1 Introduction

The noted historian Michael Katz (2003, 9–10) writes:

The American welfare state resembles a massive watch that fails to keep very accurate time. Some of its components are rusty and outmoded; others were poorly designed; some work very well. They were fabricated by different craftsmen who usually did not consult with one another; they interact imperfectly; and at times they work at cross-purposes.

Indeed, American social policy does have many clumsy qualities and is quite underdeveloped. One of the consequences of this is that the United States has very high levels of poverty, especially relative to other affluent democracies (Rainwater and Smeeding 2004; Brady 2009). This strikingly high poverty and its seeming intractability have often led to a fatalistic view that social policy cannot or never will be able to reduce poverty.

In contrast to such fatalism, this essay contends that several U.S. social policies effectively reduce poverty. To advance this argument, we review the recent social science literature on U.S. social policy and poverty. We concentrate attention on recent articles in journals of public policy, economics, social work, demography, and sociology. We discuss the effectiveness of the most relevant and salient social programs. Finally, we conclude by discussing the limitations of the literature's exclusive focus on the U.S. case.

We argue that the field would benefit from greater incorporation of the comparative social policy literature. Before proceeding, we describe the patterns of poverty in the United States. In the process, we explain the problems with the official U.S. measure of poverty.
2. **The Official U.S. Measure of Poverty**

According to the official U.S. measure of poverty, about 12.5 percent of the population was poor in 2007 (see Table 32.1). Poverty also varies considerably across demographic groups. Only 10.5 percent of whites and 10.2 percent of Asians were poor, whereas 24.5 percent of blacks and 21.5 percent of Hispanics were poor. As has been well documented, a large share of U.S. children is poor. In 2007, 18.0 percent of children fell below the official threshold. By contrast, only 9.7 percent of elderly adults (over 64 years old) were poor.

Such patterns inform a great deal of poverty scholarship and debates. The key problem is that these numbers are based on the flawed official U.S. measure. Experts have known since at least the 1980s that the official U.S. measure has serious limitations (Citro and Michael 1995; Brady 2003; Blank 2008). Indeed, the problems have worsened over time such that the official measure is even less reliable and less valid today than it was a decade or two ago (Brady 2009). Nevertheless, the official measure continues to be widely used, prominently discussed in the media and in policy debates, and entrenched in the federal government (Brady 2003). The Obama administration recently approved the dissemination of a supplemental poverty measure, but this measure does not actually replace the problematic official measure.

There are at least four major problems with the official measure (see Brady 2003, 2009). First, the official measure is out of date. The measure was established in the late 1960s, but was actually based on data from the mid-1950s. As a result, the official measure fails to consider many needs of contemporary families, such as paid child care and health care. The official measure was originally based on the assumption that families needed income for an emergency food budget multiplied by three. This assumption was never tested, and because the thresholds have only been updated for inflation, this anchoring no longer exists. Plus, it is clear that food is a smaller share of family expenses today. Second, the measure’s thresholds are simply too low relative to the needs of contemporary families. Convincing historical evidence shows that the measure was intentionally set low to ease the political goal of “winning the war on poverty” (Katz 1989; O’Connor 2001). Further, the value of the threshold has declined precipitously in recent decades. Third, the official measure is not informed by leading theoretical conceptualizations of poverty, such as social exclusion (Silver 1994) and capability deprivation (Sen 1999). Fourth, the official measure is based on a crude definition of income that ignores taxes and inconsistently counts transfers. For example, even though many elderly pay taxes on Social Security benefits and all working families pay payroll taxes, the official measure is based on pretax income. Many working families receive the Earned Income Tax Credit (EITC) and since the 1990s, the EITC has grown into the largest assistance program for families with children—much larger than Temporary Assistance to Needy Families (TANF) (Danziger 2010). Yet, the official measure ignores the EITC. Additionally, some transfers are counted and others ignored. For example, Social Security pensions count as income for the official measure, but Food Stamps, housing subsidies, and child-care vouchers do not. The official measure also neglects states’ taxes and transfers, which further compounds its reliability and validity problems. Because of the inconsistent counting of taxes and transfers, comparisons over time periods have become increasingly problematic. Altogether, poverty is probably higher than the official measure reports.

As a result, it seems appropriate to be cautious with any research—including the literature reviewed in what follows—based solely on the official measure. This point is demonstrated by the fact that when the new supplemental poverty measure is used, the proportion poor increases for almost all groups and the rate of elderly poverty nearly doubles (Short 2011).

One way for the field to advance would be to incorporate measurement lessons from international poverty research (Rainwater and Smeeding 2004). The simplest defensible alternative would be a relative measure grounded in a comprehensive definition of economic resources (Brady 2009). It is especially important that poverty measurement be based on disposable income after accounting for taxes and transfers. Another promising alternative would refocus poverty scholars’ attention on material deprivation or social exclusion. Though the conceptualizations have limitations (see Bélond 2007), European scholars are far ahead of American poverty researchers in studying consumption, material deprivation, and social exclusion (Marlier and Atkinson 2010; Nolan and Whelan 2010). Incorporating consumption and deprivation or shifting our focus to social exclusion would also partly address calls to broaden the outcomes studied in welfare and poverty research (Lichter and Jeyakody 2002).

Such advances in poverty measurement can be illustrated by returning to Table 32.1. The Luxembourg Income Study (LIS) has become the leader in the international social sciences of income and poverty. The LIS harmonizes income data that comprehensively incorporate taxes and transfers. Using the LIS and a relative measure of poverty defined

<table>
<thead>
<tr>
<th>% Poor Official U.S. Measure</th>
<th>% Below Half of Median Equivalent Income (Luxembourg Income Study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>12.5</td>
</tr>
<tr>
<td>White</td>
<td>10.5</td>
</tr>
<tr>
<td>Black</td>
<td>24.5</td>
</tr>
<tr>
<td>Asian</td>
<td>10.2</td>
</tr>
<tr>
<td>Hispanic (any race)</td>
<td>21.5</td>
</tr>
<tr>
<td>&gt;64 Years Old</td>
<td>9.7</td>
</tr>
<tr>
<td>&lt;18 Years Old</td>
<td>18.0</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau and Luxembourg Income Study.

Note: 2007 is the most recent available data for the United States in the US.
as 50 percent of the median equivalized income, poverty patterns look quite different. Instead of 12.5 percent, fully 16 percent of the United States would be poor with this more defensible measure. Even though they are still much more likely to be poor than working-aged adults, poverty among children is slightly lower. By contrast, poverty among the elderly is significantly higher (Brady 2004). In sum, poverty in the United States would be much higher and demographic variations may look quite different if a more valid and reliable measure of poverty is used.

3 THE ELEPHANT IN THE ROOM: SOCIAL INSURANCE

For the most part, American poverty research devotes much more attention to social assistance programs targeted at the poor. By contrast, the largest and arguably most important social policies affecting poverty tend to be neglected. Social insurance programs like old age and survivor’s insurance (OASI), unemployment insurance (UI), and disability insurance attract much less attention. Yet, as some poverty researchers acknowledge (e.g., Blank 1997), these programs actually have a huge impact on poverty (Scholz, Moffitt, and Cowan 2009). As noted earlier, better measures of poverty reveal that elderly poverty is much more common than the official measure suggests (Citro and Michael 1995; Brady 2004). Still, OASI obviously reduces elderly poverty. As Katz (2001, 236–237) writes, “Without a doubt, Social Security has reduced poverty among the elderly. . . . Without Social Security, by one estimate, 56 percent of the elderly would have lived in [official] poverty by 1992.”

Although vulnerable single-mother families historically relied on Aid to Families with Dependent Children (AFDC), this population now relies more on UI than on TANF (Shafer and Wu 2011). Unemployment Insurance also reduces the likelihood and depth of poverty for millions of others (Levine 2006). Further, many would be more economically insecure without disability insurance (Parish, Rose, and Andrews 2009). If one were to weigh the impact of various social policies on poverty, it is plausible that OASI is the most important antipoverty program in the United States. Social insurance like OASI and Medicare are certainly much more expensive, and reach more people, than welfare programs targeted at the poor (Katz 2001).

OASI and other social-insurance programs are broader and more inclusive than means-tested social-assistance programs targeted at the poor. Several such social-insurance programs necessitate employment, but they still reach a much broader cross-section of the population. Thus, the effectiveness of OASI in fighting poverty and the broad popularity and politics surrounding it suggest that relatively more inclusive social-insurance programs may be a more effective strategy for reducing poverty (Brady and Burroway 2012).

4 WELFARE REFORM

One of the major U.S. social-policy changes of the past several decades was the end of AFDC. This policy-making episode, popularly known as “welfare reform,” replaced AFDC with TANF. The reform set time limits on benefits and established qualifying conditions that often required employment or training. Welfare reform was also a massive experiment in federalism. States differed in the rules, funding, benefits, additional services (e.g., child care), enforcement, and overall zeal of welfare reform. Whereas AFDC was a federal benefit almost guaranteed for all low-income single mothers, TANF runs through a system of block grants distributed to states. Though significant interstate differences existed under AFDC, these differences were exacerbated after reform. As Danziger (2010, 527) remarks, “The wide discretion allowed by the federal legislation has led some analysts to suggest that welfare is now more state than federal policy and that there are now 50 different welfare programs.”

United States poverty scholars jumped to evaluate the many variations in welfare reform across states. Indeed, the late 1990s was a period of substantial investment in poverty research by government agencies, private foundations, think tanks, and advocacy organizations. In some ways, this investment and the enthusiasm to evaluate welfare reform may have had a legitimating effect on the reform. Indeed, this period is notable for the relative dearth of big picture debates about whether more imaginative and ambitious social policies would have had better effects. Indeed, the literature lacked critiques of the Clinton administration, which had conceded when the Republican Congress discarded the proposals of poverty experts in the White House. Nevertheless, welfare reform did provide real opportunities for poverty research. Massive datasets, like “Welfare, Children and Families: A Three City Study,” were collected, and scholars used private and local funds and access to administrative records to study state-specific changes (e.g., Reingold, Pirog, and Brady 2007).

If nothing else, one major trend emerged during this period: the number of AFDC/TANF recipients plummeted (Lichter and Jayakody 2002; Danziger 2010). President Clinton and conservatives often proclaimed this was proof that welfare reform was a success. Yet, it is essential to recall that this massive decline was partly coincidental to welfare reform. AFDC rolls peaked at 14.2 million recipients in 1994, fully three years before welfare reform went into effect nationally in 1997. Danziger (2010) shows that, by 1996, rolls had already dropped to 12.6 million. Although welfare reform probably played some role, it also appears that there were preemptive changes by welfare recipients and welfare bureaucrats in anticipation of the reform and its time limits. Also fueling the decline were the economic prosperity of the mid-1990s and the expansion of the EITC (Ziliak et al. 2000).

Regardless, single-mother employment rose in the late 1990s. The literature suggests that interstate differences in welfare reforms and related policies cannot explain interstate differences in welfare exits or maternal employment (Danielson and Klerman
5 Employment-Related Policies

Among antipoverty policies, perhaps the biggest success story of the past few decades has been the EITC. The EITC is a refundable tax credit that workers can claim at the end of the year if their earnings are below a certain level. The EITC was expanded in the late 1980s, and then expanded even more in the early 1990s (Myles and Pierson 1997). The EITC has since become the largest cash public assistance program for poor families (Scholz et al. 2009). Katz (2001, 13) explains how significant, and in some ways surprising, this policy change was: "With virtually no opposition, the Clinton administration engineered a massive increase in an income transfer program at a time when other forms of social welfare faced only real or proposed cutbacks." It is worth noting that the EITC subsequently attracted criticism from Republican politicians for alleged fraud. Nevertheless, it may be reasonable to say that the EITC is the principal antipoverty program for working families in the U.S. (Waldfogel 2009). Katz (2001, 140) claims, "It lifted more children out of poverty than had any other safety net program." The number of people claiming the EITC grew considerably in the 1990s and quickly surpassed the number of AFDC/TANF recipients (Blank 1997; Scholz et al. 2009). Still, it appears that the full benefits remain unrealized because many low-income families face barriers to receiving the EITC (Hirasuna and Stinson 2007).

The EITC also complements labor market regulations like the minimum wage. For example, Neumark and Wascher (2011) find that the interaction of the EITC and higher minimum wages produces significant, positive labor-market responses for very poor families, the poorly educated, and minority mothers. They claim that minimum wages by themselves do not facilitate mother's workforce engagement, and the interaction may even have adverse effects on low-skilled adults and teenagers. Still, Neumark and Wascher find that the EITC by itself raises the employment and earnings of single mothers. The beneficial interactions of the EITC with minimum wages is especially notable given that some economic research suggests that the minimum wage is not terribly effective at reducing poverty, especially for single mothers (Sabia 2008). These results are also notable as some favor expanding the EITC as an alternative to the minimum wage. This is partly because most working single mothers already earn wages above state and federal minimum wages.

Beyond the EITC, scholars have studied welfare-to-work programs and welfare reform's effects on employment (e.g., Autor and Houseman 2006). One of the emphases of welfare reform was to force low-income single mothers into the workforce. Of course, low-income single mothers were already working in large numbers (Blank 1997). Yet, welfare reform added incentives, required employment and training, and occasionally offered supportive social services. What were the effects of these changes? There is some evidence that welfare reform encouraged employment (Autor and Houseman 2006; Cheng 2007). However, in contrast to the rhetoric of proponents of welfare reform, the results were modest. Other factors, like the expansion of EITC and the booming
1990s economy, were much more important than welfare reform to single-mother employment (Noonan, Smith, and Corcoran 2007). Although it appears that the employer-subsidies of welfare reform contributed to short-term improvements in labor market outcomes, there is little evidence of sustained benefits (Hamersma 2008). Moreover, the restrictive aspects of TANF probably increased working poverty (Cheng 2007). Even though employment might have increased, it was often low-wage jobs that failed to pay sustainable wages. Further, though employment-based programs were most successful in encouraging employment for the most disadvantaged families, those families also suffered from worse mental health and well-being (Alderson et al. 2008).

6 Child Policy

As noted in Table 32.1, with both the official and LIS measures of poverty, children are much more likely to be poor than working-aged adults. For the most part, the literature on child-centered social policies related to poverty breaks down into two areas: child care and child support. We begin with child support. A number of scholars have argued that child support is a key and increasingly important source of income for low-income families (Cancian and Meyer 2006; Waldofgel 2009). Beginning in the 1980s, scholars and policy makers began to pay more attention to the financial support provided by noncustodial parents. The timing of this partly reflected a cultural shift that problematized the frequent absence of support from noncustodial fathers. However, interest in enforcing child-support orders and collecting child-support payments also reflected the increasing attention of governors and states to share the costs of supporting low-income families (Katz 2001). The attention to child support grew even further as it was often linked to states’ TANF programs after welfare reform. Most states required that child support paid on behalf of TANF participants be used to offset their TANF benefits and child social services (Cancian, Meyer, and Caspar 2008). Overall, child support seems to somewhat reduce poverty, particularly when it is strictly enforced. Benefits of the increased enforcement of child support and its link to TANF include more quickly established paternity, the increased likelihood of payment by noncustodial fathers, and the receipt of child support by custodial families (Cancian et al. 2008).

Of course, not all aspects of the emphasis on child support have reduced child poverty. Once child support is established, noncustodial fathers’ support tends to remain fixed even when fathers’ earnings improve (Ha, Cancian, and Meyer 2010). Mothers often have very little knowledge about the rules regarding the interaction of child support, TANF, and other programs (Meyer, Caspian, and Nam 2007). If participants’ knowledge had been greater, program impacts likely would have been larger (Meyer et al. 2007). Finally, one counterproductive unanticipated consequence has been that parents of children on TANF have an incentive to avoid formal child support (Roff 2010). States typically limit the amount of formal child support they will disregard before families’ TANF benefits are reduced. Although policies vary by state, any child support paid above a certain limit to families also receiving TANF can be retained by the state to recoup program costs. As a result, stricter enforcement of child support has probably encouraged custodial and noncustodial parents into informal arrangements, which do not seem to be as reliable or beneficial for children (Roff 2010).

Beyond child support, there has been less literature on child care, child-care subsidies, and early childhood education. These programs have become increasingly important for poverty since the 1996 welfare reform. This is because mothers’ employment is taken for granted and even required for many programs, especially TANF. It is clear that there remains a gap between the need/demand for work-family policies and the private provision of such policies, and this is especially consequential to low-wage workers and single mothers (Waldofgel 2009). For instance, marginal workers—especially those with less education and in smaller firms—are less likely to have access to parental leave, dependent-care benefits, and child care. It seems quite clear that publicly-provided child care would support employment and make a sizable difference to low-income families (Waldofgel 2009). For instance, Ha (2009) provides convincing evidence that child-care subsidies raise mothers’ earnings (also Tekin 2007). Perhaps one of the more successful programs to curb poverty and its consequences on children is Head Start. Head Start benefits children’s learning, but it also functions as a form of partial child care for some low-income preschool children (Conley 2010). Therefore, substantial expansions of child care and early child education would enhance many aspects of low-income families’ well-being.

7 “Moving to Opportunity” and Housing

Since at least Wilson (1987), neighborhood effects have been one of the most widely studied aspects of poverty. The theory was that concentrated inner-city poverty triggered a host of social ills. Even net of individual characteristics, children exposed to such neighborhood effects were more likely to drop out of high school, commit crimes, have a teen pregnancy, and generally have worse life chances. Inspired by the scholarship on neighborhood effects, scholars and the federal government led a major experimental study on housing and neighborhoods called “Moving to Opportunity” (MTO).

If the U.S. social policy and poverty literature in the 1990s and early 2000s was led by studies of welfare reform, the subsequent period was led by MTO. Moving to Opportunity was a bold, innovative, and extremely expensive policy intervention designed to assess the consequences of neighborhood poverty (e.g. Katz, King, and Liebman 2001). Moving to Opportunity was based in Baltimore, Boston, Chicago, Los Angeles, and New York, and focused on low-income families with children who lived in concentrated poor neighborhoods. Families volunteered for a program and were then randomly assigned to one of three groups. Some were given Section 8 vouchers, others
were provided with a more elaborate treatment involving housing-search assistance and life-skills counseling, and a third group served as the control group. Families receiving Section 8 vouchers and the stronger treatment were required to move to neighborhoods with less than 10 percent poverty. Evaluations of MTO demonstrate that neighborhood poverty has sizable effects on adolescent violent criminal behavior and mental health (e.g., Ludwig, Duncan, and Hirschl 2001).

Nevertheless, some read the MTO literature as failing to provide compelling evidence of neighborhood effects on life chances, especially adult economic outcomes (Landquist-Clampet and Massey 2008; Wilson 2009). Such critics note that the treatment was rather weak, because families typically moved to racially segregated neighborhoods that were only modestly less poor than the neighborhoods they left. Additionally, there was considerable selectivity in volunteering, the compliance rates were not ideal, and many families were transient in the new neighborhoods. Among African Americans, there was no statistically significant difference in the racial composition or poverty of neighborhoods for treatment and Section 8 groups (Clark 2008). Thus, one might ask whether the very high costs of the demonstration were justified given questions about design and execution. Proponents of MTO counter that it was not a weak intervention because it produced significant changes in neighborhood environments, and it resulted in significant and positive effects on some outcomes, such as improving the mental health and reducing the arrests of young females (Ludwig et al. 2008).

Finally, Ludwig and colleagues (2008) argue that MTO still provides more convincing evidence than observational studies.

In our judgment, there are legitimate concerns with the quality of evidence produced by MTO. It seems most appropriate to read the evidence as lacking definitiveness for evaluating neighborhood effects (Wilson 2009). Further, MTO cannot speak to the intergenerational and long-term effects of spells of residence in concentrated poor neighborhoods (Sharkey 2008). Still, MTO provides appropriate moderation to the enormous attention that neighborhood effects have received in the poverty literature. MTO should encourage scholars to move beyond neighborhood effects and explore a broader variety of sources and consequences of poverty.

Beyond MTO, scholars have studied various housing programs for the poor. Public housing has often been criticized in the United States and, on balance, low-income public housing residents sometimes have worse outcomes than similar low-income private housing residents (e.g., Aratani 2005; Fertig and Reingold 2007). Yet, the adverse consequences of public housing appear to be fairly small (e.g., Reingold, Van Ryzin, and Ronda 2001). Identifying the causal effects of public housing is quite difficult because there are selection effects into public housing. It could be that people with certain personal characteristics (e.g., depression) are more likely to end up in public housing, and it could be that such personal characteristics—rather than public housing itself—that explain the adverse consequences. Some seeking to rigorously identify the causal effect of public housing have concluded that public housing has no effect on employment outcomes (Newman, Holupka, and Harkness 2009). Others find that public housing effectively reduces hardship for the poor (Berger et al. 2008). For instance, Carlson and colleagues (2011) evaluate a broad set of outcomes (e.g., children’s health, education, and criminal behaviors) of the Section 8 program and conclude that the program is both effective and efficient. Further, there is convincing evidence that low-income housing assistance does reduce the odds that low-income families become homeless (Fertig and Reingold 2008).

### 8 Food and Health Programs

Two of the key outcomes of poverty are food insecurity and poor health. When family income declines, worse health and insufficient food and nutrition often result (see, e.g., Duncan et al. 1998; Korenman and Miller 1997; McLeod and Shanahan 1993). As a result, scholars have studied programs designed to improve the health and nutrition of the poor. Arguably, food and health programs have become even more important as traditional cash-assistance programs like TANF have declined. Even though TANF rolls declined after welfare reform, food-stamp rolls spiked upward and reached a historic high in 2009 (Danziger 2010). In addition, food security and health most likely cause and are caused by poverty (e.g., through employment).

A number of scholars have investigated whether programs like Food Stamps and Women, Infants and Children (WIC) improve food security. For some time, there has been concern with the apparent finding that families receiving Food Stamps tend to be more food insecure than families not receiving Food Stamps. However, recent, more rigorous comparisons show that this “food insecurity paradox hinges on assumptions about the data that are not supported by the previous food stamp participation literature” (Gundersen and Kreider 2008, 352). Rather, recent studies show that the receipt of Food Stamps makes a difference and improves the well-being of low-income families. For instance, Bartfield and Dunifon (2006) find that interstate variation in food security can partly be explained by the availability and accessibility of federal nutrition assistance programs.

Since 1996, scholars have debated whether welfare reform led to worse health and health behaviors for the poor. The evidence is mixed, as some show that welfare reform did not alter health behaviors (Kaeo and Tarlov 2006), whereas others emphasize the precarious health of the poor and the limited access to health care of poor and near-poor families (Seccombe and Hoffman 2007). For instance, the poor are less likely to have sufficient health insurance, to be able to afford health care (including preventative health care), and to reside proximate to health care providers. Nevertheless, more pronounced is that the poverty and welfare literatures have tended to neglect health outcomes. As mentioned earlier, the poverty literature emerged from the 1990s with a consensus that poverty worsened health. Yet, since then, there have been important innovations in social policy, including the extension of the State Children’s Health Insurance Program (SCHIP). Unfortunately, few have studied whether and how such policies affect the well-being of low-income families. Moreover, there has not been nearly as much
research on Medicaid as there has been on TANF and welfare reform. Arguably, health programs deserve more attention, and more scrutiny of health would appropriately shift poverty scholarship toward well-being instead of welfare rolls (Lichter and Jayakody 2002). Finally, there are strong reasons to argue that reducing poverty could help reduce health-care costs in the long run. With greater economic resources, more families could afford preventative health care that would reduce the need for more expensive health-care interventions later on.

9 Conclusion

The literature shows that many social policies effectively reduce poverty. Social insurance has powerful, albeit underappreciated, impacts on poverty. The 1996 welfare reform and the decline of AFDC rolls received much attention. The EITC is a clear success, reducing working poverty and improving the economic resources of low-income families. Child support and child care have expanded as public programs and have at least somewhat improved child well-being. Food and health programs do make a difference, though remain relatively understudied. As noted at the beginning, the major problem is not that social policies have been counterproductive or have failed. Rather, the real problem is that social policies for the poor remain underdeveloped and incomplete. The enormity of the social problem of widespread and deep U.S. poverty swamps the federal and state government attempts to address the problem.

As noted earlier, the literature still relies on the flawed official U.S. measure of poverty. Thus, one simple way for U.S. poverty scholarship to improve would be to move away from the official measure. Relative measures of poverty, material deprivation, well-being, and social exclusion would be productive directions for future research.

Despite the problems of the official measure, the main limitation of the literature is that it concentrates exclusively on the United States. For the most part, the literature examines only the United States and rarely even cites studies about or from other countries. As Smeeding and colleagues (2001, 162) remark, the U.S. poverty literature, "rests on an inherently parochial foundation, for it is based on the experiences of only one nation." The focus on the United States would be reasonable if the United States were representative of all affluent democracies. However, the United States is actually quite unrepresentative for questions of social policy and poverty. The United States has dramatically higher poverty, and its social policies are much weaker than other affluent democracies (Brady 2009; Brady, Fullerton, and Moren-Cross 2009; Rainwater and Smeeding 2004).

There are at least three problems with this reliance on the U.S. case. First, the U.S. literature samples on the dependent variable. This is a selection bias that occurs when unusual or rare cases are used to make theoretical generalizations. The classic version is when a study examines only cases in which the outcome is present. One cannot discern why some countries have low poverty if one only observes a country with high poverty. The United States is arguably an outlier in poverty, and since at least the 1970s, poverty has always been high (Brady 2009). Partly because the U.S. poverty literature only studies the United States, the literature cannot really explain how or why the United States is unusual.

To illustrate this point, imagine that an individual was randomly assigned to be born in one of 18 affluent democracies circa 2000 (see Brady 2009 for a list of countries). The probability of the poverty rate in the society would be the cross-national mean: 9.6 percent. The United States is an outlier in this distribution with a poverty rate greater than 17 percent. Many affluent democracies accomplish poverty rates near 5 percent, and all other affluent democracies with available data exhibit poverty levels below the United States. Therefore, when we study the United States, we are already choosing an extreme outlier. Much of the literature focuses on groups in the United States that are particularly vulnerable to poverty, for example the unemployed or single mothers. By doing so, the problem of sampling on the dependent variable may be even worse. If one only studies groups with a high likelihood of being poor, one cannot discern how they differ from groups that have a lower likelihood of poverty.

Second, focusing on the United States leads to what we call "the fallacy of intractability." As mentioned in the introduction, because poverty has consistently been high in United States, policy makers, the public, and even scholars often presume that antipoverty policies have been unable to overcome this intractable social problem. The conventional wisdom is often pessimistic about what social policy can accomplish. Despite the effectiveness of more generous U.S. states at raising incomes at the bottom of the distribution (Moller 2008), the over-time and cross-state variation in U.S. social policy for the poor is quite small compared to variation among affluent democracies. Incorporating the much larger variation across countries reveals that social policy is very effective in reducing poverty (Brady 2009; Brady et al. 2009). Further, a rich comparative literature shows us that the underdevelopment and incompleteness of U.S. social policy is largely due to political factors like the absence of genuine Leftist parties, the weakness of organized labor, and cultural values favoring free markets and individualism. Therefore, the problem of high U.S. poverty is better understood as due to politics, not policy (Brady 2009; Brady et al. 2010).

Third, by concentrating exclusively on the United States, poverty scholars are unable to contextualize how vulnerabilities are related to poverty. For example, single motherhood is perhaps the most well studied correlate of poverty. The implicit presumption is that this characteristic has a consistent relationship with poverty across space and time. The policy solution obviously is to reduce single motherhood, not weaken the relationship between single motherhood and poverty. Yet as Brady and Burroway (2012) show, single mothers are much more likely to be poor in the United States than in other affluent democracies, and their particularly high poverty should be viewed as unusual, not the norm. Unfortunately, American poverty scholars have inappropriately presumed that single-mother poverty is universal and thus intractable when, in reality, it is quite malleable. To exemplify this problem, American policy scholars have exercised considerable worry over whether AFDC/TANF encourages unmarried births and
how to encourage the marriage of low-income unmarried mothers. In contrast, comparative research shows that it would be more effective simply to raise the incomes of single-mother families (Brady and Burroway 2012).

In conclusion, the U.S. social policy and poverty literature has made significant contributions. We have learned a lot about the effectiveness of different social policies and, more broadly, the causes and consequences of poverty. The literature has kept pace with important changes and trends in poverty. What have been lacking are a comparative perspective and a better appreciation of how unusual and unrepresentative the U.S. case is. For poverty and social policy scholarship in the United States to advance, there is a significant need for greater integration of the comparative social policy and international poverty/inequality literatures.

Notes

1. We report 2007 rates because that is the most recent year for which Luxembourg Income Study data are available for the United States. The official U.S. measure is calculated based on various thresholds for pretax income, while factoring in household size and composition. For example, for a family of four, the threshold in 2007 was $21,100 – $21,736 and for a family of two, it was $12,550 – $13,291.

2. Of course, this raises concerns about efficiency. Encompassing social insurance programs are quite expensive—and increasingly so with growing elderly populations and declining fertility. There is some literature on the trade-offs between efficiency and equality, however much of that literature remains quite descriptive. There is a need for further research on how egalitarianism affects efficiency and economic performance across affluent democracies, which often have quite different market institutions along with more generous social policies than the United States.

3. New Hope was a demonstration project conducted in two inner-city Milwaukee areas from 1994 through 1998. The project offered low-income people who were willing to work full-time a variety of benefits (e.g., an earnings supplement, subsidized health insurance and child care, etc.) for three years.

References

* Indicates recommended reading.


