

American Poverty is Poorly Understood

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Abstract

Poorly Understood: What America Gets Wrong about Poverty, by Mark Robert Rank, Lawrence M. Eppard, and Heather E. Bullock, was published by Oxford University Press in the spring of 2021. This book is one of the first of its kind to systematically address many of the most widespread myths and stereotypes surrounding American poverty. In the following conversation, two of the book's authors, Mark Robert Rank and Lawrence M. Eppard, discuss *Poorly Understood* and some of the myths contained in it.

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Lawrence M. Eppard (LE): Alright Mark, why don't we begin by talking about how this book came about.

Mark R. Rank (MR): Well it was you who had the original idea.

LE: Yes, I remember a while back I was looking for the answer to a research question and became a little embarrassed when I could not find it. So I called a friend of ours, David Brady, who is a poverty researcher out in California at UC-Riverside, to see if he had any ideas. When he couldn't answer the question either it got me to thinking: if we cannot answer this research question, with all of our research training, social contacts, and incredible access to numerous expensive academic journals and databases thanks to our university affiliations, then how must the American public feel when they are trying to answer similar questions?

So that was the first motivation, the idea that it would be useful to put a bunch of poverty myths in one place and to explain them in a manner that is accessible to the general public.

Another motivation had to do with why these myths matter. Many of our behaviors, including whether we discriminate against certain groups as well as what types of social policies we will support, are informed by these myths. So I felt it was a book that would be really useful to people.

MR: I agreed with you immediately when you called and pitched me the idea. We both went looking in our university libraries and online at places like Amazon and were surprised that such a book did not exist, or at least we could not find one like it. So we set about the task of writing it with our colleague Heather Bullock who had worked with us previously on *Rugged Individualism and the Misunderstanding of American Inequality*.

Few topics have as many myths, stereotypes, and misperceptions surrounding them as that of poverty in America. Indeed, poverty has been badly misunderstood since the founding of our country. These myths are everywhere, from our politics to the neighborhood gossip down the street, and much of the rhetoric is heated and demeaning toward the poor, particularly when welfare is thrown into the conversation. Not all myths are completely untrue, but they contain a great deal of bad information and we felt it was time to set the record straight.

LE: Alright, well let's briefly go through some of these myths.

Myth: Most of the Poor are Black

LE: One of the most important myths that we address in *Poorly Understood* is that most of the poor are Black.

This is not true. Most poor Americans are not Black, and most Black Americans are not poor.

This is not a particularly hard myth to debunk. Recent data from the U.S. Census Bureau reveal that about 23% of the poor are Black—nowhere near a majority. About 43% of the poor are non-Hispanic White.

MR: That's right, and this is a very damaging myth. There are well-known employment audit studies by Devah Pager and others which show that racial discrimination is still quite prevalent in the American labor market. There are a number of myths and stereotypes that undergird the prejudice responsible for this discrimination, but myths about African Americans' work ethic and morality are surely a part of that.

Additionally, another crucial problem related to this myth is how it informs Americans' support—or lack of support—for social policies which might alleviate poverty.

A number of studies, including the classic book from Martin Gilens, *Why Americans Hate Welfare*, have demonstrated that racial prejudice plays a major role in undermining support for social policies in the U.S. Policies which conjure racial imagery in the American mind and thus also activate beliefs about a lack of deservingness among certain social groups, particularly African Americans, get low levels of support.

LE: I actually conducted a follow-up study recently, along with some of my students, which built upon the great work of Martin Gilens.

We distributed a survey among college students on three campuses in Pennsylvania, Virginia, and West Virginia. We had respondents answer a number of questions related to their views on race as well as their views about government and a variety of social policies. From those questions we were able to construct a racial prejudice measure and government support measure.

Our racial prejudice and government support variables were strongly negatively correlated. Those who displayed a high level of racial prejudice were much less likely to view government favorably or to support a variety of social policies.

To give one example, only 27% of high-prejudice individuals supported expanding the SNAP program (commonly known as "food stamps"), while 80% of low-prejudice individuals supported such expansion.

MR: We should note that African Americans do have much higher rates of poverty than Whites as a group. About 8% of non-Hispanic Whites experienced poverty in 2020 according to the U.S. Census Bureau, compared to almost 20% for African Americans. That is a substantial difference which can be explained by a variety of factors, including the important and persistent phenomenon of neighborhood segregation.

LE: Indeed. Patrick Sharkey's research, for instance, shows that more than three quarters of African American children grow up in highly disadvantaged neighborhoods, compared to only 5% of White children. And this has a devastating impact on the life chances of African Americans.

As the work of Raj Chetty and Nathaniel Hendren and others has powerfully demonstrated, one's likelihood of college graduation, employment, upward mobility, incarceration, and marriage in adulthood, among other important life outcomes, are strongly associated with where one is raised.

Segregation is thus a blight in urgent need of correcting.

MR: That's right. Chetty's data show that neighborhoods in the same city, sometimes within walking distance of each other, offer vastly different opportunities to children. You mentioned in a recent newspaper article a neighborhood in Pittsburgh where around half of low-income children go on to be upwardly mobile, but less than 1% of children raised in other neighborhoods in the same city experience such mobility. This pattern is repeated in cities all over the country.

These data are disturbing and are inextricably linked with racial inequality.

Myth: Poverty Happens to “Other” People

LE: This was an important myth to include in the book, and we were lucky that we were collaborating with you on this project, since you have done some of the first and most important work on the life course risk of poverty in the U.S.

We are all in your debt for this work, myself included—your life course work played a huge role in guiding me toward this area of research in the first place.

MR: Well thanks Lawrence. The work you mentioned, which I conducted with my colleague at Cornell University, Tom Hirschl, clearly shows that about 59% of Americans will experience poverty under the official threshold in their lifetime, 68% below the 125% threshold, and 76% below the 150% threshold.

So poverty does not happen to other people—it happens to us.

I had long been interested in how to take this research and make it accessible to the general public, not just have it sit in a university library somewhere where only a small group of academics pays attention to it.

With this in mind, I recently created a website, confrontingpoverty.org. People can go to the site and learn about American poverty by exploring the various sections on facts and myths, discussion guides, linked research, multimedia, and more.

One of the most exciting areas of confrontingpoverty.org is something that I developed with Tom Hirschl called the “Poverty Risk Calculator.” It is really unique. Individuals can go to our site and click on the calculator and actually estimate their particular risk of poverty over the next five, ten, and 15 years. We've taken hundreds of thousands of cases of longitudinal data and distilled it into a tool that individuals can easily use and understand.

Our calculator and website are being used in a variety of settings from high schools and colleges to a variety of organizations in over 200 countries all over the world.

I'm really excited and proud that we've been able to take our research and really make it accessible to the general public.

LE: Your website and calculator are really fantastic, I use them all the time in class. And the broader point all of this makes is so important: poverty is something that happens to many, many Americans.

And something else that is important to mention is that, contrary to popular belief, most Americans who fall into poverty fight hard to escape, and most do so within a relatively short period of time.

Ann Huff Stevens shows in her research—which builds upon the classic earlier work of Mary Jo Bane and David Ellwood—that a slight majority of the poor will escape within a year of falling into poverty, while around 70% will escape within two years.

Bane and Ellwood put it this way:

“Consider the situation in a typical hospital. Most of the persons admitted in any year will require only a very short spell of hospitalization. But a few of the newly admitted patients are chronically ill and will have extended stays in the hospital. If we ask what proportion of all admissions are people who are chronically ill, the answer is relatively few. On the other hand, if we ask what fraction of the number of the hospital's beds at any one time are occupied by the chronically ill, the answer is much larger. The reason is simple. Although the chronically ill account for only a small fraction of all admissions, because they stay so long they end up being a sizable part of the hospital population and they consume a sizable proportion of the hospital's resources. The same basic lesson applies to poverty. Only a small fraction of those who enter poverty in any given year will be chronically poor. But people who will have long spells of poverty represent a sizable portion of the group we label ‘the poor’ at any one time.”

There is an old saying, “There, but for the grace of God, go I.” To put that another way, “That could have been me if it hadn’t been for dumb luck or divine intervention.”

Many social problems ensnare some people and not others because of nothing more than slight twists of fate: being born in the wrong neighborhood, working a job in an industry that vanishes, etc. Recognizing this allows us to see our commonality and realize that we all need a safety net in case we ever find ourselves on the short end of the stick.

If we believe that poverty can only happen to “other” people, we are much less likely to support robust social policies that would require us to pay to insure ourselves against problems we think could never possibly happen to us.

MR: I should mention as well that even if poverty did happen only to “others,” which it doesn’t, our entire society ends up paying for poverty regardless of who experiences it.

I’ve done some research with Michael McLaughlin which shows that child poverty costs the U.S. over a trillion dollars per year in terms of reductions in economic activity and increases in costs related to health, crime, and incarceration which are associated with child poverty. Additionally, we show that for every dollar spent in poverty reduction, we would save more than seven dollars in terms of the economic fallout from poverty.

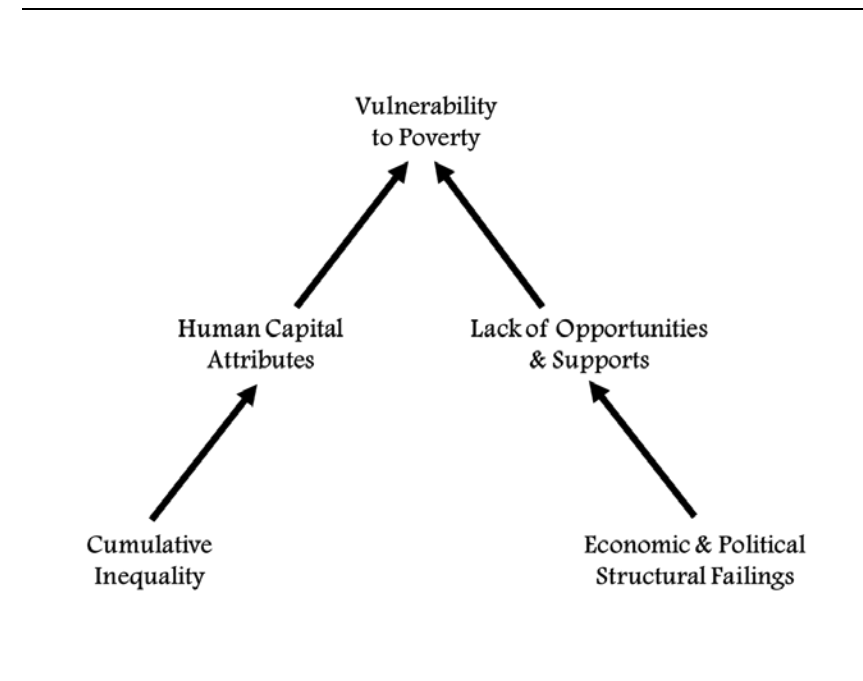
So our society pays for poverty one way or another, we just pay more if we allow it to happen than we would if we paid to prevent it.

Myth: Hard Work and Smart Choices are Enough to Prevent Poverty

LE: Those who work hard and make smart choices will likely have a lower risk of poverty. But to truly understand a person’s risk, we must understand both their individual attributes as well as the context in which those attributes are utilized. And Mark I think your structural vulnerability perspective, which I have used for years in my research and teaching, is particularly instructive in this regard.

MR: Yeah there is this common belief in America that people are poor because of some kind of individual failing. The structural vulnerability model of poverty that I have developed, which is the basis of a forthcoming book of mine, acknowledges the importance of individual characteristics in predicting who loses out in the economic game. Individual characteristics such as education and skills, for instance, are rather important. But explaining why some people win and some people lose in the economic game is not the same thing as explaining why the game produces losers in the first place.

Figure 1. Mark Rank’s Structural Vulnerability Model of Poverty



The analogy that I like to use to illustrate this is to compare it to a game of musical chairs.

Imagine a game of musical chairs in which there are ten players but only eight chairs. Individual success or failure in the game is certainly associated with the skill and luck of each player. Those who are less agile or are in the wrong place when the music stops are more likely to lose. These are appropriately cited as the reasons a particular individual has lost. Yet we must understand that, given that there are only eight chairs available, two players are guaranteed to lose regardless of their characteristics. In fact, each player could have the maximum amount of each skill necessary to be highly competitive in this game, and the fact remains that two will lose regardless of their attributes.

Seen in this broader context, the characteristics of the individual players are no longer of primary importance in terms of understanding why there are losers—the structure of the game ensures that this is inevitable.

Myth: Poverty is Unavoidable

LE: Okay Mark let’s do one more before we wrap up our conversation: the myth that the poor will always be with us, that there is not much we can do about poverty.

MR: If you look at the data, this myth loses much of its power. Some wealthy OECD countries have poverty rates approaching 20%, while others have rates below 5%. So this myth has some truth to it—no country has eliminated poverty—but these vast differences in poverty rates suggest that there is much we can do to drastically reduce the number of people suffering from economic insecurity.

LE: And these differences have been shown to be strongly associated with these countries’ social policies. Some of the best work on this comes from our aforementioned colleague David Brady. What his work and the work of others have shown is that countries with robust social welfare policies tend to have much lower poverty rates than countries with more minimal policies.

One of the easiest ways to demonstrate this is to look at the pre-tax/transfer poverty rates in OECD countries, compare them to the post-tax/transfer rates, and then examine the amount of reduction that is achieved. Some countries reduce poverty by an impressive 80%, while others reduce poverty by only 35%. This is due to the decisions they make in the areas of taxation and social welfare.

MR: There is much we can do. The question is not if we can prevent poverty, but if we want to. I believe it was Timothy Smeeding who said something like, “We have more inequality and poverty than other nations because we choose to have more.” I think that’s right.

LE: How hopeful are you about the future of all of this?

MR: If you asked me this question even a decade ago my answer would be very different. But at this moment I am feeling rather optimistic.

The combined energy of Black Lives Matter and #MeToo and Occupy and more suggest to me that there are tectonic societal and cultural changes underway in this country. There seems to be a much deeper understanding of structural forces here than ever before, particularly among younger people. Hopefully this all continues and results in real progress.

We hope our book, *Poorly Understood*, helps in this ongoing conversation.