landless farmers, exploited workers and oppressed people of colour in countless petitions against the denial of their liberty, whereas Smith’s Wealth of Nations became (with some injustice) the bible of the nineteenth century anti-statist individualists.” (Furner, 1993)

Inequality and poverty persisted in America even after the colonial period. Though the poverty was “increasing in the major seaboard cities immediately before the revolution, most white immigrants to the American colonies almost certainly escaped worse privation and significantly greater inequality in Europe. (Williamson and Lindert, 1980)

In the early nineteenth century, there is a lack of real data which could be generalized to draw conclusions. However, there were certain trends which cannot be ignored. There was a major ideological shift in the thinking of researchers, and thus poverty was considered as a product of individual moral failings. However, this view did not go unchallenged. A populist counter-current is criticizing the “moneyed class as predatory monopolisers was always present, nourished by a sturdy Republican distrust of concentrated wealth that culminated in the populist movements of the 1890s” (Kazin,1998). In the final decades of the century, the worsening urban poverty of the Gilded Age was redefined, and environmental factors were also considered. They believed that the causes of urban poverty include unhygienic conditions, filthy streets, bad housing, unhealthy workplaces, poor sanitation and a consequent loss of adult worker’s wages to sickness and disability, which also cursed childhood by sending children into factories. They argued that these social problems could not be solved through moral reforms. For solving these problems, they need a new social contract and regulation of the market which would heighten the sense of social solidarity.

Also, there were voices of New Liberalism in the 1880s and 1890s which tried to replace the principles of classical laissez-faire and Smithian Liberalism. Rather than blaming poverty on failings of the poor, these social theorists cited several structural problems of capitalism, particularly the cyclical economy, chronic unemployment, low wages and barriers to the effective working class organization, as the most

persistent cause of poverty, more significant even than the selfishness condoned in Social Darwinism” (O’Connor, 2001).

However, there were two landmark events in the economy of the nineteenth-century America which greatly affected the characters, numbers, and status of the poor. These were the Market Revolution of 1820s-1850s and the capital deepening following the Civil War. These events marked the history poverty to a new low. It made the poor people working in the industries completely unemployed and poor.

The Market Revolution:

Market Revolution along with political democracy was not an instantaneous thing which became a revolution in the nineteenth century America. Rather, it was an elongated process which eliminated the older established cultural and economic approaches which had benefited a few sections of the society. Industrial Revolution was a product of advancement in the field of transportation, communication, technological field. Trends in “the US wealth accumulation and poverty rates during this period appear to coincide with what is predicted by the famous Kuznets hypothesis: there will be less inequality in the early stages of industrialization, rising inequality in the middle segment of a modernization process, and the declining inequality during later stages of growth” (Sellers, 1991). Neither the “Market Revolution nor the Industrial Revolution, whose early stages in the United States came in the early nineteenth century, should be taken as a component of an inevitable modernization process.” (Kuznets, 1989)

These movements led the American poverty to a new level. The policies and laws of these two movements were the main causes for this sudden growth. The laws such as “imprisonment for debt, easing bankruptcy, lifting common law tests for intrinsic fairness in contracts, and shifting many of the costs of development from entrepreneurs to the quiet members of the community, the legal system in the early republic encouraged speculation and protected wealth accumulation” (Furner, 1993). Although the democratic political economy of Jackson was based on social and ideological sources, its consequences tended to reinforce this entrepreneurial bias in the law. The Jacksonian Democrats held slim majorities in these years but they

“organized a political reaction against more interventionist and more communally oriented approaches to achieving the public good represented by the National Republicanism and Whiggery which were thought by their plebeian critics to favour elites and to promote monopoly” (Furner, 1993). However, several states withdrew from investing in internal improvements (canals and railroads) as a result of the 1830s depression. Some policy innovations, “most important among them, President Andrew Jackson’s veto of a major national road project, general incorporation, tariff reduction, elimination of the Second Bank of the United States, and removal of Native Americans remaining east of the Mississippi, inaugurated what became the closest thing to a laissez-faire era the United States had yet known” (Horwitz, 1977).

The realities of the market revolution were different from those of the Declaration of Independence which had made right to life, liberty, and property as an inalienable right. However, one important event which happened during this period was the disappearance of slavery from the Northern part, but it grew rapidly in the south even after the slave trade was ended in 1808. Beyond the “small protection provided by journeymen’s associations and the few antebellum labour unions, the price of labour was determined by supply and demand. To the extent that yeoman culture survived in rural America, it retained the labour of farm women and children within a system of rural patriarchy. Otherwise, every factor of production, including most particularly the labour of the working poor, was, in fact, inalienable” (Furner, 1993).

In this period, the American people started debating the English Poor Law which led to the repeal of Speenham Land System, in which local governments gave relief to their own local poor to supplement low wages. Amendments to the US poor laws also gave rise to the poor houses where women, children, ill and old people started residing. Also, many immigrants, “including more than two million of the Irish poor, arrived in the United States between 1815 and 1850, in time to build the canals and railroads that fed the Market Revolution” (Boydston, 1990). White males along with these immigrants believed that the ideology of free labour means the republican ideal of propertied independence which became the basis of political liberty from the American Revolution through this period. Abraham Lincoln, on the eve of Civil war at the Wisconsin State Agricultural Society (1858) rejected the idea that some people were doomed to work for others all their lives as slaves. He insisted in America,

“the prudent, penniless beginner in the world labours for wages awhile, saves a surplus with which to buy tools or lands for himself, then labours on his own account another while, and at length hires another beginner to help him. This, say its advocates, free labour- the just and generous and prosperous system which opens the way for all, gives hope to all, and energy and progress and improvement of condition to all” (Lincoln, [1858], 1953).

These arguments of Lincoln encapsulated the social and cultural aspirations of northerners before the Civil War. It provided the American males a larger degree of control over their economic, social and political lives with the democratization of American society.

There has been a debate among the historians regarding the political economy of slavery on how much a slave earned and what his labour produced. Although some slaves kept their own gardens, most of them earned only a little above the subsistence level. The slavery got hardened between the 1830s and 1850s which led to the worsening condition of African American slaves and other blacks. Expansion of slavery, especially in the 1850s, “produced a massive forced internal migration of Blacks torn from their families, away from the seaboard states, into the Deep South and Texas. Conditions for slaves in rice and sugar culture and the breaking of new lands for cotton were exceptionally hard” (Pessen, 1990).

However, between the 1830s and 1850s, with the hardening of anti-slavery into abolitionism, the meaning of freedom for the white working class became narrow. This “reframing of true freedom as freedom of contract, which carried over into the Reconstruction after the Civil War for Blacks as well as Whites, represented quite a different vision of the ideal of the free labourer as independent proprietor held by Jefferson and Lincoln. (Furner, 1993).

Capital Deepening and the onset of the Civil War:

The second major shift in the nineteenth century was the Civil War which not only freed the blacks but also had a wide implication on the future of white wage workers and farmers. However, the onset of the Civil War brought misery for the people. With the beginning of the Civil War, a large number of troops died due to the disease caused by poor sanitary conditions. The Commission on Sanitation which comprised

mainly of women was created in the year 1861 to educate the soldiers of the Union about healthy practices. Significantly, it showed that the cooperation between the different units of the government was required for fighting these conditions. The Civil War claimed 500,000 lives of the soldier who were mostly men and boys. The family members and the relatives of these soldiers would have got financial support, had they lived. The survivors of the War went back to their homes with some disabilities which made them difficult to get any job.

Pensions were provided to the Veterans, and the spouses of soldiers died in the War by the federal government. They received ‘outdoor relief’ through the post-War legislation specifically prohibiting their placement in the poor houses. For Confederate veterans and their families, “financial support was orchestrated by the recovering Southern States. Most of the Civil War was fought in the South, and the physical and economic devastation wrought by the War affected the South and its people to a much greater extent than those living in the North. Two in five Southern males died during the War, and the South’s agricultural economy was decimated — both because of physical damage and because the free labour force that supported it, enslaved African Americans, were emancipated” (Bailey and Sheldon, 2013).

Those African Americans who were emancipated at the end of the War found it difficult to establish economic security in the face of still-hostile Whites, without having proper educational attainment (as the schools were banned for the enslaved blacks) or money. To solve these issues, the federal government established the “Freedmen’s Bureau, a temporary agency, to provide food, clothing, and medical care to blacks in the South and also set up schools for African Americans so they could learn to read. Unfortunately, violent opposition in the South and a retreat from the ideal of racial equality in the North ended such programs. In the coming years, Southern states would mandate racial segregation, prohibiting blacks’ entry into the mainstream (i.e., white) economy, and it would take another 100 years for these barriers to crumble” (Bailey and Sheldon, 2013).

Industrialization and Immigration Transform the Nation:

The North and South were no longer at War, and the East and West got united by the railroads. A large area of land was captured from the Natives of America which became available to the settlers. The United States turned quickly into a new era of commerce, ultimately emerging as an industrial giant. Industrialization led to a new and most required vibrancy in the economy of the US. It also created a new class structure, that is, the 'industrialist' class, the 'working' class and the middle class.

The industrialist class included the factory owners, mills and mines owners and the owners of railroads who stood at the top of the social strata. The working class included newly arrived immigrants and a vast section of rural migrants, mostly emancipated blacks, who stood at the lower social strata. In between these two classes, the middle class existed. However, the industrialists accumulated all the wealth, and it rarely went to the working class.

The workers started forming unions and demanded better wages from their employer. But they became the victims of divide and conquer policy of their executives who used these strategies to diffuse their collective strength. Time and again, "factory owners would use ethnic tensions to divide workers, paying some groups lower wages than others and threatening to replace labourers of one nationality with workers of another. When Chinese immigrants expressed a willingness to undertake mine work at lower wages than white labourers in 1885 Wyoming, for example, they became victims of armed attacks" (Danzinger, 2013)

During this period, industrialists promoted two schools of thought that remained deeply rooted even in the American psyche in the present times. The first thought was of "social Darwinism, which held that competitive pursuit of individual wealth is natural and right. It is survival of the fittest, to use Charles Darwin's words; the wealthy profit and survive, because they are better and more fit." Just as Puritan religious beliefs promoted the permanence of an underclass in colonial days, social Darwinism justified economic dominance by the wealthy. And the second thought was the free market system, as envisioned by Adam Smith — held that supply and demand should shape all economic systems and that the government's role is to stay out of the way. The market, then, has no morals. Thus began a tension between our

nation's amoral free market economy and competing desires to protect individuals when markets run amuck" (Bailey and Sheldon, 2013).

Settlement Houses forge a new model for tackling poverty:

After the Civil War has ended, industrialization and immigration resulted in rapid growth of the urban areas. As a result of which many new comers came to settle in these areas which could be considered as slums in the modern age. To relieve the pressure of these slums, the settlement houses movement provided social services in an intimate, neighbourly settings.

This settlement houses movement led to a sharp transformation in the strategies of poorhouses and charitable organizations that provided relief to the poor through 'moral improvement.' Those who "worked and lived in settlement houses did not see those they aimed to serve as deficient. They offered services to help families in poverty achieve economic security. The Hull House, founded in 1889 by social reformer Jane Addams, for example, created Chicago's first childcare and kindergarten programs" (Holladay, 2007).

The Progressive Era and the 1920s

The period of 1900 to 1920 was an important milestone in the American history as it gave rise to the progressive reforms and a changed attitude of American people towards the issue of poverty. In this period, people started debating about new ideas, institutions and different ways of tackling poverty and providing social security to the people. Although "a great deal of conflict and frequent setbacks accompanied these debates, on the whole, this was a period of intellectual and political ferment about the roles and obligations of the government and the relationship between capitalism and democracy." (Goodwin, 1997) In the nineteenth century, poverty was considered as an individual failure, but the progressive era started examining poverty regarding the political economy and social environment. The idea that "charity should reform the individual was challenged by the idea that public social welfare should mitigate the

effects of industrial capitalism, especially the conditions of labour and living in the rapidly growing, increasingly immigrant industrial city.” (Goodwin, 1997)

In the Colonial period, American perception of the causes and remedies of poverty were understood in terms of English Poor Laws. However, it was the period of the 1920s and 1930s; these English, poor laws got codified into American laws. Hence, it got embedded into the American Culture. In the 19th century, the essence of social welfare got shape in America with voluntary charity and laissez-faire economics. Thus, it was understood that self-support and independence were the cultural values which American citizen should possess as a responsible citizen. Also, the status of those depending on others and the state were reserved for a certain class of people such as old age, women, children, slaves, disabled and severely ill people. In the 19th century, assistance and aid for the poor (in the forms of indoor and outdoor relief) were limited and scarce. In this period, there was only one federally funded assistance, that was pensions for military service.

At the end of the 19th century, poverty was considered as a by-product of the social and economic process. This was because of the reason that the money and might of some the corporations grew faster than that of the government. This view led to a greater public role in the social and economic process. The grim condition of poor became more visible with the unregulated industrialization, immigration, and urbanization. These trends also “revealed that the inadequacy of arguments that blamed individual behaviours for the cause of poverty. Some feared that the economic and social changes threatened democracy itself. Others called for businesses to take greater responsibility for the social problems they created.” (Mink and O’Connor, 2004)

In the first two decades of the twentieth century, the debates on the social policy differed from the nineteenth century. This period reflected new ideas, social struggles, and visions. Now the European immigrants (working class) chose different strategies of socialism and unionism in order to rebalance the relationship between the working class and the employer class. Several numbers of the working class mainly comprising of European immigrants was now quite familiar with the Karl Marx’s class struggle and surplus value. They got support from the progressive reformers who believed that the working conditions of the workers should be improved. They

favoured the view that the government should mediate between the workers and employers in order to maintain the welfare of its citizens. Progressive reformers also worked to understand the real causes and remedies of poverty in the society. In the “tradition of progressivism- investigate, educate, and legislate- reformers placed their trust in empirical research and social policy.” (Goodwin, 1997).

There were many empirical studies concentrating on the causes and remedies of poverty got published during this period. These empirical studies mainly focussed on understanding the reasons- how the poor became poor. Thus, the first comparative study of poverty in different cities was commissioned by the Congress. “The resulting book, *the Slums of Baltimore, Chicago, New York, Philadelphia*, produced by Carroll D Wright, the Commissioner of Labour, provide the single greatest accumulation of data available until then when it was published in 1894. Robert Hunter’s *Poverty* (1904) was less empirical but was perhaps more widely read as a treatise on the subject of poverty in the United States. The nineteen volumes *Report on Condition of Women and Child Wage-Earners in the United States*, published by the Department of Commerce and Labour between 1910 and 1913, provided extensive documentation of the correlation between sex and job segregation, low wages, and job crowding, all of which contributed to poverty for female wage earners. Studies by W E B Du Bois examined the impact of industrialization, migration, and race on the high rates of poverty among African Americans.” (Goodwin, 1997)

These research highlighted that “unemployment, illness, and injury of the male head of the family could bring an otherwise self-sustaining family to the brink of poverty. Without savings, family resources, or otherwise private aid, such a family would become desperately poor until the job market improved or until other family members found jobs. Also, people who were structurally and descriptively marginal to the workforce were vulnerable to poverty: the elderly, the very young and mother-only families. People of colour, whose wages were low because of job segregation and discrimination, experienced a double exposure to poverty. Consequently, families of colour (as well as recent immigration families) sent wives and children into the workforce to supplement the family income.” (Goodwin, 1997)

There were different innovations to combat poverty. However, two of them were more important- Settlement Houses and the National Urban League.

Settlement Houses:

Between 1880 and 1920 there was rapid emergence of settlement houses in the rural as well as urban areas. These settlement houses provided support to the European immigrants and to the people who were facing the exploitative labour practices as well as effects of industrialization. These settlement houses provided support to the urban poor and European immigrants, in terms of education, healthcare, childcare, and employment resources.

The first settlement house in the United States was Hull House in Chicago, founded by Jane Addams and Ellen Starr in 1889. After this, many such houses came up staffing mostly women from the upper and middle class. Settlement houses reflected “a broader commitment to social reform during the Progressive Era. Jane Addams and Lillian Wald, founder of New York’s Henry Street Settlement, for example, were also active in campaigns against child labour and for public health, sanitation, industrial workplace safety reform, and women’s suffrage. Programs for children and young people featured prominently among settlement houses’ services. Many offered kindergarten classes before kindergarten was offered in many public school districts. Settlement houses also provided classes, clubs, and social opportunities for children and teenagers.” (Gibson, 1920)

The National Urban League:

The National Urban League was established in 1911. Having chapters in major cities, mostly outside the South, the National Urban League provided services to African Americans by co-ordinating various self-help groups into one association. The chief aim of the League was to make the African Americans self-sustaining through League’s employment services. Though the League was trying to combat poverty through its employment services, the changes that were taking place in the offices of the League made workers more vulnerable to poverty. These changes were mainly due to industrial capitalism. Also, the workers in the League faced occupational segregation and lower wages. “Even the efforts of workers to organize for leverage against employers became stratified and marked by sex and race when male trade

unionists linked their rights to earn a ‘family wage’ to their self-definition as white ‘American’ men, citizens and breadwinners.” (Mink and O’ Connor, 2004)

Officially trade unions existed but were only approachable by some workers for negotiating wages with the employers. There was also Women’s Trade Union that not only organized the women workers of the League but also did extensive study and research on the issues of wages and living standards. Female workers were paid the very little amount as compared to the male workers leading to a call for minimum wages for the female workers. Thus, the concept of minimum wage gained significance, and consequently, first minimum wage legislation for women and children was passed by Massachusetts in 1912. However, it was very difficult to implement this legislation as it did not get support from the male community. Moreover, it was difficult to implement this legislation upon African Americans, Asian Americans and Latin Americans working in the agricultural and domestic sector during this phase. These sectors did not find a place under working hour legislation. Also, racial prejudice made it difficult.

In the progressive era, the most significant development took place in the welfare of child. In the late nineteenth century, children were present in the poor houses. This led to a demand for aid to the dependent children. This demand also led to the movement for juvenile courts. However, these demands needed a greater role by the government. In 1909, the White House sponsored “the first of several decennial conferences on the health and welfare of the youngest citizens in the United States. The establishment of the US Children’s Bureau in 1912 and the Women’s Bureau in 1920 extended federal responsibility to conduct research, provide educational materials, and to contribute to nonpartisan policy making regarding children”(Goodwin, 1997).

There was no water-tight compartment between child welfare and mother welfare. This can be seen from the first maternalist legislation passed by Illinois in 1911 which was called as mother’s pensions. This legislation provided aid to the families with young children in their respective houses. This idea got impetus and was soon followed by other states. The US Children’s Bureau co-ordinated information regarding this mother’s pension laws and provided it to other states so that they could implement a similar law in their states. Several types of research were conducted to

understand the implication of these laws upon the health and welfare of children in the mother headed families. When the New Deal created Aid to Dependent Children (which later came to be known as Aid to Families with Dependent Children), these state level mother's pension law was added into it.

There was another social welfare programme dealing with workers known as Worker's Compensation. This programme provided some insurance to the families of the workers who were either terribly injured or killed at work. During 1910 and 1917, all the industrial states passed similar legislation in order to protect the families of the workers from poverty in the event of a disabling accident or death of the worker in the working hours of the job.

However, there was no experiment in the social security sector during and after the First World War. But the existing laws related to child welfare, old age pensions, mother's pensions, workmen's compensation continued to exist at the state level and implemented at the county level.

Hence, the nation during the 1920's had many welfare laws in books but could not implement the programmes efficiently due to lack of resources within the counties. Discriminations in the implementation of the programmes could also be seen. For instance, "agricultural counties in the South and West that depended upon the labour of the field workers found ways to remove children and mothers from public relief when the labourers were needed in the fields. In areas where field workers were largely Hispanics or African Americans, the result was race based" (Goodwin, 1997).

However, in 1921, there was a little improvement in terms of maternalist legislation with the passing of Sheppard-Towner Act. This Act looked into the high rate of child mortality rate thereby passing federal funding for the healthcare of mother and infant. Though it did not directly combat poverty yet, it had a significant impact on the poor. In the early phase this Act got significant support, but later on, it got a cut in its budget (in 1927). The funding was finally stopped in 1929. The maternal and infant care cost lost support during the 1920s, as did the minimum wage campaign and the child labour amendment.

During the 1920s the most significant development in the field of social welfare could be perceived in "the infrastructure of social provisions: training schools, professional

organizations, and new government agencies. School of Social works formalized their curriculum of accepted practices, taught the history of social welfare, and shepherded the research of graduate students. The profession developed established standards, procedures, and ethical guidelines and they attempted to get agencies to hire their trained graduates” (Goodwin, 1997).

In the first thirty years of the twentieth century, there was a change in the relationship of citizens with that of government. Earlier only families and communities assumed responsibility, but now the federal and the state governing bodies took an interest in it. As a result, the size of public administration grew to accommodate these changes. Though pauperism in America did not lose its stigma yet, there was a vigorous competition between the laissez faire economics and the principles of social democracy.

Great Depression and the New Deal

“We in America today are nearer to the final triumph over poverty than ever before in the history of any land- Herbert Hoover boasted in accepting the 1928 Republican Presidential nomination.” (Singer, 1976)

A few years later, America saw the deepest economic crisis in its history. This deepest economic crisis which came to be known as Great Depression mocked Hoover’s belief. The Wall Street crashed and left the stock market in deepest crisis. The hunger, homelessness, and poverty not only became rampant but also led to the economy failing. According to Benjamin A Lawson and Russel M Lawson,

“the number of poor increased dramatically during the Great Depression of the 1930s, caused in part by the agricultural depression of the 1920s. Overproduction of farm products had resulted in declining prices, so many farmers had to quit the land and move to the city. In the Oklahoma and Texas panhandles, the Dust Bowl occurred because of erosion, drought, and high winds. The unemployment rate in American cities peaked at 25 percent in 1932. With limited government welfare programs, the unemployed, homeless, and hungry had to rely on the infrequent generosity of private charities and churches. The numbers of homeless increased, many took to the road, and the Hobo became an icon of the wandering good-for-nothing resembling the sturdy beggar of the colonial period. Also symbolic of the Depression and overwhelming poverty was Hoovervilles,

shantytowns at the edge of cities where families lived in makeshift box shelters.” (Lawson and Lawson, 2008)

The Depression resulted in “an increase of migration of people to other countries for the first time in American history. Some migrants went back to their native countries, and some native US citizens went to Canada, Australia, and South Africa. It also led to mass migration of people from badly hit areas in the Great Plains and the South to places such as California and the North respectively” (Guy, 1995).

Although politicians continued to issue optimistic predictions about the nation’s economy, the “Depression deepened, confidence evaporated, and many lost their life’s savings. Businesses closed their doors, factories shut down, and banks failed. In this period, farm income fell by fifty percent, and by 1932 one out four Americans was unemployed” (Glicke, 2011). The unemployment rates climbed from 3.2 percent to 24.9 percent, and the US started facing the poverty issues in a bigger way. The nation’s private charity agencies lacked the means to meet the growing need across the country. It became “quite evident that at least some of the new poverty resulted from social and economic factors that the needy could not control.” (Trattner, 1994).

The Depression caused major political changes in America. Consequently, in 1932, the nation elected Democrat Franklin D Roosevelt as its next president. When Roosevelt became President, the nation needed immediate relief to recover from the economic collapse. In his acceptance speech, “Roosevelt addressed the problems of the depression by telling the American people that, “I pledge you, I pledge myself, to a new deal for the American people.” (The American Presidency Project, 1932) He explained the New Deal as “the use of the authority of government as an organized form of self-help for all classes and groups and sections of our country.” (Shales, 2007) During his campaigns, the clear cut picture of his moves was not clear. His philosophy was set out in an address that he gave at the Commonwealth Club of San Francisco on September 23:

“The government should assume the function of economic regulation only as a last resort, to be tried only when private initiative, inspired by high responsibility, with such assistance and balance as the government can give, has finally failed. As yet there has been no final failure because there has been no attempt, and I decline to assume that this nation is unable to meet the situation.” (Roosevelt 1932).

Roosevelt, through his innovative programmes helped in alleviating poverty, promoted recovery and reformed the structural conditions which led to the economic crisis. This New Deal not only put the financial system back on track but also focused on the basic needs of those who became unemployed following this crisis. It also initiated various social welfare programmes and structural approaches to poverty. Among the measures enacted during the first Hundred Days were the following:

- **Emergency Banking Act** (March 9): This Act gave the President the power to regulate the banking sector and re-open banks;
- **Economy Act** (March 20): The federal costs were reduced the Act. This Act reorganized the salaries and pensions of the veterans;
- **Beer-Wine Revenue Act** (March 22): This Act made the wine and beer legal now they were taxed;
- **Civilian Conservation Corps Act** (March 31). Through Civilian Conservation Corps, the federal government created jobs for the youth population in the road sector, forestry labour, flood control, etc.;
- **Federal Emergency Relief Act** (May 12): Through this Act, the Federal Emergency Relief Administration was established. The Federal Emergency Relief Administration distributed to the states and localities for relief;
- **Agricultural Adjustment Act** (May 12): The Agricultural Adjustment Administration was created. This Agricultural Adjustment Act decreased crop surpluses by subsidizing farmers who voluntarily cut back on production;
- **Thomas Amendment**: Thomas Amendment to the Agricultural Adjustment Act permitted the president to inflate the currency in various ways;
- **Tennessee Valley Authority Act** (May 18): Through this Act, dams, and power plants were built up in the Tennessee Valley. This Act also established agricultural and industrial planning, to generate and sell the power, and to engage in area development. The TVA was given the assignment to improve the economic and social circumstances of the people living in the river basin;

- **Federal Securities Act** (May 27): this Act regulated the business of the securities.

After these hundred days' programmes, Roosevelt set another hundred days programmes, which came to be known as Second Hundred days Programmes. The main features of the programmes were:

- Joint resolution was enforced to abandon the gold standard (June 5);
- **National Employment System Act** (June 6): the US Employment Service was created through this Act;
- **Home Owners Refinancing Act** (June 13): established the Home Owners Loan Corporation (HOLC) to refinance non-farm home mortgages;
- **Glass-Steagall Banking Act** (June 16): Another set of banking reforms were implemented. The Federal Bank Deposit Insurance Corporation;
- **Farm Credit Act** (June 16): This Act refinanced the farm mortgages;
- **Emergency Railroad Transportation Act** (June 16): The federal government regulated the railroads; and the
- **National Industrial Recovery Act** (June 16): the National Recovery Administration and the Public Works Administration were created.

Apart from these, the government also enacted legislations for the social welfare. These included

- The Farm Security Administration which coordinated rural programmes and established over ninety permanent camps that provided welfare services, like Healthcare and work relief, to migrants until World War II.
- The National Youth Administration, funded in 1935 gave employment to 4.5 million young people. It had a separate Office of Negro Affairs.
- Work Progress Administration (1935) was a means-tested programme which focused on the able-bodied unemployed. The “workers under WPA viewed themselves as workers rather than as welfare recipients. They formed unions,

demanded higher wages, went on strike, and lobbied Congress for continued funding under the leadership of the Communist-influenced Worker's Alliance, which claimed 60,000 members in forty three states in 1936." (Badger, 1989)

- Under the Federal Arts Project, 6000 painters, muralist, and sculptors, 90% of whom qualified for relief, decorated public buildings. Thousands of white collared unemployed joined the Federal Writer's Project to document the nation's past and its people through state guide books, collections of folk songs, and interviews with former slaves.
- The Social Security Act of 1935 provided both social insurance in the form of pensions for the aged and public assistance in the form of unemployment insurance for the jobless. It "marked the beginning of federal aid to the states on a permanent basis. It introduced the ideas of entitlement into national policy and made the federal government assume responsibility for the welfare of its citizens." (Trattner, 1996)
- The Old Age Assistance, Aid to Dependent Children "subjected non-workers to personal scrutiny, stigmatizing them as less deserving than those who qualified for benefits through paycheck deductions, touted as workers contributions, or through employer's contributions paid in the form of taxes on payrolls." (Boris, 1995)

Thus, the New Deal stabilized the banking, agricultural and industrial relations systems. Its Labour law and welfare regime promised a caring state. Poverty became an item for national action. Nonetheless, Roosevelt "recognized before his death in 1944 that the nation required a 'Second Bill of Rights' to guarantee its citizens "economic security, social security and moral security." (Lichtenstein, 2002)

The 1940s to Present

When the Second World War came to an end, America emerged as the Superpowers in the World with the USSR. The late 1940s and 1950s were seen as the years of prosperity. The common perception about the nation was that of an affluent society and the highest standard of living in the world. In spite of this perception, poverty

continued to exist. Moreover, there were a certain group of people where poverty was widespread such as unemployed southern blacks who had migrated to northern cities, some rural whites, Mexican Americans, Native American on their reservations in the West and Southwest and Puerto Ricans. “The civil rights movement brought national attention to the condition of these socially, economically and politically marginalized groups, many of whom had only modestly benefited from past policy measures. The urban violence and social disarray of the 1960s shattered the image of America as a classless or relatively homogeneous society.” (Trattner, 1996) However, significant developments were made in this period such as the organization of the Department of Health, Education and Welfare and a shift from programmes for the poor to programmes serving middle-income White workers. This shift in which was served by social welfare programmes caused the United States to lag behind other Western industrialized nations in the degree of social provision.

The Kennedy administration initiated 1962 Public Welfare Amendments to the Social Security Act to curb poverty and reduce inequality. This Act increased federal support to the states for providing services to public assistance recipients. However, by the early 1960s, Americans rediscovered poverty as “a social problem and the troubling fact that more than 40 million people, one-third of them children, lived lives that had been bypassed by modern economic and social progress. The shift in attention to the poor led to new types of social service organizations, such as Mobilization for Youth in New York, and resulted in President Lyndon Johnson’s proclamation of an unconditional War on Poverty in January 1964” (Bailey and Sheldon, 2013).

Johnson’s War on Poverty

President Johnson formally launched the War on Poverty in 1964, though its roots were in proposals made or under development during the administration of President Kennedy. There has been a controversy among the politicians and social scientists regarding the definition of War on Poverty. Some accounts define it as “a single piece of legislation, for example, only the 1964 Economic Opportunity Act”; (Gillette 1996), and others “primarily as the ‘welfare programs’ for example, Ronald Reagan’s 1988 State of the Union Address.” (Murray, 1984)

However, the definition of War on Poverty as defined by Johnson in the full legislative agenda laid out in the 1964 State of the Union and the eleven goals contained in Chapter 2 of the 1964 Economic Report of the President, titled ‘Strategy against Poverty’ included “maintaining high employment, accelerating economic growth, fighting discrimination, improving regional economies, rehabilitating urban and rural communities, improving labour markets, expanding educational opportunities, enlarging opportunities for youth, improving the Nation’s health, promoting adult education and training, and assisting the aged and disabled” (CEPR, 2013). Henry Aaron summarized the administration’s broad view of the War on Poverty as “part or all of such traditional programs as social security (old-age, survivors, and disability insurance), public assistance, veterans’ benefits, public housing, urban renewal, Medicare, and Medicaid. It also included programs operating under the Manpower Development and Training Act and aid to poor school districts under the Elementary and Secondary Education Act of 1965. . . . Indeed, only a small part of total expenditures under the War on Poverty represented commitments by OEO.” (Aaron, 1978)

Hence, the War on Poverty stressed the importance of a strong national economy. It also stressed the need for education and job skills training, in order to break the “cycle of poverty” that can result from growing up poor. The War on Poverty also coincided with the civil rights movement that sought to end racial discrimination.

Thus, from the above account it can be said that President Johnson’s anti-poverty agenda was multi-pronged and focused on: “(1) macroeconomic conditions, with emphasis on pending tax cut legislation to spur employment growth; (2) programs to address the lack of education and skills that was seen as a cause of poverty; (3) programs for youth, to interrupt the intergenerational transmission of poverty; and (4) initiatives to empower the poor and enable low-income residents to participate directly in tailoring anti-poverty approaches to fit the specific needs of their communities, through a network of local entities known as community action agencies. President Johnson also called for an expanded food stamp programme, hospital insurance for the aged, improved housing and urban development, and as noted above, ending legal discrimination through the enactment of civil rights laws” (Falk and Spar, 2014).

The Economic Opportunity Act (EOA) included “the Job Corps, Upward Bound, the Neighbourhood Youth Corps, Community Action, Head Start, Legal Services, Foster Grandparents, Legal services Corporation, Community Action Programme and the Office of Economic Opportunity (OEO). In 1965, the health programs Medicare and Medicaid were passed by Congress, the Department of Housing and Urban Development (HUD) was created, numerous services for the aged through the Older American Acts were enacted, and the Food Stamp Program was created under the auspices of the Department of Agriculture which provided funds for low-income families to purchase food” (Bailey and Sheldon, 2013). To equalize funding to less affluent schools, the Elementary and Secondary Education Act “directed federal aid to local schools. In 1966, the Model Cities Act provided comprehensive services to certain urban areas and stressed the idea of community control. Social workers played major roles in many anti-poverty and community-action programs and helped train volunteers in newly formed organizations such as the Peace Corps and Volunteers in Service to America (VISTA)” (Danzinger, 2013).

During this period, political and public support for the program was significant. In 1965, OEO Director Sargent Shriver told Congress that “the most important and exciting thing about the War on Poverty” was “that all America is joining in . . . Religious groups, professional groups, labour groups, civic and patriot groups are all rallying to the call” (Gettleman and Mermelstein, 1967). However, this enthusiasm for fighting poverty faded, particularly when public attention turned away from the War on Poverty to the Vietnam War and urban race riots. The longer-term legacies of the War on Poverty have been challenged by partisan and racial politics, disillusionment on the part of both the right and the left, and the backlash against federal authority.

From the outset, “the use of federal funds to promote an equal opportunity for the poor and particularly African Americans generated strong resistance from state and local government officials in all regions of the country. Communities wanted federal money, but many objected to federal demands for equal access to services (for instance, access for African Americans) and citizen involvement in the operation programs (for instance, potential beneficiaries of the programs)” (Bailey and Sheldon, 2013).

Consequently, the War on Poverty has been considered as unsuccessful both by the left and right of the political spectrum. Critics from the left argued that the War on Poverty did not spend adequate money for the poor. Also, they say that the Johnson administration did not do much to transform the established institutional practices of firms and labour markets.

In contrast, critics from the right argued that “the War on Poverty cultivated a ‘culture of dependency’ by expanding entitlements that discouraged work, personal savings, and marriage. They emphasize that the official poverty rate remains high even though substantial federal funds are spent each year on programs for low-income families.” (Danziger, Haveman, and Plotnick, 1981).

Academic assessments were no more liberal. Eli Ginzberg and Robert Solow concluded in their ten-year review that “of the Great Society programs, the war on poverty is the most open to criticism. The promises were extreme; the specific remedial actions were untried and untested; the finances were grossly inadequate; the political restructuring was so vulnerable that it had to be radically reformed within a few years after the program was launched.” (Ginzberg, 1974).

James Patterson speculates that “perhaps no government program in modern American history promised so much more than it delivered. Unlike the New Deal, the public remembers the War on Poverty as an expensive and unsuccessful battle. More than any other program of Johnson’s so-called Great Society, the war on poverty accentuated doubts about the capacity of social science to plan, and government to deliver, ambitious programs for social betterment” (Patterson, 2000).

The prolonged existence of poverty throughout these years fuelled these critiques. Poverty rates had fallen both before and after Johnson’s declaration of War on Poverty. But, since the mid-1970s, poverty rates for all persons have fluctuated in a narrow range.

The 1970s

In 1972 and 1973, Congress passed “the State and Local Fiscal Assistance Act and the Comprehensive Employment and Training Act (CETA), which established the

concept of revenue sharing and direct aid to local communities for many social welfare programs. It also led to the dismantling of the OEO, which had by then become unpopular with many people for providing the poor with maximum feasible participation in many Great Society social welfare programs” (Glick, 2011). Moynihan, for example, portrayed “the involvement of the poor in the governance of social programs as a chaotic adventure in radical democracy and called it a maximum feasible misunderstanding, arguing that what sounded good in language had led to a form of radical activism in the late 1960s and early 1970s that resulted in social protests and the disruption of agencies providing services under OEO programs” (Moynihan, 1969).

A significant social policy accomplishment of the Nixon administration was the “Social Security Amendments of 1972, which standardized aid to disabled people and low-income elderly and provided cost-of-living increases to offset the loss of income caused by inflation. Food stamps, child nutrition, and railroad retirement programs were also tied to cost-of-living increases. Title XX of the Social Security Act in January 1975 reinforced the idea of federal revenue sharing, providing states with the flexibility to provide social services” (Glick, 2011). Under Presidents Gerald Ford and Jimmy Carter, Title XX focused attention on welfare dependency, child abuse and neglect, domestic violence, drug abuse, and community mental health.

Most social reforms stagnated by the mid-1970s. It was believed that “many of the social programmes of the Great Society had created social unrest in America. Despite a growing conservative and anti-government attitude, there were significant changes in the social work profession. These changes included multicultural and gender awareness, which prompted new course content and minority recruitment; multidisciplinary joint degree programmes with schools of urban planning, public health, public policy, education, and law; the BSW as the entry-level professional degree; and the growth of private practice among social workers” (Glick, 2011).

In spite of these programmes, the economy suffered from high unemployment. The inflation rate was also high. It was clear that the optimism of 1960s had given way to pessimism and cynicism. Many social programmes came under attack. Thus, Ronald Reagan limited welfare programmes and reduced social spending. He believed that the widespread freeloading corrupted the system. During this period, military budgets

were expanded and taxes cut. Spending on AFDC, childcare, unemployment insurance food stamps, subsidized housing, public and mental health services, legal aid was slashed. Regan “also transferred many governmental functions from the federal level to the states.” (Katz,1996) This cutback in social welfare funding came at a time when the United States was experiencing serious problems with “crack cocaine, the start of the AIDS epidemic, homelessness, domestic violence, and a crime epidemic from 1983 to 1994 among juveniles that produced the highest crime rates ever experienced in this country. Some of these cuts coincided with the economic slowdown. Poverty and unemployment rate increased tremendously. By the mid-1980s the economic crisis eased but the decline in poverty and unemployment rate was too slow” (Glickens, 2011).

Welfare legislation, Family Support Law came into being in this period. This law brought Job Opportunities and Basic Skills Programme (JOBS), which required single parents on welfare whose children, were older than three years to work in order to receive assistance. Money was also provided for child care, transportation and other expenses necessary to enable recipients to work or take part in job training.

Clinton Presidency

President Clinton in his Presidential campaign talked about critical element with regard to social policy:

“Making Work Pay: people who work shouldn't be poor. In a Clinton Administration, we'll do everything we can to break the cycle of dependency and help the poor climb out of poverty. First, we need to make work pay by expanding the Earned Income Tax Credit for the working poor.... At the same time, we need to assure all Americans that they'll have access to health care when they go to work.” (Clinton, 1991)

After coming to the office, Clinton started working towards his campaign promises. As a result of which, In his first budget Clinton proposed “a dramatic expansion in the Earned Income Tax Credit (EITC) and explicitly chose levels to ensure that the combination of wages, EITC, and food stamps available to a family of four with a full-year full-time minimum wage worker would be sufficient to move that family out of poverty.” (Ellwood, 1996) This measure of the Clinton got passed.

President Bill Clinton was focused on limiting welfare to reduce what people were now calling welfare dependence, or the option to live off welfare benefits rather than work. This led to the signing of Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996. The basic goal of the 1996 welfare reform bill, PRWORA, was “to transform the culture of poverty and reduce dependency.” (Thompson, 2001) The bill was fairly successful in achieving this particular goal. The number of people receiving cash assistance dropped. Another legislation which led to the replacement of Aid to Families with Dependent Children (AFDC) with the system of smaller grants (Welfare Reform Bill) to states, which established rules of eligibility but were, required ending welfare to recipients after two years, regardless of whether they had found jobs by that time. It “also set a life time on assistance at five years.” (Trattner, 1996)

He had not talked much about raising the minimum wage in his Presidential campaigns. But the minimum wage was increased from \$4.25 per hour in 1992 to \$5.15 in 1997. As part of his promise in health sector, he expanded Medicaid, particularly for children. Starting in 1986, “Congress had adopted a series of expansions in coverage for children and pregnant women. As of June 1991; states were required to cover all poor children born after September 1983 until they reached age 19. Thus by 1999, all poor children under 17 were covered. States were given considerable flexibility to cover older and near poor children and many chose to cover many additional children.” (Blank and Ellwood, 2001)

The administration also implemented State Children’s Health Insurance Programme (CHIP or SCHIP) under the Balanced Budget Act of 1997. The programme provided “federal matching funds for state-designed programs to provide health insurance to low-income children. States have much more flexibility with respect to benefit structures and eligibility than under Medicaid. All states except one (Arkansas) have made children eligible if their family’s income is below 133% of poverty, with the majority adopting even higher eligibility limits” (Committee on Ways and Means, 2000).

Under the Clinton administration, two important poverty eradication strategies existed. One is the ‘Social Insurance Programmes,’ and the other one is the ‘Public Assistance programmes.’ The Social Insurance Programmes are the universal

programmes that do not set eligibility criteria based on the income of the people. Social Security and Medicare are perhaps the two most important Social Insurance Programmes. Public Assistance Programmes specifically target the low-income people. They are the ‘means-tested’ programmes which mean that a person or family can only qualify to get this if they earn a certain amount of money. Temporary Aid to Needy Families and food assistance (SNAP) are the two significant examples of public assistance programmes.

The Bush Years

A worst social welfare legacy was left by the Bush administration. Since its inception, Medicare has never been in such a bad shape. There were always fears that either the system will run out of money very soon or have to severely cut back on services. Medicare reimbursements were stopped so that doctors do not accept Medicare patients. Moreover, President Bush’s attempt to “privatize Social Security, had it been successful, would have meant an actual loss in invested funds by Social Security members of almost 50% as a result of the stock crash in late 2008, a crash that to date has not resulted in full restoration of retirement investments for most people 2 years later” (Glickin, 2011). Although the administration provided low-cost medicines to the poor older Americans in time yet, price concessions from the drug companies could not become successful. Consequently, Americans paid higher costs for drugs than the citizens of any other developed countries. President Bush followed only one agenda- keeping the homeland safe. In this context, the administration did not care much about the internal security of Americans. That is why many people observed that the administration was not successful in making the Americans safer at all.

Madland reports that “President Bush presided over the worst annual job creation record of any president since Herbert Hoover. Most presidents in the 20th century created jobs at an annual rate of between 2% and 4%. President Bush created jobs at an annual rate of only 0.4% through the end of November 2008. With unemployment at almost 10% in 2010, or 5% higher than when Bush took office, the lack of job creation put, even more, people at risk of unemployment.” (Madland, 2008)

Under Bush, wages and income for most Americans were essentially flat, and income inequality rose to extreme levels. Under President Bush, “income inequality, as measured by the ratio of the average income of the top 10% of the population to the average income of the bottom 90%, rose from 6.8% in 2001 to 7.9% in 2006, the most recent year for which data are available. These periods of high-income inequality sharply contrast with the period of 1942 to 1987, when the ratio of top incomes to the incomes of most Americans never exceeded 5.” (Madland, 2008)

More details regarding the anti-poverty programmes of the Bush administration has been discussed in chapter 4.

The Obama Presidency

Like Franklin Roosevelt who had become the US President in the midst of Great Depression, Barack Obama came to power in the midst of serious economic downturn including a housing bubble that burst causing massive numbers of foreclosures and a banking system on the verge of collapse. Because of the economic crisis, he had to deal with various measures for the rescue of the banking and financial system that raised the already huge deficit left by the Bush administration. His poverty eradication strategies included “extended unemployment benefits, more money for education, federally backed funding for college and technical training and low-rate loans to students, help in reducing the number of defaults on home mortgages, help to cities and states so that employment of laid-off public workers can be increased, an already passed health reform bill and further work toward universal health care, concerns for the environment, and an improvement in the country’s response to global warming” (Glicker, 2011).

Problems that remain unattended were increases in the number of people living in poverty, a rising juvenile crime rate, housing that has been unaffordable for many working middle-class and poor people, a serious backlash against illegal immigration, laws to protect people against terrorism that often limit social liberties, and a potential shortfall in Social Security and Medicare funding.

More details regarding the anti-poverty programmes of Obama administration has been discussed in Chapter 5.

Effectiveness of Ant-Poverty Programmes

The trends in the poverty rate show that between “1959 and 2012 the poverty rate has gradually declined, from 22.5% to 15.0%, while the number of Americans living in poverty had increased from approximately 40 to 46.5 million” ((DeNavas-Walt, Proctor, & Smith, 2013). The poverty rates differed widely by demographics. While “elderly poverty rates had declined substantially, from approximately 35% in 1959 to 9.1% in 2012, the poverty rates of adults (17.0% to 13.7%) and children (27.0% to 21.8%) had fallen only slightly” (DeNavas-Walt, Proctor, & Smith, 2013). Poverty was “lowest among non-Hispanic whites (9.7%) and Asians (11.7%), and highest among blacks (27.2%) and Hispanics (25.6%). Family structure and composition also played important roles” (Huang and Vikse, 2014). Poverty rates “among families headed by single women were highest (30.9%), followed by single households headed by men (16.4%); married-couple households had relatively low poverty rates, at 6.3%. America’s poverty rates were sharply higher than those of many other economically developed OECD countries” (Gould & Wething, 2012).

The effectiveness of poverty eradication strategies was calculated by Ben-Shalom, Moffitt, and Scholz. According to their study, “the official poverty rate in 2004 would have been 29% without government intervention and would have decreased to 13.5% after accounting for all anti-poverty programs. The overall reduction in poverty by these programs was about 53% in 2004. The rates were 56.7% and 52.3% in 1993 and 1984, respectively” (Shalom, Moffitt, and Scholz, 2011). There has been evidence that anti-poverty programs have had strong effects on reducing deep poverty, but that the rate of deep poverty has increased over time. Anti-Poverty programs “reduced deep poverty by 69% in 2004, while the rate of deep poverty in that year increased to 6.6%, from 4.5% in 1984. In measuring 150 percent of the poverty line, the reduction effects of anti-poverty programs appeared stronger over time, from 26.9% in 1984 to 36.1% in 2004” (Huan and Vikse, 2014).

The effects of Social Assistance Programmes on the poverty reduction was limited. Once accounted for, “Medicaid and SSI reduced the overall poverty rate from 29.0% to 25.2% and 28.6%, respectively, and reduced the deep poverty rate from 21.3% to 14.7% and 19.5%. On the other hand, TANF, EITC, and SNAP had very limited

effects, reducing the poverty rate to 28.9%, 28.1% and 28.6%. Housing assistance did reduce the deep poverty rate to 19.7%, and EITC reduced the percentage of Americans living at or below 150% of the poverty line from 39.6% to 38.6%, but overall there was very limited impact” (Huang and Vikse, 2014).

Though Social Assistance Programmes do not significantly impacted the poverty rate yet it impacted upon the US poverty on another way. The food and nutrition programmes “created and expanded during the War on Poverty was successful, in that they successfully combated food insecurity and hunger, and improved related outcomes for low-income families” (Hoynes & Schanzenbach, 2011;Waldfogel, 2013). Using the “SPM to account for in-kind benefits, researchers have shown that child poverty in 2010 would have been three percentage points higher if SNAP benefits were not counted as income, and one additional percentage point higher if free and reduced price school lunches were not counted” (Wimer et al., 2013).

The EITC played an important role in poverty reduction since its inception in 1975, and “in 2012 it was the largest income support program for low-income families with children” (Waldfogel, 2013). Using the SPM, researchers estimated that “the child poverty rate would have been four percentage points higher if the EITC were not counted as income” (Wimer et al., 2013). Other research explored “whether, and how, EITC and other tax credits have altered recipients’ behavior and circumstances” (Athreya, Reilly & Simpson, 2010; Guzman et al., 2013; Lim, Livermore & Davis, 2010). For instance, “because of regional cost-of-living variations, EITC recipients in high-cost areas received lower benefits and were more prone to lose eligibility” (Fitzpatrick & Thompson, 2010). Overall, EITC was shown “to improve the employment and earnings of working-age women, reduce the number of female-headed households receiving cash welfare, and improve children’s health and educational outcomes” (Dahl & Lochner, 2012; Marr, Charite & Huang, 2013; Meyer & Rosenbaum, 2014). Using the SPM, researchers found that “the EITC lifted 9.4 million people (including 4.9 million children) out of poverty in 2011” (Marr, Charite, & Huang, 2013).

While researchers provided different “estimates for the percent of poor households moved out of poverty by TANF, a program that provided much more modest benefits, it certainly reduced the depth of poverty over time” (Waldfogel, 2013). However,

“the decline in TANF caseloads since policies shifted toward work support in the mid-1990s had arguably undermined the program’s supportiveness and effectiveness” (Bane, 2009). While many former recipients were earning more than the welfare benefits they previously received, “they continued to live in poverty and had not developed the skills or education necessary to improve their circumstances” (Bane,2009).

Social Security has been one of the most important measures for alleviating poverty among elderly. After the 1964 amendments to the SSA significantly “increased benefits, elderly poverty rates declined more sharply than that of other age groups, and have continued to fall. The program meaningfully contributed to the circumstances of America’s elder poor; in 2008 Social Security comprised 84% of income for those in the lowest income quartile, and only 20% of income for those in the top quartile” (McGarry, 2013).

Medicare became other important approach for alleviating poverty among the adults and elderly. Within a decade of Medicare’s establishment, “low-income elderly were as likely as high-income elderly to visit a physician” (Davis & Schoen, 1978). Medicare also hastened “the racial desegregation of hospitals, which expanded access to quality healthcare among low-income, non white elderly” (Swartz, 2013).

CHAPTER 4
BUSH ADMINISTRATION'S APPROACH TOWARDS
AMERICAN POOR

Unlike other Presidents, the administration of George W Bush had not been associated with major changes in the social welfare policy. Likewise, no significant poverty programmes were undertaken by the Bush administration. The “welfare cash assistance caseloads have remained fairly constant since 2001. Block grant funding for state welfare programmes has remained at \$16.5 billion annually” (Allard, 2007). The poverty rate had “increased from 11.3 percent in 2000 to 12.6 percent in 2005, but the number of persons in poverty remains below the historic highs of the early 1990s” (U.S. Census Bureau 2006b). Compared to the ‘War on Terror,’ poverty and welfare policies were not considered important issues either by the public or the policy makers.

However, there were remarkable shifts in the poverty policies under the Bush administration. Some changes in the policies were the stance explicitly taken by Bush after becoming President, while others were policies which had begun before he assumed office. One of the prominent changes in the poverty policy was the shift from an approach based on delivering aid and assistance through welfare checks to a different approach which emphasized on assistance through ‘making work pay.’

Second, the Bush Administration took keen interests in extending their support to the charitable choice provisions enacted through the Personal Responsibility and Work Opportunity Act. The Administration also supported the faith-based organizations. These organizations were made a part of the government-funded human service programmes.

Third, the Bush administration focussed on reducing out-of-wed locks birth (as it leads to child poverty) and promoting marriage through the Healthy Marriage Initiative. He also encouraged federal assistance for promoting two-parent families so that the children could get a good upbringing.

The combination of these efforts under the administration marked a remarkable shift in the poverty policy. These shifts led to the transformation of poverty policy debate where the federal, state and local governments have come together to formulate welfare programmes for the poor people.

Before discussing the poverty policy programmes undertaken by the Bush administration, it is imperative to overview the conditions of the economy during his tenure.

State of the American Economy and the Bush Tax Cuts

When Bush became the President of the United States, the economy of the United States was booming. In the first three years of Bush's Presidency, "he inherited the United States largest ever surplus for thirty years, left by the Clinton administration, and turned it into the nation's largest deficit in history" (Wogan, 2004). Not only did "the federal budget surplus for 2001 stand at \$281 billion the Congressional Budget Office estimated that the ten-year surplus would be \$5.6 trillion with national debt being eliminated by 2009" (Farmer, 2005).

However, the fiscal policy which Bush adopted and implemented during his tenure was blamed for the downturn of the economy. His stance on fiscal policy was a long-term proposed tax-cut upon which the Republicans had a deep rooted belief. In fact, there was nothing new in Bush's stance, and the proposed tax cuts were based on the Reagan administration's tax initiatives. President Bush in his speech to a Joint Session of Congress stated that-

"The people of America have been overcharged, and on their behalf, I am here to ask for a refund. These cuts need to be urgently implemented to boost the economy as they were meticulously calculated to fix the tax code and to bring relief to those who needed it." (Bush, 2001)

Consequently, he was able to push the Congress to pass two important tax cuts. These initiatives EGTRRA (Economic Growth and Tax Relief Reconciliation Act of 2001) and JGTRRA (Jobs and Growth Tax Relief Reconciliation Act of 2003) were collectively known as the Bush Tax Cuts.

Economic Growth and Tax Relief Reconciliation Act:

The EGTRRA was passed by the United States in 2001. Through this Act, important changes were made to the American Internal Revenue Code which included income

tax rates, estate and gift tax exclusions and retirement plan rules. In general, “the Act lowered tax rates and simplified retirement and qualified plan rules such as for individual retirement accounts, and pension plans” (Edwards, 2006).

The EGTRRA benefitted those families who had an annual income of \$200,000 and above. Initially, it also helped in stimulating the economy during the 2001 recession. It “gave income tax relief to families who would then spend the extra money. This increase in demand would boost the economy and lift it out of recession. It also had incentives for taxpayers to save more” (Wilson, 2001). However, it did not end the recession. It was because “the tax cuts were being phased in through 2009, too slowly to boost the economy. Economic growth was 1.0 percent in 2001 and only increased to 1.8 percent in 2002, and 2.8 percent in 2003” (Amandeo, 2017). In the long run, it dramatically decreased the revenues of the government. It also increased the annual deficit leading to heightened debt, which put pressure on the value of the dollar which started declining in 2006.

Jobs and Growth Tax Relief Reconciliation Act:

JGTRRA was passed by the US Congress in 2003 that “lowered the maximum individual income tax rate on corporate dividends to 15%. The act also reduced the long-term individual income tax rate on capital gains to 15%” (Simon, 2007).

This Act was a mechanism to boost the American economy. The law significantly “reduced the amount of tax paid by investors on dividends and capital gains. This development made it much more attractive for public companies to pay cash dividends to shareholders (instead of holding onto their cash and reinvesting it into expanded operations). Thus, after the enactment of the JGTRRA, the number of US companies paying regular dividends increased substantially” (Simon, 2007).

However, both these Acts transformed the American economy from a budget surplus to a budget deficit. EGTRRA established “a 10% regular income tax bracket which would gradually reduce various income rates. Furthermore, it would increase the child tax credit to \$1,000 over ten years and see an increase in the standard deduction for married couples filing joint returns” (Labonte, 2010). In 2001, the Joint Commission on Taxation had estimated that “the tax cuts under EGTRRA would

cause a decrease in government revenues of \$874.9billion over ten years with the child tax credit costing \$171.8billion (Labonte, 2010). Many tax reduction programmes (like child tax credit etc) which were introduced through the EGTRRA started growing with the coming of JGTRAA. The JCT estimated that “JGTRRA would increase the federal budget deficits by \$349.7 billion for FY2003 to FY2013 and the expansion and acceleration of the EGTRRA would cost a further \$171.4billion over the next five years” (Sanders, 2010).

The consequences of these tax cuts were harsh on the economy. It not only eroded the budget surplus left by the Clinton Administration but also has been criticized on the ground of being distributed unevenly. This uneven distribution widened the inequality of income which made the wealthy citizens its main beneficiaries. A think tank calculated that “under EGTRRA 40% flowed to the richest 1% with virtually the same amount going to the bottom 80% on the income ladder” (Morgan, 2009). The same think tank found that the programmes of the Bush administration “reduced taxes on the wealthiest by 15%, while for the remaining 99% the tax cuts averaged a mere 5%. Calculations also showed that by 2010 the very rich would see their taxes fall by 5.7% of their income and for the remaining 99% the tax cut would stand at 1.2 % of income” (Citizens for Tax Justice, 2002).

In this context, it has been argued that “income inequality can exert a significant drag on effective demand and thus slow down the economy” (Brown, 2004). This supported the Keynesian view that “fiscal policy measures, that make the after-tax distribution of income more equal, are desirable from the standpoint of maintaining strong effecting demand” (Rauch, 2002). Thus it can be concluded that “although Bush’s tax cuts may have had a modest stimulatory effect; the cuts would have an enhanced result if the majority of the tax cuts benefitted those in the middle and lower income households” (Brown, 2004).

The tax cuts, as well as increased defense spending after the 9/11 attacks and the launch of new military undertakings in Iraq and Afghanistan, have been identified as factors responsible for eroding the economy. There has been a debate among the economists and the researchers over the impact of the war on the economy. It has been debated that all the government predictions regarding the War on Terror expenditure surpassed consistently and remained high. Joseph Stiglitz and Linda

Bilme in 2006, in an analysis stated that “the economic consequences of the Iraq war were itemized, stating that since FY 2003 the monthly average cost of operations had risen from \$4.4bn to \$7.1bn. Furthermore in 2005 the Congressional Budget Office, in their mid-range scenario, had estimated that the Iraq war would cost over \$266 billion more in the next decade” (Stiglitz and Blime, 2006). However, this was very different to the \$50-\$60 billion price tag which the Bush administration estimated.

Poverty Alleviation Programmes of Bush Administration

President George W. Bush initiated a series of poverty alleviation programmes under his administration. Although these policies were not directly related to the issue of poverty yet, they were the incremental approach in dealing with the issue. The initiatives which George W Bush took in combating poverty can be categorized into different sectors such as education, health, housing, social security, etc.

Educational Reforms:

Education has been crucial in poverty eradication. Hence, George W Bush took a keen interest in improving the education for every American child. Some of the important initiatives taken by the Bush administration are:

The administration recognized the fact that highly qualified teachers can only produce good results for all the students. To narrow down the achievement gap between the minority and white students, maths and reading scores were raised. The Bush administration implemented policies which required the fourth-grade students to gain highest reading and maths scores. The policy required the eighth-grade students to achieve the highest maths score. Percentage of students reading at the first- grade level was also raised in most of the states. National assessment of Hispanic and African American students was conducted.

First federal school choice programme was created which gave the information about the performance of the children in the schools. It provided the parents with the facility to choose better performing schools for their children, if the children have consistently not been performing well. Those charter schools where the performance

rate was not well, the administration provided assistance for their better functioning. Since then the number of charter schools have increased in America.

The size of College Pell Grants was increased. The administration “increased the maximum Pell Grant award to more than \$4,700, the largest amount ever, and increased funding for the Pell Grant program from \$8.8 to \$16.2 billion. It was expected to help more than 5.5 million Americans attend college in the 2008-09 school year - 1.2 million more than in the 2001-02 school year” (White House Report, 2008)

Helping America’s Youth Initiative was established by the First Lady Laura Bush. “Helping America’s Youth is a nationwide effort to raise awareness about the challenges facing our youth, particularly at-risk boys, and to motivate caring adults to connect with youth in three key areas: family, school, and community” (Bush, 2005)

No Child Left Behind made the public schools accountable. This Act “ensured that States set some standards that require students to be able to read and do math at grade level, and made schools accountable if they did not help their students meet these standards. It increased the percentage of highly-qualified teachers in classrooms from 87 percent in the 2003-04 school years to 94 percent in the 2006-07 school years. It also created the \$100 million Teacher Incentive Fund, which rewards teachers who improve student achievement in high-need school districts” (James, 2009).

No Child Left Behind Act

The No Child Left Behind Act passed by the US Congress and signed into law by President Bush was an update to the Elementary and Secondary Education Act of 1965. The Elementary and Secondary Education Act (ESEA) of 1965 was “a cornerstone of President Lyndon B. Johnson’s War on Poverty” (McLaughlin, 1975). This law brought “education into the forefront of the national assault on poverty and represented a landmark commitment to equal access to quality education” (Jeffrey, 1978). Through this Act, the federal government funded the primary and secondary education. It also emphasized on the accountability and high standards of education. This Act has been reauthorized every five years ever since its enactment.

The reauthorization of this Act was because of an apprehension regarding the deteriorating standard of American educational system. It was a matter of great concern that the American educational system which was internationally recognized had no longer remained internationally competitive. Therefore, through this Act, the role of the federal government was remarkably increased in holding schools responsible for the academic performance of the school students. It also emphasized that the schools and the states together should evaluate the performance of certain category of students like English language learners, minority children, children from the vulnerable section of the society, etc. whose performance were not at par with the other students.

The Act, however, did not make it mandatory for the states to observe the guidelines. But if the state did not follow these guidelines, and the performance continued to deteriorate, then they would risk losing federal Title I money. Title I money provided “financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards” (Jeffrey, 1978).

The NCLB Act made it compulsory for the schools to conduct the reading ability and maths test of the student in third grade to eighth grade. It should also be conducted once for the high school students. The Act also required that the performance of the students must be reported to the federal government and the report should describe the performance of the student population as a whole and for certain special groups of students such as racial minorities, students from low-income families, etc.

Through this Act, the states were required to “bring all students to the ‘proficient level’ on state tests by the 2013-14 school year, although each state got to decide, individually, just what ‘proficiency’ should look like, and which tests to use. Under the law, schools were kept on track toward their goals through a mechanism known as ‘adequate yearly progress’ or AYP” (Gill, 2009). The Act also required that the students should be provided highly qualified teachers. However, states were given the authority to decide the standards for the highly qualified teachers.

The states were also required to provide the contact details of the students to the military recruiters. This condition of the law drew severe criticisms and had even led to the political resistance. For instance, “in 2003 in Santa Cruz, California, student-

led efforts forced school districts to create an opt-in policy that required students affirm they wanted the military to have their information. This successful student organizing effort was copied in various other cities throughout the United States” (Lin and Baker, 2007)

The NCLB Act focussed on regular testing of the students. That is why it became a matter of huge controversy. The debate regarding the Act became heated ever since it was put under review and in the process of reauthorization. At last, the NCLB bill got bipartisan support, but there were huge apprehensions regarding its effective implementation. The advocates of this Act have provided their arguments in this respect. According to them, firstly, the Act has been successful in improving the test scores of the children ever since it was implemented. This Act not only improved the test scores of the student population as a whole but also the scores of the students belonging to the certain sections of the society such as racial and ethnic minority, students belonging to low-income families, etc.

Advocates also argue that the Act has provided quality education to the students of under privileged section of the society. It has also emphasized on providing highly qualified teachers to the students. Hence, the teachers in their respective fields have started getting quality education to fulfill the job requirements.

Regular testing has helped the students in identifying the students who need special attention. Also, due to the fact that the school might lose financial assistance from the Title I of the Act, the schools have started offering help to the struggling students. As a result, “thousands of students have been receiving tutorials and other free supplement help from their schools” (Dee and Jacob, 2010). Not only this, parents have been getting a better idea about the performance of their children.

However, the overall significance of NCLB has been hotly contested. “Some scholars dismiss or belittle NCLB as incremental change, noting that the focus on school standards began in the 1980s and evolved into what became NCLB” (McDonnell 2005). Others caution that “this federal law was the culmination of state reform efforts and was driven more by those state and local successes than by federal leadership” (Manna 2006).

Critics charge that “NCLB has led educators to shift resources away from important but non-tested subjects, such as social studies, art, and music, and to focus instruction on mathematics and reading on the relatively narrow set of topics that are most heavily represented on the high-stakes tests” (Rothstein, Jacobsen, and Wilder 2008, Koretz 2008). In the extreme, some suggest that “high-stakes testing may lead school personnel to intentionally manipulate student test scores” (Jacob and Levitt 2003).

The critics argue that the Bush administration did not focus on the funding of the NCLB at the state level. However, it made it mandatory for the states to comply with the provisions of the Act or risk losing federal funds. Senator Ted Kennedy, who was the Senate Education Committee Chair and a sponsor of NCLB stated that, “the tragedy is that these long overdue reforms are finally in place, but the funds are not” (Dee and Jacob, 2010). As a result, most of the states had to constrain their budget in other subjects (which were categorised as non-tested subjects) and for other activities such as field trip, school supplies etc. The subjects included art, foreign language, science, social science.

Strengthening Health Sectors

Health care has been one of the important issues in American political debate. President Bush after assuming the office of President, enacted policies to make the healthcare affordable for the American citizens. He also instilled accountability and alteration into the health care system. Consequently, tax-free Health Savings Accounts were created. Assistance in the medical research was raised which led to the development of HPV Cancer vaccines. Following steps were taken by the Bush administration to strengthen the American health care system:

Establishment of tax-free Health Savings Account (HSA):

HSA empowered the American citizens to save tax-free money for current and future medical costs. “Combined with a high-deductible health plan, HSAs enabled employers and employees to deposit funds tax-free (up to a maximum of \$2,600 for

an individual and a maximum of \$5,150 for a family) into an account to pay for their medical expenses” (US Department of Treasury, 2004)

Transparency in the Healthcare:

The Bush administration “directed the federal agencies to inform beneficiaries of the prices paid to doctors and hospitals and empowered Americans to find better value and care, largely through increased competition. It also ordered the federal agencies to use improved health IT systems to facilitate the rapid exchange of electronic health information to improve the quality of care for Americans.” (Moffitt and Nina, 2004).

Medicaid Waivers:

Several initiatives were taken by the Bush administration to expand the healthcare coverage. Various waivers such as the Health Insurance Flexibility and Accountability (HIFA) waiver administered by the Department of Health and Human Services (HHS) were instituted. The Bush Administration “provided the states greater flexibility to expand coverage options, including private and employer-based coverage, for an estimated 2.6 million low-income workers and their families using the Medicaid and S-CHIP programs” (Sachs, 2004). More than 1200 Community Health Centres were either expanded or established.

Funding for Medical Research was raised:

The primary federal agency for medical research National Institute of Health was given extra assistance for research. This contributed to “breakthroughs such as the development of HPV cancer vaccine, advances in cell programming, the development of the Cancer Genome Atlas and the completion of the Human Genome Project” (Dorn, 2004).

Reformed Medicare and Added a Prescription Drug Benefit:

The most significant reform to Medicare, a Prescription Drug Benefit was instituted during the Bush administration. This provided accessible drugs to more than forty million Americans. A preventive screening programme was also enacted. This helped the American citizen to help diagnose illness earlier. It led to the emergence of competition for better facility among the Medicare recipients.

The implementation of these reforms affected the entire health care by decreasing the rates of pharmaceutical reimbursements and the revenues of the health care system. However, it raised the emergency visits, prescription drug copayments, and hospital admissions. With the implementation of these reforms, physicians owned clinics became less profitable.

Incorporating Faith-based Service Organizations

Catholic Charities and Lutheran Social Services like religious non-profit organizations had been providing social services programme to low-income families in America. However, these faith-based organizations received greater attention during the period of Bush administration. After assuming the office of President, Bush created the White House Office of Faith-Based and Community Initiatives (OFBCI). He also created different centers of OFBCI in different departments of Housing and Urban Development, Labour, Education, Justice, Health and Human Services, Department of Agriculture, etc. The main aim of these centers had been “to reduce barriers faith-based organizations might face when seeking federal funding opportunities and increase their capacity to deliver social services to populations in need” (Formicola, Segers, and Weber, 2003).

There has not been any federal legislation to make these non-profit organizations permanent or to materialize their funding. However, the White House “used the OFBCI to strengthen partnerships between government and faith-based organizations in communities across the country. For instance, Congress has appropriated \$230 million in funding to the Compassion Capital Fund (CCF) from FY 2003 to FY 2006” (Allard, 2006). The basic goal of the Compassion Capital Fund was to “help faith-based and community organizations increase their effectiveness, enhance their ability

to provide social services to serve those most in need, expand their organizations, diversify their funding sources, and create collaborations to better serve those in need” (Allard, 2004).

The CCF has a Demonstration programme. This has been providing funding to the intermediary community organizations. These intermediary community organizations have been helping “smaller organizations operate and manage their programs effectively, access funding from varied sources, develop and train staff, expand the types and reach of social service programmes in their communities, and replicate promising programmes” (Scott, 2003). From 2002 to 2005, “the CCF has provided \$125 million in funding to 65 community intermediary organizations to help smaller faith-based organizations develop organizational capacity to administer grants and service programmes” (Department of Health and Human Services, 2006).

The Bush administration did not limit the involvement of these faith-based organizations to the federal level. States also started seeking the help of these faith-based organizations in providing services to the low-income families. As a result, in 2003, twenty-seven states made legal provisions for these non-profit organizations for providing social services. “Thirty-two states have designated an administrative agency office or staff person to function as a liaison between the state and faith-based organizations. Twenty percent of states have pursued capacity-building activities in the faith community, and half have provided technical assistance to faith-based organizations that may have little experience with service provision or government contracting” (Ragan and Wright, 2005).

These organizations have been operating in high poverty areas. These agencies have been providing assistance with material needs through emergency cash and food assistance programmes. They also provided adult education, job training, treatment for mental health and substance abuse.

Reducing Nonmarital Births and Promoting Two-parent families

Non-marital births have been one of the main reasons for child poverty. Therefore “the goal of reducing illegitimacy and supporting two-parent households was central to Republican proposals for welfare reform and was of considerable interest to the

conservative base of the party” (Haskins, 2006). Moreover, there began to emerge social science evidence that “children experienced better outcomes when living with two parents” (McLanahan and Sandefur, 1994).

President Bush after assuming office, focussed on the need for government and communities to promote responsible fatherhood and healthy marriages. In its initial budget to the Congress, the Bush administration argued that “the presence of two committed, involved parents contributes directly to better school performance, reduced substance abuse, less crime and delinquency, fewer emotional and other behavioral problems, less risk of abuse or neglect, and lower risk of teen suicide... there is simply no substitute for the love, involvement, and commitment of a responsible father” (Allard, 2007).

Bush administration also established the Healthy Marriage Initiative (HMI) under the Department of Health and Human Services. The basic goal of this initiative was to promote two-parent families. HMI under its umbrella started three healthy marriage demonstration and evaluation programmes namely, the Building Strong Family Project, Supporting Healthy Marriages, and the Community Healthy Marriage Initiative. The Building Strong Families Project evaluated programmes intended to “help strengthen relationships between unwed couples and support their interest in marriage. Supporting Healthy Marriages has been an eight-site experimental design that targeted services at low-income couples, seeking to strengthen existing relationships, and remove barriers to healthier marriages” (Allard, 2007). Finally, the Community Healthy Marriage Initiative conducted “evaluations of many different community-based programs that seek to promote healthy marriage and parental responsibility” (Dion, 2005).

The Bush administration emphasized that “it was not interested in creating a federal dating service, abandoning single parents, or simply looking to increase marriage rates. Instead, the goal was to provide married couples and couples interested in getting married with counseling, education, and skills to strengthen their relationships” (Macomber, Murray and Stagner, 2005)

The basic goal of the administration behind these initiatives was to promote healthy family formation which would lead to the good upbringing of the children. In making

this, “the administration sought to identify, evaluate, and improve innovative programs that could be adopted successfully nationwide” (Horn, 2004).

Policies for Veterans

America has been providing assistance to the war veterans. However, the poverty rate of the veterans has been remarkably high. According to the Veteran Homelessness Report to the Congress, in 2001, “one out of every ten veterans have been living in poverty” (VH Report, 2003).

The Bush administration was critical of the complex and bureaucratic health care system and disability claim process of the veterans ever since his Presidential Campaigns. After assuming the office, Bush emphasized upon strengthening the healthcare services provided to the veterans and reducing the problems of their benefit claims.

To tackle these issues, the Bush administration created two task forces to administer the issues of healthcare and disability claims. In 2001, the Department of Veteran Affairs (VA) established a VA Claims Processing Task Force to address “the backlog and improve the accuracy of claims, and the President announced the creation of the Task Force to Improve Veteran Healthcare to strengthen the coordination between the VA and the Department of Defense” (Maass, 2001).

The Bush administration also established a joint Department of Defense/ Veteran Affairs Recovery Coordinator programme for those seriously injured in wars. To help the service members suffering from mental disorders, the administration also expanded the training, screening and staff resources. He also signed “legislation and issued regulations amending the Family Medical Leave Act to permit family members of injured service members to take additional time away from their jobs to care for their loved one” (Sanders, 2007).

The number of homeless veterans was considerably reduced from 2001-2007. The Bush administration created VA homeless-specific programmes. It constituted one of the largest integrated networks of homeless treatment and assistance services in the country.

The administration provided career counseling and placement opportunities to those veterans who returned from the wars. The time limit for the veterans disability claims was reduced from 230 days to 180 days. The administration “increased the education benefit amounts for service members and veterans and lengthened the time period in which they could use those benefits. They also made it easier for service members to transfer their unused education benefits to their spouses or children (Simon, 2008).

Reduced Drug Use Among Teens

Drug use has been one of the important reasons of poverty. To reduce the drug use, the Bush administration established the National Drug Control Strategy (NDCS). As a result of this, the Drug use among the teens was lowered to 25% in the period 2001-2007. The NDCS also broke up 5,000 drug trafficking organizations. Parental awareness programmes were also organized.

Reduced Homelessness

Poverty often leads to homelessness. However, 30% homelessness was reduced from 2005-2007. The administration awarded approximately \$10 billion to support local housings in 2001. In 2005, the first total homelessness population based on data from all communities was created.

The Bush Administration launched the Federal Housing Administration (FHA) Secure which expanded the ability of individuals and families to refinance into FHA-insured mortgages. It also facilitated the formation of the innovative, private-sector Hope Now Alliance to help individuals and families keep their homes. The Hope Now Alliance (2007) was “a cooperative effort between the US government, counselors, investors, and lenders to help homeowners who may not be able to pay their mortgages” (Burns, 2007)

Reauthorization of Temporary Assistance for Needy Families

TANF block grant was set to expire in 2002. But President Bush announced its reauthorization shortly after assuming power. The proposal for the reauthorization of TANF sought to transform the conditions of work requirements for the states and the beneficiaries. Bush, through this proposed reauthorization, changed the work activities from thirty hours per week to forty hours per week. Work in a job “supervised work experience or community service activities, or on-the-job training was to compose at least 24 of the mandated forty hours of work activity. Of even greater consequence, the caseload reduction credit would be eliminated. States would no longer be able to subtract the percentage of caseload decline from work participation rates” (White House, 2002).

President Bush argued that the promotion of healthy marriages by the states under the Personal Responsibility and Work Opportunity Act have not been adequate due to the lack of knowledge- “how to implement successful marriage and family formation programmes” (Scott, 2004). Therefore, President Bush announced that in order to strengthen healthy relationship and marriages, TANF grant should be replaced with the competitive grant. This competitive grant would provide \$200 million per year for strengthening healthy marriages. Other \$100 million would be provided for the conduct of research, demonstration projects, and technical assistance in family formation. Another \$100 million would “support a matching grant programme funding state programmes to develop innovative approaches to promoting healthy marriage and reducing out-of-wedlock births” (White House, 2002).

One of the important proposals of the TANF reauthorization was about the super waiver provisions. These provisions gave the Governor discretionary powers over the funding and administration of some important programmes such as Food Stamps, TANF, the Workforce Investment Act, Housing programmes, etc. However, these block grants were to be reviewed by an interagency for the reallocation of the federal funds. Advocates of this provision sought to “give states control over the allocation of funds to these various social programs, discretion over program eligibility and benefit levels, and the ability to be more responsive to changing needs within states” (Nivola, 2004).

The critics argued that these provisions authorized the states to swap the state government programmes with the federal programmes in one way or the other. For instance, “states preferred to replace state funds for child care with federal funds from the food stamp or TANF programs. These withdrawn state resources have been used for other purposes, even purposes not related to reducing poverty.” (Fremsted and Parrott, 2004).

However, the reauthorization of TANF achieved key goals of the Bush administration’s anti-poverty policies: “narrow definitions of acceptable work activity, increased the percentage of welfare working client, eliminated loopholes in federal work requirements, and funded programmes that supported the formation of two-parent families” (Allard, 2004). But the reauthorization of TANF also drew severe criticisms from the state governments.

Researchers and experts at the National Conference of the State Legislatures (NCSL) concluded that the “TANF reauthorization took away state flexibility and that while states have options to keep their successful TANF programmes and still meet the higher federal requirements, these options required changes in state laws and budgets” (Steisel and Tweedie, 2006). The National Governor’s Association (NGA) lobbied for the Health and Human Services (HHS) to “adopt definitions of work activity that was less restrictive and deferred to state’s operational definitions. Governors also asked the federal government to grant states leeway to determine which child-only cases be exempted from work activity. Further, the NGA requested that HHS adopt reporting requirements of work activity that was not too burdensome on States” (National Governors Association, 2006).

Assessment of Bush Policies

George W Bush left office with the United States economy in a disastrous scenario. Policies which were made in the early 2000s had been a good example of how not cure poverty and unemployment. One of the most significant events of the Bush Administration was the recession. The administration was not responsible for the recession, but they did little to counteract it. The consequence was increasing poverty and decreasing new jobs.

The recession led to declining total output and jobs. The unemployment rate “6.3% in June 2003 was not particularly high, but the statistics were misleading. Real unemployment was probably 10%. Manufacturing lost three million jobs, many of them forever” (Frank, 2007). The job growth in Bush period (2001-2004) was zero. Normally, recession slides into rapid job creation to ease out the recession losses. But under the Bush administration “instead of adding the five million jobs necessary to keep up with population growth, there was virtually no net job growth” (Price and Yulia, 2003).

The Recession and inadequate job recovery meant more unemployed and poorer. Wage rates “held up for a little but soon dipped. Average real weekly pay for full-time workers was lower in early 2006 than it had been in early 2001” (Bernstein, 2006). As the growth of income declined with more people losing their jobs, more became homeless. Poverty raised every year from “11.3% of the population in 2000 to 12.7% in 2004. Enough people for a good-sized country, thirty-seven million American were poor” (Havemann and Ricardo, 2005).

The government was trying to help out people in some areas while in other areas their focus was little less. On the one hand, more low-income people were removed from the income tax brackets. On the other hand, the federal minimum wage continued to be \$5.15. Moreover, around 5.2 million people were not covered by the health insurance. The condition would have been worse if there had not been expansion of the state-federal Children’s Health Insurance Programme. Still “with 45 million uninsured, the system was cracking, and little was done to fix it” (Shapiro, Robert, and Leighton, 2004).

The government policies were little concerned with the declining rate of employment and increasing rate of poverty. This could be analyzed from the fact that the government led the unemployment benefits to lapse in December 2003, even though the job growth was declining. Second, the leading Republicans bragged regarding the success of the PWRORA (or the welfare reform), even as half the people leaving welfare stayed poor. The poverty rates for the female-headed families and the children (who have been the main beneficiaries of the TANF) continued to rise but “the number of families on TANF rolls fell by 500,000 (2000-2004). In other words, more people were poor, but fewer received cash assistance” (Llobrera, 2004).

Above all, the administration was indifferent and incompetent in the wake of the massive hurricane, the Hurricane Katrina. The federal government, as well as the local authority, failed miserably in evacuating people that everyone knew was going to come. Some research scientists argued that “politicians who had long been proud to fight against government aid to the poor had acted just about as expected in the first days of the the crisis.” (Frank, 2007). The people who became vulnerable with the incident were obviously those who were left behind- the poor and the black. The nation got to know that New Orleans has 28% poor population out of which 84% were blk. The effort which the government took for rebuilding was a complete mess and in Januray 2006, the US House of Representatives passed a budget “that cut aid to poor by \$40 billion over five years.

However, the Bush administration, in a number of ways, led to the emergence of a new era in the anti-poverty policy. The first few years of the Bush administration undertook a complete transformation in the welfare assistance provided to the poor population through the states and the communities. In this duration, the social services recognizing work and non-cash assistance made a great contribution towards federal welfare expenditures.

From the No Child Left Behind Scheme to the incorporation of faith-based organizations, President Bush not only took care of all the children in providing education but also reached to those people where the federal assistance was required. Education has been one of the important determinants in eliminating poverty. This fact was recognized by the Bush administration, and the poor population got this benefit. Through incorporating faith-based organizations, the Bush administration not only provided cash assistance to the poor people but also helped them in understanding that ‘work’ can lift them out of the poverty.

The Bush administration through the Healthy Marriage Initiative helped in reducing the out-of-wedlock births. The children born out of wedlock do not get good upbringing, and they resort to crime and drug abuse. This had been an important issue for the administration to regulate such things.

On the top of these issues, the TANF reauthorization created tough work requirements. It also eliminated some of the loopholes for the state compliance with the original TANF work participation benchmarks. These stringent work

requirements of the TANF put pressure on the states to reduce cash assistance available to individuals not able to meet federal TANF work requirements.

CHAPTER 5
OBAMA'S ANTI-POVERTY MEASURES

The anti-poverty programmes, created during the period of President Lyndon B Johnson and the subsequent programmes provided crucial support to the American citizens in need. Those programmes dramatically shifted the priorities of the Federal government in assisting those who were left behind in a developed and prosperous nation. They adopted a series of changes that revamped the social security net. It also helped a good number of low-income American families in improving their conditions. The War on Poverty emphasized that the programmes of the government should not look into only one aspect; rather it should be a combined effort to fight poverty in all the respective fields. It should target poverty in the field of housing by providing shelter to those homeless, in the field of education by providing access to education for all the age groups, in the field of health insurance, in the field of minimal food budget and providing income to those who are earning a low-income. These efforts would eventually result in gaining employment and earning and make the citizen more prosperous.

These policies and programmes have indeed helped the American people in raising their standard of living and lifting poverty, but the issue remained critical. Poverty rates had fallen from 25.8 percent in 1967 to 13.2 percent in 2008. However, the poverty rates had increased from “12.5 percent in 2007 to 13.2 percent in 2008” (Erik Eckholm, 15th Sep 2009, the NYT). One of the reasons behind this was the onset of recession which started in 2007.

When the American President Barack Obama contested elections in 2008, the issue of poverty gained much importance. In one of his campaign speeches, Obama said,

“let’s be the generation that ends poverty in America. Every single person willing to work should be able to get job training that leads to a job and earn a living wage that can pay the bills and afford child care so that their kids have a safe place to go when they work. Let’s do this...” (the Guardian, 10th September 2007)

He also said,

“Let’s be the generation that finally tackles our health care crisis. We can control costs by focusing on prevention, by providing better treatment to the chronically ill and using technology to cut the bureaucracy. Let’s be the generation that says right here, right now, that we will have universal health care in America by the end of the next president’s first term. Let’s be the generation that finally tackles our health care crisis. We can control costs by focusing on prevention,

by providing better treatment to the chronically ill and using technology to cut the bureaucracy. Let's be the generation that says right here, right now, that we will have universal health care in America by the end of the next president's first term.” (The Guardian, 10th Feb'2007)

By these speeches, Obama also made various promises for tackling poverty, some of which he fulfilled, and others remained broken promises of Obama administration. Some of the promises which he made to the people and were fulfilled- expanding housing voucher programmes for homeless veterans, expanding the nurse-family partnership to all low-income first-time mothers, expanding Pell grants for low-income students, helping low-income areas get phone and internet services, establishing 'Promise Neighbourhoods' for areas of concentrated poverty, investing in transitional jobs and career pathway programme and, cap interest rates on payday loans and improve disclosure.

However, there were some promises which Obama made to the people but unfortunately, could not keep it. Those promises were- Creating a retirement savings tax credit for low incomes, ending income tax for seniors making less than \$50,000, expanding eligibility for Medicaid, increasing the supply of affordable housing throughout metropolitan regions and, increasing the minimum wage to \$9.50 an hour.

When Barack Obama became the President of America, the condition of the economy was not good. The recession had played its role, and consequently, many American people were left unemployed and homeless. The poverty rates also shot up. After coming to office, he faced dual challenges of strengthening the economy and uplifting the people from the clutches of poverty through increasing opportunities.

Consequences of Recession

The Recessions of 2007-2008 had a devastating effect on the lives of the American citizens mainly due to the rise of unemployment and underemployment. Although the US was officially out of the recession, the unemployment level reached 10.2 percent in 2009. The underemployment was also on its record high with the blue collars workers losing their jobs. According to the study *Battered by the Storm*, “as people experience unpaid furloughs and cutbacks in hours, the number of underemployed

workers has risen to 11 million” (Institute for Policy Studies, 2009). Thus, this led to total combined unemployed and underemployed to 17.5 percent of the total workforce. In 2008, nineteen percent of the total children and thirty-five percent of the younger generation were below the poverty thresholds.

The most vulnerable were the Latinos and African Americans. The unemployment rate for them was much higher than the Whites. African American and Hispanic households, “which had lower levels of wealth before the recession compared to non-Hispanic white households (9 percent and 14 percent, respectively), saw vast proportions of their wealth erode during the recession. African Americans lost 53 percent of their wealth and Hispanics lost 66 percent of their wealth, while non-Hispanic whites lost just 16 percent” (Gassoumis, 2012).

The Recessions of 2007-2008 also had affected children and people of colour. Unemployment Insurance was not provided to those people who had erratic work history or who had left their jobs without any good reason aggravating the financial hardship of those individuals and their dependents. In 2008, “only 22% of unemployed workers in low-income families reported receiving unemployment compensation compared with 34% in moderate-income families and 39% of higher income families. Former TANF recipients were particularly vulnerable and very few qualified for the benefits when losing their jobs” (Simms, 2008).

The effects of this recession on the American economy and people were different from those of previous recessions of the 1981-82 and short recession of 2001. This is because the 2007-08 recessions were an effect of simultaneous shocks in the stock market, the housing market, and the labour market. For example, “in the recession of 1981-1982, the unemployment rate increased from 7.2% to 10.8% but housing prices were approximately constant, and the stock market rose. In the short recession of 2001 associated with the stock market crash, the unemployment rate increased from 4.3% to 5.5%, but the housing prices increased by about 4%” (Hurd and Rohwedder, 2010). Besides the simultaneity of the shocks, circumstances had changed. The transition from a ‘Defined Benefit’ pension world to a ‘Defined Contribution’ pension world meant that “the retirement assets of older workers were affected by a stock market decline. Balloon loans and small or no down payments for houses meant that many faced increasing mortgage payments even as they had negative equity.

Younger or lower paid workers were admitted into the housing market during the boom years, but the same group was more likely to be subsequently unemployed: not being able to make their house payments, many were foreclosed. The sharp decline in the stock market reduced the buffer that might have ameliorated distress from the housing or labor market.” (Hurd and Rohwedder, 2010)

Impact of Recession on Childhood Poverty

Children were the worst affected population during and after the recession. According to the US Census Bureau, “One in five children under the age of 18 lived in poverty.” (US Census Bureau, 2008) The study entitled ‘The Effects of the Recession on Child Poverty’ states that “the child poverty rate in 2008 was 19.0 percent according to the national survey used for official poverty statistics.” (Issacs, 2010) The report also says that “there were 15 states with child poverty rates above 20 percent. All nine states lie in the south or southwestern regions of the United States. These states were Alabama, Arizona, Georgia, Mississippi, New Mexico, South Carolina, Tennessee, Texas, and the District of Columbia. All nine lie in the south or southwestern regions of the United States: Alabama, Arizona, Georgia, Mississippi, New Mexico, South Carolina, Tennessee, Texas, and the District of Columbia.” (Issacs, 2010)

Impact of Recession on Adult Population

The recession had a severe impact on the young adult population as it increased unemployment rate and job instability. As a result, they had to move back home, postpone their marriages, defer starting a family and delay finishing college. According to the Bureau of Labour Statistics, “For people 25 years and older with some college or associates degrees, the unemployment rate rose from almost four in December 2007 to nine percent in December 2009. Young adults, age 19-29, had the highest uninsured rate of any age group in the United States. In 2009, this age group comprised 30 percent of the overall uninsured population.” (Bureau of Labour Statistics, 2010)

The recession not only increased unemployment and stagnated job creation but also impacted the health of adult youth. According to the National Longitudinal Study of Adolescent Health (Add Health), “in 2008 almost 20 percent of their young adult population (24-32) was unemployed, while another 10 percent experienced instability (e.g., laid off at multiple jobs). Approximately 25 percent were in debt, and almost 16 percent were living with their parents.” (Add Health, 2008) The study showed that “young adults who moved back in with their parents were protected economically. However, living with their parents did not protect them from the negative health and attitudinal effects of the recession. Young adults who experience unemployment and job stability are more likely to lack health insurance, forego health care, have increased stress, experience trouble sleeping and have poor physical health.” (Add Health, 2008)

Impact of Economic Downturn on Older Americans

The recession had a bad impact on the older Americans too. According to the Urban Institute, “The recession dealt a heavy blow to retirement accounts, leaving many older adults worried about their retirement security. In 2010, retirement account assets remained 17 percent below their peak value in 2007. In November 2008, 13 percent of people over 40 reported experiencing financial distress. In April 2010, 36 percent had reported financial distress at some point since November 2008.” (Johnson, 2010) According to Rand American Life Panel Survey, “in any given month, the recession has created financial distress for about 15 percent of households headed by people over the age of 40. This stress occurs from falling behind on mortgage payments, negative home equity, foreclosure, or unemployment of the responder or his/her spouse. For younger households (40 – 49) 19 percent experienced financial distress compared to only three percent of individuals 70 years and older. In addition, 17 percent of lowest income respondents reported financial distress while 11 percent of the highest income reported similar distress.” (Population Association of America, 2010) The study also says that “in 2009, 89 percent of households with heads 51 years old or older who had lost income as a result of becoming unemployed reported reducing spending and 50 percent of households reported reducing savings.” (Population Association of America, 2010)

Hence, by the above accounts, it can be said that the recession affected all the income and age group people in their households. None was unharmed with this tragic situation.

Actions Taken by the Obama Administration during the Economic Crisis

When President Obama became the president of America, the economy was gradually sliding into Economic crisis and recession. So, the Obama administration took the important step of strengthening the safety net. This measure was taken to prevent American people from falling into poverty. The Obama administration enacted a stimulus package in the form of the American Recovery and Reinvestment Act of 2009. “The approximate cost of the economic stimulus package was estimated to be \$787 billion at the time of passage, later revised to \$831 billion between 2009 and 2019.” (Elmendorf, 2012) The economists such as Paul Krugman and Martin Feldstein supported the stimulus package of the administration but expressed their concern for the lower amount to counter the recession. Paul Krugman said that the amount is not enough to counter the recession. He also said that “it's widely believed that political considerations led to a plan that was weaker and contains more tax cuts than it should have – that Mr. Obama compromised in advance in the hope of gaining broad bipartisan support.” (Krugman, 2009) However, some economists such as Edward C. Prescott, Vernon L. Smith, and James M. Buchanan were against Obama’s plan. They emphasized that “to improve the economy, policymakers should focus on reforms that remove impediments to work, saving, investment and production. Lower tax rates and a reduction in the burden of government are the best ways of using fiscal policy to boost growth.” (New York Times, 2009)

The American Recovery and Reinvestment Act of 2009

The basic intent behind the ARRA included the following:

- To preserve and create jobs and promote economic recovery.
- To assist those who were most impacted by the recession.

- To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- To invest in transportation, environmental protection, and other infrastructure that would provide long-term economic benefits.
- To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

According to the ARRA 2009 Act, “37 percent of the package is to be devoted to tax incentives equaling \$288 billion and \$144 billion, or 18%, is allocated to state and local fiscal relief (more than 90% of the state aid is going to Medicaid and education)” (Brost, 2009). The remaining “45%, or \$357 billion, is allocated to federal spending programs such as transportation, communication, waste water and sewer infrastructure improvements; energy efficiency upgrades in private and federal buildings; extension of federal unemployment benefits; and scientific research programs.” (Brost, 2009)

The Recovery Act enacted various anti-poverty programmes such as including the creation of Making Work Pay Tax Credit worth up to \$800 for a married couple; \$250 Economic Recovery Payment for Social Security and SSI recipients. It also included “unemployment changes including an additional \$25 per week (for up to 26 weeks) to regular UI beneficiaries; increased federal funding for the Extended Benefits Programme; incentives for states to modernize their UI system to reach part-time workers and recent workforce, entrants; and reauthorized Emergency Unemployment Compensation; an increase in SNAP benefits; and an expansion of the Community Services Block Grant (CSBG)” (CEA, 2014).

Making Work Pay Tax Credit:

It was a temporary credit of worth up to \$400 for individuals and \$800 for married couples for the tax year 2009 and 2010. This tax credit was implemented by the International Revenue Services of the United States. It reduced 2009 and 2010 taxes by 6.2 percent of the earnings. Unlike 2008's tax stimulus payments or rebates—

which were delivered through direct deposit to bank accounts or checks in the mail— “workers received the benefit of this tax cut through slightly higher paychecks through the last part of 2009 and all of 2010. Most singles enjoyed an extra \$45 a month in take-home pay, and most married workers got an additional \$65 a month in their paychecks.” (Erb, 2012) However; this tax credit expired in December 2010 and paychecks went back to their pre-credit amounts. This legislation also helped the retirees through \$250 tax cut. The money went to “the recipients of Social Security and Railroad Retirement benefits, Supplemental Security Income and veterans' pensions. Federal retirees who don't receive Social Security also received \$250.” (Crumbley, 2010) But this was only offered only once in 2009 and was not available for the beneficiaries for the next year (2010).

Economic Recovery Payment to Social Security and SSI Recipients:

The ARRA of 2009 provided “one-time payments of \$250 to individuals who were, or are found to be, eligible for Social Security and SSI benefits during any one of three months (November 2008, December 2008, and January 2009). Individuals are only entitled to one economic stimulus payment regardless of how many types of benefits they receive.” (SSA, 2012)

Unemployment Benefits:

The ARRA of 2009 contained various measures affecting unemployment changes. These included-

The ARRA created “an additional, federally funded \$25 weekly benefit for individuals currently receiving regular Unemployment Compensation (UC), Extended Benefits (EB), Emergency Unemployment Compensation (EUC08), Trade Adjustment Assistance (TAA) and Disaster Unemployment Assistance (DUA).” (Whittaker, 2010)

The act extended the temporary EUC08 program through December 26, 2009 (with grandfathering), to be financed by federal general revenues.

It also provided for “100% federal financing of the EB program to end before January 1, 2010 (with grandfathering), to be financed by the federal government through the Unemployment Trust Fund. ARRA allowed states the option of changing temporarily the eligibility requirements for the EB program in order to expand the number of persons eligible for EB benefits, to end before June 1, 2010” (Whittaker and Issacs, 2016).

The legislation “suspended income taxation on the first \$2,400 of unemployment benefits received in 2009, for taxable years beginning after December 31, 2008. It provided relief to states from the payment and accrual of interest on federal loans to states for the payment of unemployment benefits, from the enactment of the stimulus package on February 17, 2009, through December 31, 2010” (Shelton, 2009).

ARRA provided for “a special transfer of up to \$7 billion in federal monies to state unemployment programs as incentive payments for changing certain state UC laws. All incentive payments were made before October 1, 2011. States did not need to repay these sums to the federal government. Any changes that states made to state unemployment programmes as a result of ARRA’s modernization provisions would be permanent” (Shelton, 2009).

Finally, the act “transferred a total of \$500 million to the states for administering their unemployment programs, within 30 days of enactment of the 2009 stimulus package. States did not need to repay these sums to the federal government.” (Shelton, Romig and Whittaker, 2009)

Increased SNAP benefits:

The ARRA 2009 made important modifications in the policy of SNAP which improved the food security of low-income families. It increased the benefit levels of SNAP for all the beneficiaries and also expanded the relief for jobless adults with no children. ARRA (effective April 2009) “increased SNAP benefits for each household by a dollar amount equal to 13.6 percent of the maximum benefit for that household size.” (Nord and Pell, 2011) Prior to ARRA 2009 jobless adult were provided SNAP benefits for three month’s periods. ARRA gave “States an option to suspend that limitation through fiscal 2010.” (USDA, Food and Nutrition Service, 2009).

Expansion of the Community Services Block Grants:

The ARRA 2009 appropriated \$1 billion to Community Services Block Grants to supplement the existing CSBGs funds. These funds were “provided to States, Territories, Tribal governments, and State and national associations through block grant formula allocations and discretionary grants. In total, 149 grantees received CSBG ARRA funding.” (Vita and Simms, 2012) Some CSBG provisions differed from the original CBSG. These included “the share of the Block Grant that State grantees had to distribute to eligible entities (i.e., States could not use any CSBG ARRA funds for administrative purposes), the time frame for planning for the use of funds (i.e., the planning and implementation period was reduced from roughly 24 to 18 months), and the time frame under which funds had to be liquidated (i.e., this was reduced from 12 months to 3 months). Notably, ARRA also “allowed States to choose to increase the income eligibility limit for clients receiving services funded by CSBG (both under ARRA and the regular appropriation) from 125 percent of poverty to 200 percent of poverty for FY 2009 and FY 2010.” (Vita and Simms, 2012)

To address the shortcomings of the budget and address the educational needs, the ARRA provided \$100 billion to states, school districts, post-secondary institutions, and students. It contained “\$10 billion for the Title I Grants to Local Educational Agencies programme, a flagship programme of the War on Poverty’s Elementary and Secondary Education Act of 1965, which currently serves more than 23 million students in high-poverty schools, helping ensure access to a high-quality public education.” (CEA, 2014)

Impact of the American Recovery and Reinvestment Act 2009

These emergency provisions of the ARRA had a great impact on the poverty. If these provisions like increased SNAP benefits, unemployment benefits, etc. had not been taken into consideration, the rate of poverty would have risen immensely. But the situation was different. “The poverty rate rose only to 1.3 percentage points from 2007 to 2012.” (CEA, 2014)

These measures of the Recovery Act played a vital role in combating poverty during the economic downturn. Without this Act, “the Supplemental Poverty Rate would have been 1.9 percentage points higher in 2009 and 1.7 percentage points higher in 2010. Over the four years between 2009 and 2012, CEA estimates that 19.1 million person-years were kept from poverty as a result of the expansions created by the Recovery Act alone.” (CEA, 2014)

The Recovery Act was designed in such a way that it could produce both short-term gains and strengthen long-term growth. The administration took into consideration that both the quality and quantity of fiscal support should be up to the mark. So, the administration invested in infrastructure which would enhance economic productivity for a long period. These investments included high-speed internet access in rural schools, high-speed rail, health information technology, workers skills and training, etc.

ANTI-POVERTY PROGRAMMES OF OBAMA ADMINISTRATION

Obama administration instituted a series of antipoverty programmes to fight poverty during and after the recession. These programmes did a heroic work to lift the struggling families from the scourge of poverty. The anti-poverty programmes of the Obama administration are stated as under:

Expanding Healthcare Security

It is said that ‘health is wealth.’ But poor people do not realize this concept. Their foremost priority is food and shelter. They do not understand this fact that poor health cannot yield good performance. In America, this situation became the worst when the 2007-2008 Economic Recession struck the economy.

Through earlier legislations in the healthcare sector such as Medicare and Medicaid programmes, over 18 percent of the non-elderly people were not insured. While assessing American Healthcare System Robert Haveman and Barbara Wolfe identified eight major problems in the healthcare system: “(1) leaves many Americans uninsured; (2) constrains access to care; (3) presents problems with the

private insurance system that preclude coverage; (4) has high health care costs (over 16 percent of GDP); (5) has regressive and inefficient financing arrangements; (6) provides coverage for items traditionally not insured, including dental and eye care, which drives up costs; (7) allows private insurance carriers to deny coverage to people with “pre-existing conditions” and to cap lifetime coverage; and (8) leaves areas across the nation where access to medical care is limited, typically low-income and rural areas.” (Blumberg, 2012)

The major problems identified by Haveman and Wolfe affected millions of people in America. But the most vulnerable section has been the low-income families. That is why Katherine Swartz said, “there is no doubt that poverty is a contributing factor to poor health outcomes. Poor people have lower life expectancies, a higher prevalence of chronic illnesses and health conditions, and more unmet health needs than do people with middle-class and high incomes.” (Swartz, 2009)

To address the above shortcomings in the existing healthcare system, the Obama administration enacted the Patient Protection and Affordable Care Act (ACA) in 2010. The Affordable Care Act (ACA) was created to provide American people access to quality and affordable health insurance system.

The Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act known as the Affordable Care Act or nicknamed Obamacare was enacted in 2010 by the Obama administration. This Act had become a milestone in the history of American public health policy. This Act has come into being with the extension and revision of various laws which established the federal legal framework for the American health care policy. The goal of the Act was to establish a universal, affordable health care insurance from birth to retirement. To attain this universal coverage, the Act demanded shared responsibility amongst individual, employer and government. The Act aimed at “improve health-care value, quality, and efficiency while reducing wasteful spending and making the health-care system more accountable to a diverse patient population. It also aims to strengthen primary health care access while bringing about longer-term changes in the availability of primary and preventive health care” (Phcris, 2010). Thus, with this

Act, the government wanted to make strategic investments in the public's health, through both an expansion of clinical preventive care and community investments. The Act contained ten titles. Each of the ten titles addressed a significant component of the reform.

Medicaid Expansion

Medicaid is an “assistance program. It serves low-income people of every age. Patients usually pay no part of costs for covered medical expenses. A small co-payment is sometimes required. Medicaid is a federal-state program. It varies from state to state. It is run by state and local governments within federal guidelines” (hhs.gov, 2015).

Medicaid Expansion was included in the law. It included expansion for all those persons “with incomes up to 138 percent of the poverty line, regardless of family status or place of residence” (Blumberg, 2012). This expansion was made optional for the states by the Supreme Court. But the states participating in this expansion were financed by the federal government for the first three years, and after that, it was phased down to 90% federal funding and 10% state funding. The Congressional Budget Office estimated that this expansion would cover 17 million uninsured low-income American people.

As of 2016, 32 states adopted this expansion. Those states with expanded Medicaid “had a 7.3% uninsured rate on average in the first quarter of 2016, while those that did not expand Medicaid had a 14.1% uninsured rate, among adults aged 18 to 64” (Karpman, Sharon and Stephen, 2016). Following the Supreme Court ruling in 2012, which held that “states would not lose Medicaid funding if they did not expand Medicaid under the ACA, several states rejected expanded Medicaid coverage. Over half of the national uninsured population lived in those states” (Pear, 2013).

In a report to the Congress, Centre for Medicare and Medicaid Services estimated that the “the cost of the expansion was \$6,366 per person for 2015, about 49 percent above previous estimates. An estimated 9 million to 10 million people had gained Medicaid coverage, mostly low-income adults” (Zaldivar, 2016). The Kaiser Family Foundation estimated that “in October 2015 3.1 million additional people were not

covered because of states that rejected the Medicaid expansion” (Artiga, Anthony, and Rachael, 2015).

Health Insurance Exchanges

Health Insurance Exchanges began in January 2014. It was intended to provide “an organized marketplace for the purchase of health insurance set up as a governmental, quasigovernmental, or non-profit entity to help insurers comply with consumer protections, compete in cost-efficient ways, and to facilitate the expansion of insurance coverage to more people” (Blumberg, 2015).

It had set a series of “federal standards for insurers that sell products in both the individual and group health insurance markets, as well as (with certain limited exceptions not relevant to the topic of this article) for self-insured group health benefit plans sponsored by employers subject to the Employee Retirement Income Act” (Rosenbaum, 2011). This was done to eliminate any discrimination against women, children, and older people. In the words of Blumberg, the Act “bans lifetime and most annual dollar coverage limitations, the use of preexisting condition exclusions, and excessive waiting periods (i.e., longer than 90 days), and requires the use of ‘modified community rating’ so that prices can vary only to a limited degree based on age, as well as by family size and tobacco use” (Blumberg, 2011).

Improving Healthcare Quality, Efficiency and Accountability

For improving the quality and efficiency of healthcare and to promote accountability, certain broad changes were introduced into the Medicare and Medicaid. These changes entitled the Secretary of the US Department of Health and Human Services and the state Medicaid programmes to test new modes of payment and service delivery, such as medical homes, clinically integrated accountable care organizations, payments for episodes of care, and bundled payments.

The Act emphasized for the “establishment of National Quality Strategy (NQS). The purpose of the NQS was to generate multi-payer quality and efficiency measures to promote value purchasing, greater safety, and far more extensive health information

across public and private insurers” (PPACA, 2010). The Act also focussed upon the creation of Institute for Comparative Clinical Effectiveness Research to “promote the type of research essential to identifying the most appropriate and efficient means of delivering health care to diverse patient populations” (PPACA, 2010). The Act emphasized upon “the efforts to collect information about health and health-care disparities to allow the nation to better assess progress not only for the population as a whole but also for patient subpopulations who were at elevated risk of poor health outcomes” (Rosenbaum, 2011)

The Act invested \$1 trillion for the period of 2010-2019 with an aim to make the coverage affordable.

Making Primary Healthcare more accessible to medically underserved populations

According to the Robert Graham Centre (National Association of Community Health Centres), “an estimated 60 million individuals are considered medically underserved as a result of a combination of elevated health risks and a shortage of primary health-care professionals” (Robert Graham Centre, 2010). To alleviate this shortage for starting healthcare coverage, the Act focussed on the expanding of National Health Service Corps and community health centers. For this, the Act invested \$11 billion in health centers and \$1.5 billion in the National Health Service Corps for the financial year 2011-2015.

Closing Medicare Prescription Drug Benefit Programme

As of January 1, 2011, seniors who reach the prescription drug coverage gap in Medicare receive a 50 percent discount when buying Medicare Part D-covered brand-name prescription drugs. Over the next ten years, “seniors will receive additional savings on brand-name and generic drugs until the coverage gap is closed in 2020” (Blumberg, 2011).

Basic Health Insurance Option

The ACA also provided the option for the state to implement Basic Health Programme. This programme provided the states “95 percent of what the federal government would have spent on tax credits and subsidies for out-of-pocket costs for two groups: adults between 138 and 200 percent of the federal poverty level, and legally resident immigrants with incomes below 138 percent federal poverty level whose immigration status disqualified them from federally matched Medicaid” (Blumberg, 2011). This was considered as a good option for the low-income families who were not able to afford employer-based insurance.

Long term care

For those who needed long-term care, the Act created new Medicaid options. These options promoted community-based care and provided support to the family members of those with serious illness. It also established a voluntary long-term-care insurance program, the Community Living Assistance Services and Support Act.

The Act had covered a large number of people which were not insured before. The CDC reported that “the percentage of people without health insurance fell from 16.0% in 2010 to 8.9% during the January–June 2016 period” (Centre for Disease Control and Prevention, 2016). The “uninsured rate dropped in every congressional district in the US between 2013 and 2015” (Jester and Casselman, 2016). According to the Congressional Budget Office, “there were approximately 12 million people covered by the exchanges (10 million of whom received subsidies to help pay for insurance) and 11 million made eligible for Medicaid by the law, a subtotal of 23 million people. An additional 1 million were covered by the ACA's ‘Basic Health Program,’ for a total of 24 million” (CBO, 2016). The Urban Institute reported in December 2016 that “about 19.2 million non-elderly Americans had gained health insurance coverage from 2010 to 2015” (Bowen, 2016).

Educational Reforms

“A world-class education is the single most important factor in determining not just whether our kids can compete for the best jobs but whether America can out-compete countries around the world. America's business leaders understand that when it comes to education, we need to up our game. That's why we're working together to put an outstanding education within reach for every child” (Obama, 2011).

The role of education in the prevention of poverty has become significant over time. In the early 1960s, “high school dropouts were 3.8 times more likely to be poor than the college graduates. But in 2012, they were 6.1 times more likely to be poor” (CEA, 2014). The growth in the poverty gap by education is driven by growth in earnings inequality, which has led to much greater earnings for college graduates than for those with less education.

To address the above issues, the Obama administration strengthened the investment in the Nation's education system. The administration not only invested in coordinated state systems of early learning but also proposed policies on how to establish a foundation for success in the formative years of early life.

High-quality Education for Every Child:

Every child deserves to get a high-quality education, no matter where they stay. The Obama administration committed itself to providing high-quality education to every child so that when he/she enters the workforce, they get a good paying job. For this, they called upon all the states to develop and adopt standards in English, Languages Arts and Mathematics. They also supported the use of new measures of evaluation aligned with career-Ready standards. The new measures focussed upon higher-order skills and provided more accurate measures of student growth.

Reforming Education through Race to the Top:

Race to the Top Programmes was authorized under the American Recovery and Reinvestment Act. The ARRA provided \$4.35 billion for the Race to the Top Fund. It is “a competitive grant program designed to encourage and reward States that are

creating the conditions for education innovation and reform; achieving significant improvement in student outcomes, including making substantial gains in student achievement, closing achievement gaps, improving high school graduation rates, and ensuring student preparation for success in college and careers; and implementing ambitious plans in core education reform areas” (USDE, 2009).

Forty-six states and the District of Columbia submitted comprehensive reform plans to compete in the K-12 Race to the Top competition. Of these applicants, “19 states (serving 22 million students) received funding, 34 states modified state education laws or policies to facilitate needed change, and 48 states worked together to create a voluntary set of rigorous college- and career-ready standards” (White House, 2011).

The programme led the schools to change their education policies to make their applications more competitive. For example, “Illinois increased the cap on the number of charter schools it allows from 60 to 120; Massachusetts passed legislation to “aggressively intervene in [its] lowest-performing schools” (USDE, 2010). West Virginia “proposed but did not establish, a performance-based salary system that would have included student achievement in its compensation calculations” (Sam, 2010).

However, the programme was criticized by the politicians, policy analysts, and the educators. Conservatives argued that “it imposes federal overreach on state schools, and others argued that charter schools weaken public education” (The Guardian, 2008). In explaining why Texas would not be applying for Race to the Top funding, the then Governor Rick Perry stated, “we would be foolish and irresponsible to place our children’s future in the hands of unelected bureaucrats and special interest groups thousands of miles away in Washington” (Perry, 2009).

Making Science, Technology, Engineering, and Math (STEM) Education a Priority:

Through Race to the Top, states were challenged to submit applications that proposed ways and provided students with a rigorous course of study. It also “built statewide cooperative agreements among STEM-capable community partners and prepared

more students for advanced study and careers (particularly from traditionally underrepresented groups)” (USDE, 2010).

Also, President Obama launched the Educate to Innovate campaign to bring together a coalition of companies, foundations, and non-profits.

College Access and Affordability:

Under President Obama, “funding for Pell grants was doubled through the elimination of private-sector bank participation in the student financial aid market. New repayment options for student loan borrowers were initiated; limiting payments and offering debt forgiveness for public service” (ASCD, 2012). The administration also shifted student aid toward colleges that “do their fair share to keep tuition affordable, provide good value, and serve needy students well” (USDE, 2012).

Recognizing the importance of education in expanding skills and opportunities, the administration enacted various policies for providing college access and affordability for low-income students. The President also emphasized on modernizing America’s high school for real-world learning. The aim of the administration was to “provide challenging, relevant experiences and reward schools that develop new partnerships with colleges and employers, and that create classes that focus on technology, Science, engineering and other skills which the employers demand to fill jobs” (USDE, 2014).

Creating Jobs

Based on the evidence that “well-designed training programmes can improve employment and earnings” (Anderson, 2013), the Obama administration invested in subsidized employment and training opportunities for adults who were long-term unemployed. In 2009 and 2010, “372,000 low-income youth were placed into summer, and year-round employment and supported job opportunities were created for about 260,000 low-income individuals” (Amadeo, 2017).

The administration utilized all the available tools to help people get jobs who had lost their jobs through providing training and skill development. This included supporting training opportunities that lead directly to a job. The administration also “invested \$1.5 billion in community college business partnerships in all 50 states to build capacity and develop curricula to train workers for jobs in growing industries” (Cassidy, 2017).

Fighting for Workers

One of the most important anti-poverty measures had been ‘work’ through which people support their families. In 2013, the federal minimum wage was at the same inflation-adjusted level as it was in 1950. A full-time worker was earning \$7.25 per hour. The Obama administration finalized the rules to extend minimum wage and overtime protections to nearly two million direct care workers who provide care assistance to older adults and people with illness, injuries, or disabilities. He in the State of the Union stated that,

“Of course, nothing helps families make ends meet like higher wages. ... And to everyone in this Congress who still refuses to raise the minimum wage, I say this: If you truly believe you could work full-time and support a family on less than \$15,000 a year, go try it. If not, vote to give millions of the hardest-working people in America a raise.”(Obama, 2015).

The Congressional Budget Office estimated that “raising the minimum wage would reduce the number of persons below the poverty income threshold by 900,000 under the \$10.10 option versus 300,000 under the \$9.00 option.” (CBO, 2014). Research conducted by David Neumark and colleagues found that “minimum wages are associated with reductions in the hours and employment of low-wage workers.” (Neumark, Mark, and William, 2014).

But the opponents criticized the move of Obama administration. They argued that “the beneficiaries are largely middle-class teenagers, and those most in need of assistance are kept out of jobs by high wages” (Doucouliagos and Stanley, 2009). Some economists also criticized this step. According to a survey conducted by Harvard economist Greg Mankiw, 79% of economists agreed that “a minimum wage increases unemployment among young and unskilled workers.” (Mankiw, 2016).

A 2015 survey conducted by the University of New Hampshire Survey Center found that “a majority of economists believed raising the minimum wage to \$15 per hour would have negative effects on youth employment levels (83%), adult employment levels (52%), and the number of jobs available (76%). Additionally, 67% of economists surveyed believed that a \$15 minimum wage would make it harder for small businesses with less than 50 employees to stay in business.” (Smith, 2015).

In April 2014, the U.S. Senate debated the Minimum Wage Fairness Act. The bill would have “amended the Fair Labor Standards Act of 1938 (FLSA) to increase the federal minimum wage for employees to \$10.10 per hour over the course of a two-year period.” (Congress.gov, 2014). But it was strongly opposed by the Republicans in the Senate and the House and could not be implemented.

Obama’s Promise Zone Initiatives

Living in high poverty areas presents a wide variety of challenges, including crime, limited access to education, and scarcity of good jobs. Since these issues often interact with each other and compound the problems they create, it is very difficult for the people, particularly children to deal with these disadvantages associated with poverty.

For this, the Obama administration “advanced a new approach to federal engagement with the communities. The administration abandoned the outdated top-down approach that invested in the communities in favour of a collaborative federal role driven by a partnership with local officials” (White House, 2016). A centerpiece of this approach is the President’s Promise Zone Initiative. The Promise Zone Initiative is part of the “President’s plan to create a better bargain for the middle-class by partnering with local communities and businesses to create jobs, increase economic security, expand educational opportunities, increase access to quality, affordable housing and improve public safety” (White House, 2016).

The Initiative has been based on the Department of Housing and Urban Development’s Choice Neighbourhoods and the Department of Education’s Promise Neighbourhood Grants Programme. As of 2014, the administration invested \$248 million in Choice and \$157 million in Promise since 2010. Promise Neighbourhoods

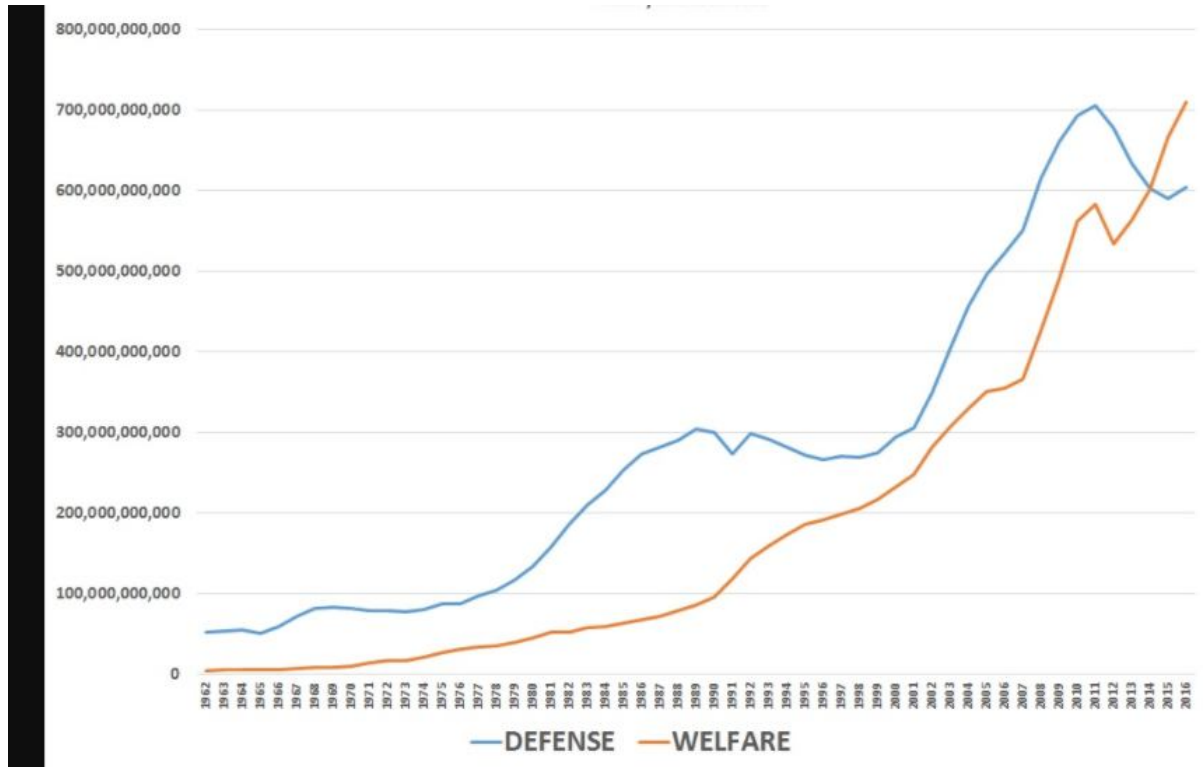
Grants have supported approximately 50 communities representing more than 700 schools. Since 2010, the administration announced three rounds of Promise Zone designations. Through these initiatives, the administration supported local efforts to transform low-income urban, rural, and tribal communities across the country.

In the contemporary American society, implementation of some programmes is not enough for fighting poverty. Strengthening of the economy is also required. Barack Obama after assuming the office faced the critical challenge of stabilizing economy and managing the income inequality and poverty. Therefore, the Obama administration focussed on the recovery of the economy by enacting the American Recovery and the Reinvestment Act. The administration also focussed on education and healthcare reforms but had little attention towards the antipoverty programmes. Moreover, the President has been extremely careful to avoid the term ‘poor’ preferring instead to use the term ‘working families’ or the ‘middle-class families.’ But this does not mean that the administration was not keen to mend the US Safety net.

The administration was focussed on skills development, partially as a result of various researches which had shown that American workers were simply not qualified for jobs of that time and that the country as a whole was losing its competitiveness on the global stage. Therefore, the administration’s focus on the skills development meant enabling working individuals to earn a decent living wage in the competitive market conditions. An improved distribution of skills and education in the US labour force would address the problem of income insecurity.

Obama became the first President to spend more on welfare than on defense. According to the Office of Management and Budget, the means-tested entitlement spending exceeded defense spending for the first time. In the fiscal year 2015, “total national defense spending declined to \$589,965,000,000 while means-tested entitlement spending climbed to \$666,900,000,000. Likewise, in 2016, means-tested entitlements (\$709,600,000,000) exceeded to national defense spending (\$604,452,000,000)” (Jefferey, 2017).

Fig. Obama was First President to Spend More on Welfare than National Defense. Office of Management and Budget Spending Numbers on National Defense and Means-tested entitlements for the Fiscal Year 1962-2016.



Source: http://cdn.cnsnews.com/chart-welfare_and_defense_spending-1962-2016-1.jpg

Comparing Obama Administration's approach with that of Bush Administration

Before discussing the approaches of both the Administration, here, it is imperative to explain the critical elements of their economic policies. Both the administration used expansionary fiscal policy to combat recessions by stimulating economic growth.

The Bush administration fought the 2001 recession with tax cuts. Two important tax cuts (EGTRRA and JGTRRA) were passed in his period. Both these tax cuts helped business recover from the downturn caused by the 9/11 attacks. But these tax cuts were not the effective way to stimulate job growths.

However, he missed an opportunity to react quickly to Hurricane Katrina. According to the CBO estimates, "the gross domestic product fell to 1.5% in 2005 due to the damage caused by the storm" (CBO, 2006). He then added \$33 billion to the FY 2006 to clean up the mess.

On the other hand, the Obama administration passed the \$787 billion Economic Stimulus Act as a response to the 2007-2008 recession. This Act created jobs in education and infrastructure, ending the recession in the third quarter of 2009. Obama also used Troubled Asset Relief Programme funds to subsidize homeowners stuck with upside-down mortgages.

Both Presidents took action to address the rising healthcare costs. Bush created "Medicare Part D Prescription Drug Programme. It helped seniors with prescription drug costs up to a point, known as the doughnut hole. Bush did not create any tax increases to fund this program. As a result, it added \$550 billion to the debt.

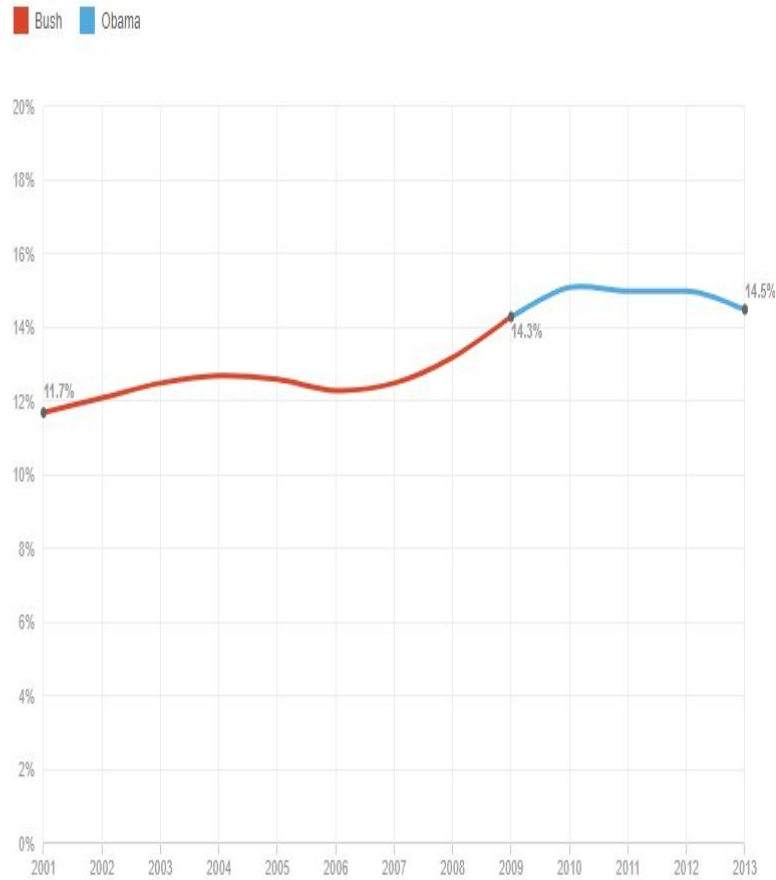
In 2010, Obama pushed through the Affordable Care Act. Its goal was to reduce health care costs. The benefits it provided were realized after 2014. Obamacare closed the Medicare doughnut hole" (Kimberley, 2017). More significantly, it provided everyone with the health insurance. That "cuts health care costs by allowing more people to afford preventive health care. They could treat their illnesses before they become catastrophic. That means fewer people relied on expensive emergency room care. The ACA was paid for with a variety of taxes" (Amadeo, 2017).

Other major difference between the Bush and Obama administration was that the Obama administration focussed more on “programme alignment and interagency cooperation than was the case under the Bush administration” (Daguerre, 2010). The Workforce Investment Act required the states and localities to use a centralized service delivery structure- to provide federally funded employment and training assistance for low-income individuals. The Act encouraged states to create a single office for employment and training programmes, but there was no systematic fusion between TANF and one-stop centers. Any cooperation between TANF and the one-stop system was voluntary. Because the Work Investment Act is a block grant, the legislation needed to be reauthorized, and the Obama administration reauthorized this Act in 2014.

The Obama administration was truly committed to raising the educational levels of the entire American workforce. This agenda was driven by the President himself, who had called for each American “to commit to at least one year or more of higher education or career training” (Obama, 2009). The focus of the Bush administration was much more on employers. Obama’s emphasis was not only on the economy but people’s welfare, particularly low-income families.

In spite of the above efforts, 43.1 million people remained poor in 2016. Although the efforts taken by the Obama administration after the recession were remarkable, yet the people of America continued to remain poor.

Fig. Poverty under Bush and Obama Administration



Source: The US Census Bureau

The poverty rate in 2008 steadily increased to 13.2%. Under the Obama administration, the poverty rate reached 15.1% in 2010 but declined to 14.5% by 2013. As of 2014, some six years after the beginning of the recession and during a period of recovery, the rate of poverty remained high at 14.8%. In fact, according to these statistics, the rate of poverty for every year Obama has been president was higher than it was for every year during George W. Bush's presidency.

CHAPTER 6
CONCLUSION

This research began with a few questions: how is poverty defined in America and how does it differ from the definitions of poverty by the United Nations and the World Bank? What has been the procedure to measure poverty in America? What are the primary causes of poverty? Why have a certain section of people and certain geographical areas continued to remain poor in the United States? What legislative and executive measures have been taken to combat poverty in America? What have been the policies and programmes undertaken by the Bush and Obama Administrations for combating poverty in America? What has been the sociopolitical impact of poverty in America? The thesis now revisits these questions in turn.

America, being a prosperous nation, has one of the world's largest economies. It has one of the world's highest per capita Gross Domestic Product. Also, America has been a stable democracy. Many economic and technological innovations have been made in America. As a consequence, America continues to be an attractive destination for the job seekers which have led to the growing number of immigrants. In spite of having these credentials, substantial numbers of Americans suffer from the problem of poverty. The problem is not as large as it is in the vast number of developing countries like Liberia or Niger. But it is not as small as it is in countries where there is very high standard of living (like Denmark and Germany).

To answer the question, how is poverty defined in America and how does it differ from the definitions of poverty by the United Nations and the World Bank? The thesis has noted that America has adopted the general definition of poverty where the US Census Bureau considers a person as poor if he or she lacks basic necessities needed for survival. Interestingly, the definition provided by the US federal government is coterminous with the definition provided by the United Nations and the World Bank. However, when discussed in detail, it becomes clear that the poverty line or the threshold in America is considerably higher than the poverty line defined by the World Bank. In a developing country like India, a good number of people fail to earn even \$1 or \$2 per day. Moreover, even in America, the level of income that people believe is needed to avoid poverty is higher in the present time than it was at the beginning of the twentieth century. Thus it can be said that the measures taken to define poverty are lacking value.

Although poverty by and large indicates deprivation, it is a multidimensional concept with different effects on those who are struggling to come out of it. It certainly involves material and economic hardship, such as maintaining a good standard of living. But for some, poverty is something compared with the luxuries available to other people. Some people manage to come out of poverty after availing the resources and measures provided to them, though a significant minority do not use these resources fruitfully. After getting proper education, they get proper employment which helps in raising their standard of living.

To answer the second question, what has been the procedure to measure poverty in America? The thesis has described the measures of poverty which differentiated between the Absolute and Relative Measures. It has also discussed how poverty is measured in America. The United States has been using two different but interrelated poverty measures. The first one is the 'Poverty Threshold' managed by the US Census Bureau, and the other one is administered by the Department of Health and Human Services known as the 'Poverty Guidelines.' The 'Orshansky's Poverty Thresholds' formed the basis for the measurement of poverty in the United States. However, this measure began to be criticized, and suggestions for an alternate poverty measurement began to emerge. In the early 1990s, the American poverty measurement was re-examined by a panel established by the National Academy of Sciences. Based on the recommendations of the panel, the United States Census Bureau started reporting a Supplemental Poverty Measure since 2011 regularly. Supplemental Poverty Measure is an effort to update poverty measurement, but its approach is conceptually similar to the Orshansky's Poverty Measure. The concept of Poverty Measurement, the issues related to it and the alternatives Poverty Measurement have been discussed at length in Chapter 2.

The third question posed in the thesis is: What are the primary causes of poverty? The thesis delves into the details of the causes of American Poverty. Looking from the theoretical point of view, it can be said that the causes of poverty can be behavioural or structural or political. But when these theories were analyzed, it was found that none of the theories were complete in itself. And the causes are a complete mixture of all these theories. Some are related to the behavioural causes, and others are related to the structural issues. Moreover, the political factors in dealing with the causes of poverty cannot be ignored. Also, it is evident that the causes of poverty differ with the

age groups. However, the causes of poverty are lower work rates, drug abuse, lack of affordable education, high medical expenses, and growing numbers of immigrants and, lack of affordable housing. The above-mentioned causes have been discussed in detail in Chapter 2.

To answer the fourth question, Why have a certain section of people and certain geographical areas continued to remain below the poverty line in America?- Over the time, the rate of poverty has fallen for all the racial and ethnic minorities. However, gaps continue to exist. The poverty rate among African Americans has come down to 25.8% from 55%. Similarly, the poverty rate among the Hispanics is 27.8%. This shows little reduction in the poverty rates of the Hispanics. For both these sections of people, the official, as well as the supplemental poverty rates, tell similar stories. For these people, the removal of legal barriers to employment and reduction in other forms of discrimination has played a larger role in narrowing of the poverty gap. However, disparities continue to exist, especially for African Americans. Economic dislocation along with continued racism and racial animosity, wealth differentials, segregated housing and employment networks, family instability, and substandard schooling in lower-income areas fuels them. These problems are evident with the Hispanic Population with high immigration from the Latin American countries has continued, and these new immigrants fare worse than the native population. This is because of the language barriers, unfamiliarity with the local labour markets, and lower level of education. Latinos show a high level of employment rates but low wages.

However, the Supplemental Poverty Measures (SPM) reveals that Asian Americans have a slightly higher poverty rate than the national average. The higher SPM rate for Asian Americans reflects, in part, the fact that they tend to live in high-cost metropolitan areas (Los Angeles, New York City, etc.) and the SPM poverty thresholds are higher in such places due to its geographic adjustments for cost of living.

The women, children and female headed families have continued to remain poor. Single-parent families have been considerably more vulnerable to poverty than the married-couple families. Single-parent families particularly headed by the females face multiple challenges including good jobs, earning low income than men and,

raising children by themselves. Though the wage gap between the men and women have narrowed considerably, gender discrimination still produces unequal outcomes in the labour market.

The fifth question posed in this thesis is: What legislative and executive measures have been taken to combat poverty in America? -To answer this question, the thesis has in detail discussed the legislative and executive measures adopted to fight poverty in America in Chapter 3. The thesis has traced the historical background of American poverty laws along with the present laws. In America, there are two important government programmes which are aimed at fighting poverty. One is the 'Social Insurance Programmes,' and the other one is the 'Public Assistance programmes.' The Social Insurance Programmes are the universal programmes that do not set eligibility criteria based on the income of the people. Social Security and Medicare are perhaps the two most important Social Insurance Programmes. Public Assistance Programmes specifically target the low-income people. They are the 'means-tested' programmes which mean that a person or family can only qualify to get this if they earn a certain amount of money. Temporary Aid to Needy Families and food assistance (SNAP) are the two significant examples of public assistance programmes.

Without the implementation of these programmes, the poverty rate would have been much higher. These programmes led to the overall reduction of poverty by 55% in 2012.

To answer the question, what have been the policies and programmes undertaken by the Bush and Obama Administration for combating poverty in America? The thesis has explained and analyzed the policies and programmes of the Bush and Obama administration in detail in Chapter 4 and Chapter 5. Here it is imperative to mention that both these Administrations faced recession. So, the policies undertaken by these administrations reflect the need for such programmes which could deal with the situation. Both the Administrations were challenged not only for strengthening the economy but also strengthening the safety net. That is the reason why the Bush administration launched the Bush tax cuts and the Obama administration enacted the American Recovery and the Reinvestment Act. Both these Administrations were focussed on the Education and Health care of the people. For this, the Bush administration enacted the 'No Child Left Behind Scheme' whereas, the Obama

administration launched 'Race to the Top' Programme. They also brought about different educational reforms and strengthened the education system. For making the health care affordable and accountable, both these administrations enacted different legislations. The Bush administration enacted the Medicare Part D Prescription Drug Programme whereas the Obama administration implemented the Patient Protection and the Affordable Care Act.

While comparing the programmes of both these administration, it became clear that the Republican believes in strengthening the economy. They view that a strong economy would eventually lead to the eradication of poverty. On the other side, the Democrats are opposed to this view. They are of the view that the poverty should be targeted directly and the relief measures should be provided to the people in the form of benefits. That is why the Democrats believe in the entitlement programmes.

The final question is, what has been the sociopolitical impact of poverty in America? This is a serious issue. Despite having various anti-poverty programmes, children to the older adults, all have been in the clutches of poverty. Children growing up in disadvantaged situations face more acute problems of health than the one growing up with stable economic conditions. Children born into downtrodden families are more likely suffer the problem of a low weight which is associated with preventable physical and mental illness. As a consequence, they miss their school more often because of their health. They also lack a good level of educational attainment and skill training which lead them to get low-income jobs. Also, due to job loss and subsequent scarcity, violence in families and the child and elder abuse become common. They also get engrossed in criminal activities and become victim of drug abuse. Most of them, moreover, face homelessness. Being homeless, they lack proper nutritious food and immunization. That is why the homeless women experience higher rates of low-birth-weight babies, miscarriages, and infant mortality, probably due to not having access to adequate prenatal care for their babies.

The Americans do have various programmes to fight poverty and the impact of poverty eradication strategies cannot be ignored. However, here it is important to mention that the policies have some limitations. The poverty rates depend mostly on trends in income growth, and prevalence of inequality. Setbacks due to recession is

natural, but if the economy remains strong, the poverty rate will obviously come downwards.

Also, American people accept a certain amount of income inequality as an inherent part of the market systems as compared with the Northern and Western European countries. These countries have lower Gross National Products per capita and lower poverty rates than in the United States. At the same time, the American people favour income support structures of the modern welfare state. There has been a wide acceptance of these policies and programmes which reduce poverty and hardship and provide some degree of income security, particularly for low-income families.

The research is based on the following hypothesis. First, the Democratic Party's entitlement programmes have been more efficient than the '*trickle-down approach*' of the Republican Party in alleviating poverty in the US. Second, Entitlement Programmes that provide unemployment benefits such as, housing, food stamps, Medicare, among others, have failed to alleviate poverty in the US.

While comparing the Bush administration (from the Republican Perspective) with that of the Obama administration (from the Democratic Perspective), it has become clear that the entitlement programmes of the Democratic Party were much more effective in alleviating the poverty. These programmes through aids and assistance directly target the poor people. That is why the poverty rate which was 12.2% in 2000 raised to 13.2% in 2008, and finally, it was 13.5% in 2015 in spite of the fact that the country faced one of the worst recessions. It was the result of the entitlement programmes that the poverty rate which has risen considerably after the 2007-2008 recessions, came down to this level. Also, it was the Democratic Party's Lyndon B Johnson who through these entitlement programmes and poverty reduction strategies led the country's poverty to a historic low. Thus, it shows that the argument put forth by the Republican leaders that the trickle down approach would alleviate poverty does not hold true.

On the basis of above argument, the first hypothesis is justified that the Democratic Party's entitlement programmes have been more effective than the '*trickle-down approach*' of the Republican Party in alleviating poverty in the US.

The Second hypothesis that the Entitlement Programmes that provide unemployment benefits, housing, food stamps, Medicare, among others, have failed to alleviate poverty in the US does not hold right. Substantial progress has been made in reducing poverty since President Johnson launched major policy initiatives against poverty. The poverty rate fell from 25.8% to 13.5%. Much of this decline was due to the increased the safety net expansion set in motion by the Johnson Administration. The safety net programmes lifted 45 million people from poverty, and between 1968 and 2012 prevented 1.2 billion 'person years' from living below the poverty line.

Thus, on the basis of these key findings, the thesis argues that the anti-poverty programmes of America have been successful, to some extent, in reducing poverty in America.

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