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Poverty and Family Composition Since 1940

Mark J. Stern

University of Pennsylvania, stern@sp2.upenn.edu

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Poverty and Family Composition Since 1940

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Poverty and Family Composition since 1940

Mark J. Stern

Stigma involves not so much a set of concrete individuals who can be separated into two piles, the stigmatized and the normal, as a pervasive two-role social process in which every individual participates in both roles, at least in some connections and in some phases of life. The normal and the stigmatized are not persons but rather perspectives.

—Erving Goffman, *Stigma: Notes on the Management of Spoiled Identity*

EITHER IMPLICITLY or explicitly, most writers about the underclass—whether popular or academic writers—have been forced to use contrasts to make their point. Yet the nature of these contrasts is noteworthy. In the popular imagination, members of the underclass are outsiders. Their family life and work habits do not conform to those of the rest of society. “They don’t just tend to be poor,” one writer has noted. “To most Americans their behavior seems aberrant.”¹

The notion of the poor as outsiders has a long pedigree, as Michael Katz has detailed in his introduction. At least since the early nineteenth century, popular writers and moral entrepreneurs have sought to paint the very poor in this image. Thus, in the popular imagination, the idea of the underclass represents the continuation of a long tradition.

Academic writers, by contrast, have focused on the novelty of the underclass. Most writers, in explaining its emergence, have focused on the impacts of postindustrialization, the restructuring of the city, and the new neighborhood and family relationships spawned by these changes. For professional researchers, then, the underclass is a new social phenomenon worthy of intensive examination.

In spite of the different contrasts they have drawn, popular images and professional research have relied on a number of assumptions about the history of American poverty to support their case. They agree that the work history of the ghetto poor is distinctive both from that of past generations of urban African Americans and the history of white Americans. In one version, the contemporary urban ghetto is contrasted with a supposed “golden age” of the ghetto

¹ Ken Auletta, *The Underclass* (New York: Random House, 1982), xiii.

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during the 1940s and 1950s, when such neighborhoods were based on a solid middle class composed of local businessmen and blue-collar workers.

Professional and popular accounts agree as well about the role of government in the history of poverty. Earlier generations of the poor escaped from poverty thanks largely to their own efforts and economic growth. The contemporary ghetto poor have become entangled in the “spider web of dependency” woven by well-intentioned liberals and Great Society bureaucrats.

Finally, both professional and popular accounts highlight the failure of the underclass family. Again in contrast to the African-American poor of the past and to the contemporary mainstream, members of the underclass have eluded responsibility to their children, their spouses, and their kin.

The interpretations of the work experience, dependency, and family life of the underclass have run well ahead of the evidence. Although much of our interpretation of the history of the underclass must come from qualitative sources, there are key elements of the story that are best explored through quantitative methods. The occupational structure of the urban ghetto, employment rates, the prevalence of poverty among various groups, and the frequency of different family structures are all relevant to the contemporary debate. Yet, because the majority of data on the low-income population begins in the 1960s, the quantitative evidence to support the history of the underclass is largely absent.

This paper uses new evidence on the history of poverty, joblessness, and family structure since World War II to understand the origins of the underclass. The “public use samples” of the federal censuses provide researchers with individual-level records from 1940 to 1980. These data have been used sparingly in the underclass debate. Yet they allow us to gain a sorely needed degree of precision about the history of the urban poor—its work history and family life.² This paper uses these data to make four arguments.

The “golden age” myth of the ghetto is flawed. Because we have overestimated the economic well-being of urban blacks and Hispanics before the 1960s, the image of urban deterioration is also exaggerated.

Our understanding of the decline of poverty before 1960 has been inaccurate. In particular, we have underestimated the role of transfer payments and women’s increased labor-force participation in improving the economic well-being of Americans before the War on Poverty.

Shifts in welfare policy were largely responsible for the increasing poverty gap between the urban jobless and the rest of the population during the 1970s. After thirty years of equalization, the social welfare system of the 1970s shifted toward “reverse targeting”: higher benefits for those groups who needed them least.

Family, the economy, and social policy interacted more subtly than we have appreci-

² Another use of these data to discuss poverty and the family is James P. Smith, “Poverty and the Family,” in Gary Sandefur and Marta Tienda, eds. *Divided Opportunities: Minorities, Poverty, and Social Policy* (New York and London: Plenum Press, 1988), 141–72.

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ated. The increased number of female-headed families was not the only significant change in family structure. Traditional family strategies like child labor and household extension lost much of their antipoverty effectiveness. The equalization of the wages of black men and women probably encouraged the increase in female-headed families more than changes in the welfare system did.

THE GHETTO'S GOLDEN AGE?

One side effect of the underclass debate has been the growth of a certain nostalgia for the black ghetto of the early postwar years. If we are to believe some commentators, these communities were inhabited by a "solid" working class of "old heads" who provided role models and job opportunities for the younger generation.³

The census is silent on the perceived safety, stability, or quality of life of the old ghetto, but it can tell us how solid the economic foundations of the black ghetto were. Here the answer is unambiguous: the "solid working class" of the 1950s suffered from irregular work, low wages, and poverty. Although a large share of family heads worked, discrimination and low wages assured that even the most solid of the solid working class lived in poverty. In 1950, for example, the poverty rate of black semiskilled operatives was 44 percent, the rate for laborers was 56 percent, and that for domestics was 83 percent.

The economic decline of urban blacks during the postwar years forms the foundation of the underclass debate. William J. Wilson used aggregate data to support the idea that black joblessness and economic restructuring were the causes of underclass formation.⁴ Yet a more detailed examination of data on individual households substantially revises his conclusions.

Joblessness and its attendant poverty are not new problems for African Americans, nor has the gap between black and white joblessness increased dramatically.⁵ In 1950; the proportion of black householders who worked full-time

³ Elijah Anderson, *Street Wise: Race, Class, and Change in an Urban Community* (Chicago: University of Chicago Press, 1990), is one example of employment of a "golden age" argument. "Older black residents remember better days when life was more orderly and civilized, when crime and drugs were almost unknown, when young people respected their elders, and when the men worked in good jobs and took care of their families" (2).

⁴ Wilson uses aggregate unemployment rates and employment-to-population ratios to measure joblessness. His evidence on the impact of economic restructuring is John Kasarda's data on the skills and job "mismatch" that has developed in central cities (*The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* [Chicago: University of Chicago Press, 1987]). We examine these two arguments using a different set of indicators. To measure joblessness I use work experience over the previous year, which indicates not only whether a person has a job at a given point, but the number of weeks he or she worked and the number of hours worked per week. To examine the impact of economic restructuring, I use the occupational structure and its relationship to race, location, and work experience.

⁵ This conclusion is supported as well by Phillip Moss and Chris Tilly, "Why Black Men Are Doing Worse in the Labor Market: A Review of Supply-Side and Demand-Side Explanations" (Paper

TABLE 7.1
Poverty and I

1949	Full-time, f FT, 27-47 FT, <27 w Part-time NLF ^a
1959	Full-time, f FT, 27-47 FT, <27 wl Part-time NLF ^a
1969	Full-time, fu FT, 27-47 v FT, <27 wk Part-time NLF ^a
1979	Full-time, fu FT, 27-47 v FT, <27 wk Part-time NLF ^a

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TABLE 7.1
Poverty and Distribution of Population, by Ethnicity and Work Experience

	Whites			Blacks		
	Percentage of Population	Poverty Rate (%)	HEP Rate (%)	Percentage of Population	Poverty Rate (%)	HEP Rate (%)
1949						
Full-time, full-year	57.6	13.1	19.5	45.3	50.1	57.9
FT, 27-47 wks	10.6	26.6	36.2	14.2	61.8	70.6
FT, <27 wks	3.8	53.8	73.8	5.1	74.4	83.9
Part-time	3.6	38.7	55.4	6.6	82.2	86.5
NLF ^a	24.4	58.7	83.2	28.8	85.2	93.2
1959						
Full-time, full-year	59.2	6.7	14.5	43.4	30.9	43.2
FT, 27-47 wks	8.9	16.3	29.9	12.5	42.2	56.9
FT, <27 wks	2.2	41.6	71.1	4.0	64.4	80.9
Part-time	4.3	29.9	58.3	8.6	70.8	86.3
NLF ^a	25.5	42.4	80.7	31.6	71.0	88.5
1969						
Full-time, full-year	58.4	3.1	5.8	44.7	12.4	22.9
FT, 27-47 wks	4.4	7.3	21.4	6.0	38.5	57.1
FT, <27 wks	10.1	5.5	13.3	13.9	20.5	32.7
Part-time	6.9	31.4	71.6	9.5	45.7	74.0
NLF ^a	20.1	38.0	96.5	26.0	70.0	100.0
1979						
Full-time, full-year	53.7	2.5	5.7	40.4	7.4	16.0
FT, 27-47 wks	2.1	10.3	43.8	3.0	26.4	52.9
FT, <27 wks	11.0	6.7	15.9	12.8	14.1	28.3
Part-time	8.6	24.3	66.0	11.3	43.2	74.0
NLF ^a	24.7	24.0	98.2	32.6	57.5	99.4

^aNot in labor force.

for the full year was 45 percent, 12 percentage points below the white rate. Blacks lost some ground during the 1950s, but after 1960, the gap narrowed slightly. Both black and white family heads experienced declines in full employment—blacks from 43 to 40 percent, whites from 59 to 54 percent (table 7.1).

The evidence on full employment is somewhat deceptive, since black full-time workers were much less likely to escape poverty. In 1949, black full-time

prepared for the Social Science Research Council Subcommittee on Joblessness and the Underclass, January 1991).

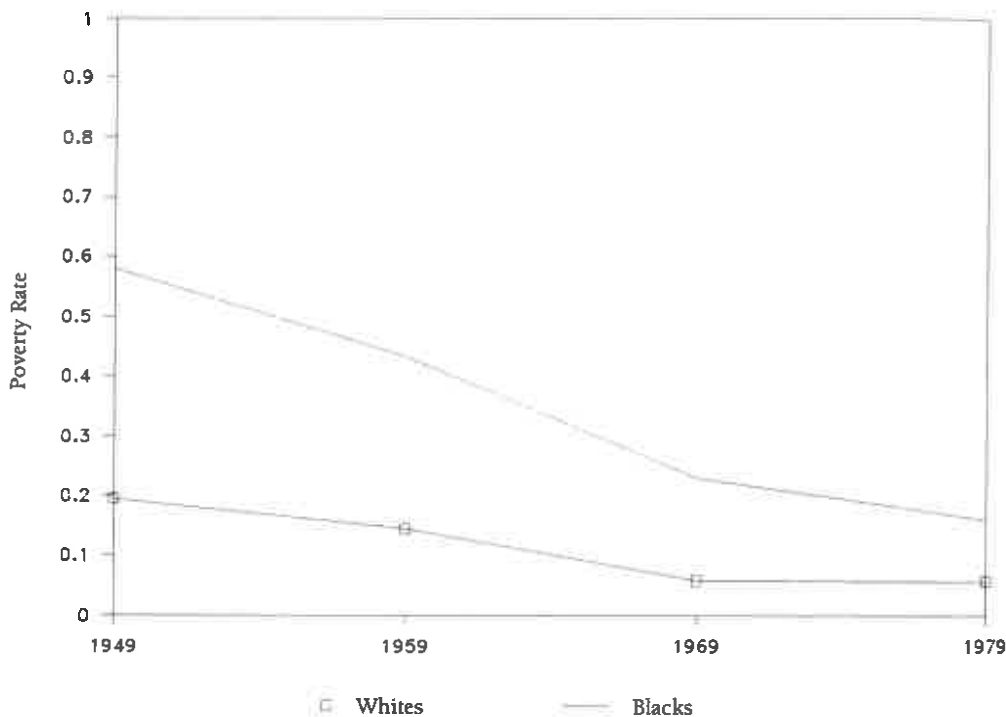


Figure 7.1. Householder Earnings Poverty Rate, by Race, 1949-1979 (full-time, full-year workers). In the 1940s, most African-American workers—even if they worked full-time—earned a living wage. This gap closed considerably by the 1970s.

workers were three times as likely not to earn a living wage than were white workers; only 13 percent of fully employed whites lived in poverty, compared to 50 percent of blacks. Thirty years later, these gaps had narrowed greatly; the poverty rates for fully employed blacks and whites were 7 and 3 percent, respectively. Although this left blacks at the same point whites had been in 1959, it represented real improvement in their economic status (fig. 7.1).

National data on work and poverty tell a somewhat different story about the 1970s from that of case studies like Thomas Sugrue's or Robin Kelley's. The rapid deproletarianization of the 1970s was in part the result of the unique conditions in Detroit and Birmingham, declines not shared by all cities or regions, as Jargowsky and Bane have shown.⁶ It was a product as well of the rapid growth of opportunities in unionized, secure, well-paying jobs in these cities during the early postwar years. Nationally, African Americans fully shared neither the opening of opportunities during the 1950s nor the rapid decline of the 1970s.

As the share of whites and blacks who worked full-time fell, the proportions

⁶ Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970-1980," in Christopher Jencks and Paul E. Peterson, eds., *The Urban Underclass* (Washington, D.C.: Brookings Institution, 1991), 235-74.

TABLE 7.2
Work Experience, by

Central cities	
Whites	1950
	1960
	1970
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Blacks	1950
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Suburbs	
Whites	1950
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TABLE 7.2
Work Experience, by Race and Metropolitan Location (Percentages)

		Did Not Work	Full-Time, Full-Year	Full-Time, 27-47 Weeks	Full-Time, <26 Weeks	Part- Time	Total N
Central cities							
Whites	1950	25.1	59.4	8.9	3.8	2.9	5,008
	1960	26.9	58.2	8.6	2.5	3.6	13,149
	1970	21.3	55.7	4.6	10.0	7.5	121,500
	1980	28.6	49.8	2.1	10.5	9.1	55,420
Blacks	1950	27.6	48.9	13.4	4.4	5.7	597
	1960	29.4	47.7	12.4	4.2	6.3	2,346
	1970	25.3	46.3	5.6	13.8	8.9	10,370
	1980	34.3	39.2	2.8	12.7	11.0	17,830
Suburbs							
Whites	1950	21.4	61.1	11.0	3.6	2.9	5,042
	1960	23.7	61.8	8.9	2.0	3.7	22,041
	1970	18.7	60.5	4.3	9.7	6.0	200,862
	1980	22.0	57.4	2.0	10.9	13.2	139,550
Blacks	1950	26.3	47.1	16.8	4.5	5.3	271
	1960	31.9	42.7	12.5	3.7	9.3	1,391
	1970	23.9	45.6	5.8	14.9	10.5	10,370
	1980	25.4	47.1	3.1	13.2	11.2	9,467

that were partially employed (either for part of the year or part-time) or out of the labor force increased. For example, between 1950 and 1980, the proportion of partially employed whites almost tripled (from 7 to 20 percent) and that of the black proportion doubled (from 12 to 24 percent).⁷ Increases in the proportion of black and white household heads who did not work rose and fell in similar ways. Ironically, during the 1970s—when the underclass grew the quickest—the gap between blacks and whites who did not work actually narrowed.

The rise in joblessness was not confined to African Americans living in central cities. Black and white center-city residents shared the decline in full-time work, and the proportion of suburban residents—both black and white—who were partially employed or out of the labor force increased (table 7.2).

The proportion of black householders who had attended college exploded between 1939 and 1979. They made up an increasing share of fully employed workers both in the central cities and the suburbs. However, the share of chronically jobless or part-time workers among black college graduates increased even more quickly during these years. During the 1970s alone, the

⁷ In the remainder of the paper, I will use the term *chronic joblessness* to refer to those who worked part-time or full-time for fewer than six months in the previous year.

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proportion of college-educated African Americans who did not work, were chronically jobless, or worked part-time doubled. Black college graduates who lived in the suburbs experienced the same increases as those who lived in central cities (table 7.3).⁸

Wilson has emphasized the impact of economic restructuring on the deterioration of the economic status of black Americans. Blacks did suffer from the deindustrialization of America's cities during the 1970s, but they shared this decline with white workers. The percentage of blacks in craft and operative occupations fell during the 1970s (from 31 percent to 22 percent). In contrast to whites, however, African Americans moved rapidly into the expanding white-collar world during the 1970s. Before the civil rights revolution, discrimination and lack of educational background restricted black access to these jobs. In 1970, 6.5 percent of black householders were in professional and managerial jobs, and 7.7 percent were in clerical jobs. By 1980, their representation in these two categories had increased by 45 and 60 percent, respectively, while white representation in these jobs did not change. At the same time, the proportion of African Americans in the worst jobs (farm workers, laborers, and domestics) fell from 17 to 7 percent between 1970 and 1980.

These patterns reflect shifts in gender and work experience. From 1950 to 1970, black men shifted out of farming and laboring jobs and into craft, semi-skilled, and white-collar work. During the 1970s, the growth of craft and semiskilled opportunities was reversed, but the growth of white-collar opportunities continued. The weakening of discrimination and increased educational opportunity particularly benefited African-American women. In 1950, more than one-half of employed black female householders worked in domestic service. Over the next three decades this figure fell to fewer than 10 percent. In place of domestic service, employed African-American women moved into white-collar jobs and semiskilled manufacturing and service work (table 7.4).

Whites suffered as profoundly as blacks from the deindustrialization of the 1970s. Of course, the position of the solid working class was quite different on each side of the racial divide. In Detroit and Birmingham, steel and auto workers were the economic and social foundation of the black community, but only a stratum of the white middle class. Thus, even if white workers suffered as much as blacks, the impact of deindustrialization may have had a more devastating effect on black community life.

The long-standing gap between the work patterns of black and white householders did not widen appreciably after 1960. Both blacks and whites had

⁸ Moss and Tilly, "Why Black Men Are Doing Worse," also conclude that the declining status of black men was not confined to the low-educated. College-educated African Americans' earnings were nearly 10 percent *higher* than those of college-educated whites in 1976 and declined to more than 10 percent *below* those of college-educated whites by the late 1980s. The wage differentials of other black men remained relatively stable, which suggests that the bulk of the deterioration of black men's relative wages was the result of trends among the college educated.

TABLE 7.3

Educational Attainment and Work Experience, by Race and Metropolitan Location, Householders, 1950–1980 (Percentages)

Did Not Work

Full-Time, Full-Year

Full-Time, 27–47 Weeks

Full-Time, <26 Weeks

Privt-Time

TABLE 7.4
Race and Occupation, by Work Experience and Gender, Household, 1950-1980 (Percentages)

		White- Collar	Self- Employed	Craft	Semiskilled	Domestic Service	Labor	Farm	Farm Labor	Not Reported	N
MALES											
Full-time, full-year											
Whites	1950	28.3	13.0	20.1	20.6	0.0	4.7	11.6	1.6	0.2	9,355
	1960	32.9	11.2	20.0	21.9	0.0	3.5	4.9	2.6	3.0	25,501
	1970	39.9	10.2	19.8	21.7	0.0	4.0	2.8	0.7	0.9	230,300
	1980	42.1	9.5	12.3	27.4	0.0	3.1	2.4	1.1	2.0	12,490
Blacks	1950	9.3	3.6	7.1	33.9	0.5	20.6	20.1	4.7	0.3	658
	1960	12.9	2.7	10.1	41.3	1.0	18.5	1.4	7.1	5.1	1,696
	1970	17.9	3.0	16.3	45.7	0.7	13.7	0.7	0.3	1.8	15,570
	1980	28.8	2.6	10.2	44.9	0.2	8.3	0.5	1.3	3.2	9,588
Partially employed											
Whites	1950	14.2	10.8	22.5	30.2	0.1	9.4	9.3	3.4	0.2	2,759
	1960	20.1	10.9	20.2	28.0	0.1	8.3	5.0	3.3	4.2	5,961
	1970	29.3	8.8	18.9	24.5	0.5	6.1	3.5	0.7	7.6	73,500
	1980	30.9	10.0	14.8	31.6	0.2	5.9	2.6	2.3	1.6	43,760
Blacks	1950	4.0	2.6	9.7	29.4	0.7	26.5	19.5	7.4	0.2	346
	1960	6.1	4.1	10.1	32.2	0.8	25.9	2.0	12.7	6.1	883
	1970	15.2	4.1	13.3	36.8	2.2	15.3	1.4	0.5	11.5	8,380
	1980	22.6	3.1	10.4	45.3	0.6	11.3	0.6	3.9	2.2	5,249

FEMALES

Full-time, full year

Whites	1950	57.2	7.4	2.3	29.3	1.4	0.2	1.8	0.3	0.1	577
	1960	59.3	4.6	1.7	26.0	1.9	0.3	0.8	0.1	5.3	2,134
	1970	65.4	4.0	3.6	25.9	0.0	0.9	0.0	0.0	0.0	20,400

1980	30.9	10.0	14.8	31.6	0.2	5.9	2.6	2.5	1.6	45,600
1950	4.0	2.6	9.7	29.4	0.7	26.5	19.5	7.4	0.2	346
1960	6.1	4.1	10.1	32.2	0.8	25.9	2.0	12.7	6.1	883
1970	15.2	4.1	13.3	36.8	2.2	15.3	1.4	0.5	11.5	8,380
1980	22.6	3.1	10.4	45.3	0.6	11.3	0.6	3.9	2.2	5,249

FEMALES

Full-time, full year										
Whites										
1950	57.2	7.4	2.3	29.3	1.4	0.2	1.8	0.3	0.1	577
1960	59.3	4.6	1.7	26.0	1.9	0.3	0.8	0.1	5.3	2,134
1970	65.4	4.0	3.6	25.9	0.0	0.9	0.0	0.0	0.0	22,400
1980	72.0	2.1	2.0	20.5	0.7	1.6	0.3	0.1	0.7	18,310
Blacks										
1950	12.4	0.4	0.4	33.8	48.4	0.7	2.6	1.5	0.0	92
1960	17.4	1.2	0.6	39.3	30.3	2.1	0.3	0.3	8.4	333
1970	34.1	0.6	2.6	41.4	18.5	2.9	0.0	0.0	0.0	3,140
1980	53.4	0.5	2.0	36.8	3.6	2.9	0.1	0.2	0.5	3,674
Partially employed										
Whites										
1950	40.8	5.4	0.8	41.8	8.6	0.9	1.4	0.1	0.3	344
1960	46.1	5.2	0.8	32.4	7.5	0.5	0.8	0.6	6.1	1,228
1970	52.6	2.6	1.0	37.5	4.2	1.0	0.0	0.0	1.0	19,200
1980	59.6	3.1	1.4	29.2	2.1	2.9	0.6	0.7	0.4	13,770
Blacks										
1950	6.5	0.8	0.0	22.6	58.9	2.0	4.8	4.4	0.0	83
1960	7.6	1.0	0.3	26.6	53.8	1.0	0.3	2.4	6.9	290
1970	22.3	0.8	1.5	45.8	23.8	2.3	0.3	0.8	2.6	3,910
1980	39.4	0.7	1.2	43.9	9.8	3.5	0.1	0.7	0.6	3,648

increased difficulty finding work during the 1970s. College-educated blacks shared these problems with those who were less well educated. The vision of the economic deterioration of black communities suffers from a lack of an accurate historical foundation. Poverty, joblessness, and poor opportunities characterized the ghetto in the 1950s even more than in the 1970s or 1980s.

This is not to say that black urban communities have not changed. The intense overcrowding of the 1940s and 1950s has given way to the depopulation and abandonment described by David Bartelt. Crime and fear are different in the contemporary ghetto than they were in the teeming streets of the ghetto of years past. The decline in density affected the number and accessibility of social institutions and organizations, as well. Although the urban African-American community may have experienced a unique ecological experience, their employment and poverty history was not as distinctive. Indeed, it is finely woven into the poverty story of the entire nation.

THE POVERTY STORY

The nonwhite urban jobless have become an increasing proportion of America's poor over the past half-century, not so much because their status has deteriorated but because other groups have found avenues of escape. The poverty story of postwar America includes elements that are well known—like the expansion of real wages during the 1950s and 1960s and the growth of two-earner families after 1970. Yet other aspects of it are less well understood.

The public-use samples of the U.S. census allow us to examine the postwar poverty story in greater detail than has ever been possible. The story that emerges is full of surprises. We have seriously overestimated the affluence of Americans—particularly blue-collar Americans—before the 1960s. As late as 1959, at least two in five householders did not earn a living wage. In addition, we have seriously misunderstood the ways in which families escaped from poverty, particularly before 1960. Although economic growth and wage increases were important, much of the poverty decline of the 1950s was the result of increases in the earnings of other family members and in government welfare payments.

The expansion of government programs was critical to the poverty declines of the 1950s, when a bulk of the white population escaped poverty. In contrast, the growth of social-welfare programs during and after the War on Poverty were much less likely to benefit the urban jobless than other sectors of the population. Ironically, the urban jobless “fell behind” during the 1970s not because overly generous welfare payments sapped their will to work or uphold family responsibilities, but because other groups grabbed a larger and larger share of the welfare pie.

Researchers have been divided on how to define the *underclass*. William J. Wilson, in his highly regarded work, saw the underclass as a product of the

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isolation of urban ghettos and the increase in the concentration of the poor and jobless in these ghettos. The influential work of Sawhill and Ricketts also used concentration, that is, living in a census tract with a high aggregate poverty rate, as the primary means of differentiating the underclass from the rest of the poor.⁹

Others have stressed the importance of employment status and behavioral measures in defining the underclass. In this paper, I will use a labor-force definition to examine a group I call the chronically jobless, or urban jobless.¹⁰ This group is defined by four factors present in the census: work experience, school attainment, urban residence, and age. A householder's family is defined as members of the urban jobless if the householder did not work during the previous year, worked full-time for less than half the year, or worked part-time. I have also excluded those with postsecondary education, those over sixty years of age, and those who did not live in central cities.¹¹

This definition is somewhat broader than that used by Wilson and others. First, it does not examine neighborhoods of extreme poverty (which is impossible with the public-use samples) or even cities with high poverty rates, but all central cities. Second, its educational standard is broader than that usually connoted by the term *underclass*. Still, within the limits of the available data and the problems of any definition imposed on data over a forty-year period, it does identify those families which are generally the object of the underclass debate.¹²

The Census Bureau's definition of poverty often muddies the discussion of economic deprivation. The poverty rate is based on the relationship of the total money income of a family in a given year and a poverty threshold defined by the age of the family head and family composition. Since it was defined for 1959, the poverty thresholds have been adjusted for inflation using the consumer price index.¹³

⁹ William J. Wilson, *The Truly Disadvantaged*. See also, Wilson, "Social Theory and Public Agenda Research: The Challenge of Studying Inner-City Social Dislocations" (Presidential Address presented at the annual meeting of the American Sociological Association, August 1990); Erol Ricketts and Isabel Sawhill, "Defining and Measuring the Underclass," *Journal of Policy Analysis and Management* 7 (Winter 1988): 316–25.

¹⁰ Because the "urban jobless" include those who worked part-time and full-time for less than half the year, they were not totally jobless. Therefore, when I am discussing the earnings of this group, I will use the phrase "marginally employed" as well. The urban jobless will be compared with the remaining householders under the age of sixty, a group I shall refer to as the "other nonaged."

¹¹ In 1949, 1969, and 1979, the census identified those who were unable to work. For these years, I used an alternative definition of the chronically jobless that excluded the disabled. These data do not radically change the analysis offered in the remainder of the paper. If anything, they indicate that the growth of the underclass has been overestimated. Whereas the primary definition leads to the conclusion that there was little change in the chronically jobless's proportion of the population between 1949 and 1979, the alternative definition shows a clear decline (from 4.5 to 3.5 percent). In addition, while both definitions confirm the growth in the chronically jobless's share of the poor, the alternative definition fixes this increase at 50 percent (from 6.6 to 10.0 percent), while the primary definition leads to a figure of 100 percent.

¹² Increasingly, Wilson and others have focused their attention on the social dynamics of the largest Northeastern and Midwestern cities. Wilson, "Social Theory and Public Agenda Research."

¹³ The poverty rates reported for 1940 and 1950 were not "corrected" for inflation, because such

The problems with the Census Bureau definition have been discussed extensively.¹⁴ One particular problem in examining historical trends is the impact of the increase in transfer payments since the 1950s. Danziger and Plotnick proposed the concept of “pretransfer poverty,” that is, the poverty rate if we exclude income derived from government transfer payments. The comparison of official poverty and pretransfer poverty allows one to assess the effectiveness of transfers in getting individuals and families out of poverty. This was particularly important during the 1970s, when the pretransfer poverty rate rose, but the official poverty rate remained relatively stable because of the increasing effectiveness of government transfers.¹⁵

The method used to define pretransfer poverty can be extended to other forms of income. If we partition a family’s total income by source, we can examine the role of each source in reducing the risk of poverty. For this study, I have divided family income into four parts: householder’s earnings, the earnings of other family members, unearned income from sources other than public transfer payments, and income from public transfer payments. If we add these sources in turn, we can judge the role of each in reducing poverty.¹⁶

Take the total population in 1979 as an example (fig. 7.2). In 1979, 37.8 percent of householders did not earn enough to put their families above the poverty threshold; I will call this the householder earnings poverty rate (HEP). When we include other family members’ earnings, however, the proportion of the population drops to 32.6 percent (family earnings poverty, or FEP). If we include nongovernmental transfers, like investment income, rents, gifts, and charity, the rate drops to 24.3 percent (pretransfer poverty rate). Finally, we can include transfer payments, which give the official poverty rate of 13.0 percent.¹⁷

a procedure produces unrealistically high estimates of poverty. Rather, the poverty rate for 1959 was pegged to a time-series of family budget studies for the period 1905–59. See Oscar Ornati, *Poverty amid Affluence* (New York: Twentieth Century Fund, 1966).

¹⁴ Christopher Jencks, “The Politics of Income Measurement,” in William Alonso and Paul Starr, eds., *The Politics of Numbers* (New York: Russell Sage Foundation, 1987), 83–132; Patricia Ruggles, *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy* (Washington, D.C.: Urban Institute Press, 1990).

¹⁵ Sheldon H. Danziger, Robert H. Haveman, and Robert D. Plotnick, “Antipoverty Policy: Effects on the Poor and the Nonpoor,” in Sheldon H. Danziger and Daniel H. Weinberg, eds., *Fighting Poverty: What Works and What Doesn’t* (Cambridge: Harvard University Press, 1986), 50–77.

¹⁶ For 1940, we have only income data on earnings. Therefore, I have calculated only an HEP rate and the official poverty rate. In 1950 and 1960, transfer payments were not differentiated from other income. The effectiveness rates of other income, therefore, for 1950 through 1980 have been calculated using both public and private transfers. For example, the effectiveness rate of other income in 1980 (60 percent) means that private and public transfer combined lifted 60 percent of the population that was below the earnings poverty rate above the poverty line. The effectiveness rate of public transfers alone was 47 percent.

For a more detailed discussion of the methods used in this paper, see Mark J. Stern, “Poverty and the Life-Cycle, 1939–1959,” *Journal of Social History* (Spring 1991).

¹⁷ Using the same logic, we can calculate the *effectiveness rate* of each source of income. Begin-

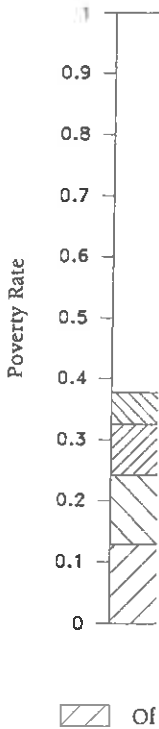


Figure 7.2. Poverty rate in 1979 was only 13.0 percent. The difference between the householder earnings poverty rate and the official poverty rate is 24.8 percent.

The disparity between each source of income, and the official poverty rate, since 1939.

Poverty in 1979 and social history: the ravages of the Great Depression.

Beginning with the HEP rate, the difference between the HEP rate and the official poverty rate is 24.8 percent.

Thus, of the 37.8 percent of householders who did not earn enough to put their families above the poverty threshold, 24.8 percent were lifted above the poverty line by other income sources.

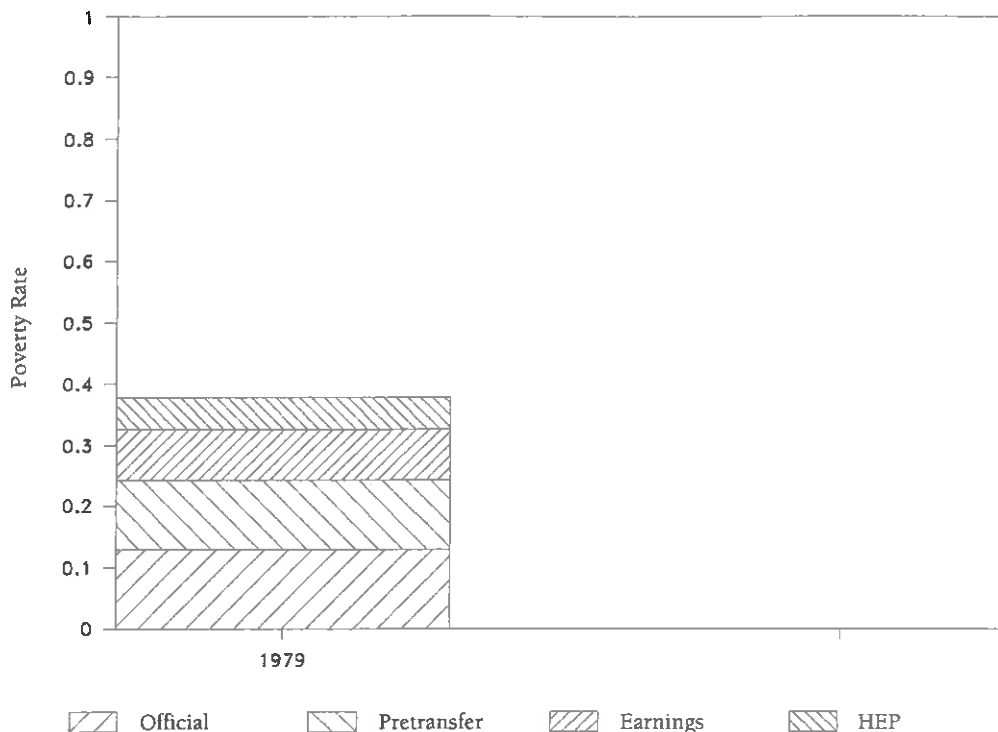


Figure 7.2. Poverty Indexes, Total Population, 1979. Although the official poverty rate in 1979 was only 13 percent, nearly 40 percent of the population would have been poor if the householder's earnings alone were considered. Other family earnings, private income, and public transfer payments allowed a quarter of the population to escape poverty.

The disaggregation of poverty allows us to examine the relative importance of each source of income. As we shall see, householders' earnings, other family earnings, and public and private transfers have played different roles in the years since 1939.

Poverty in 1939

Nineteen thirty-nine is a year out of place. It doesn't quite fit into the economic and social history of the Great Depression or that of World War II. After the ravages of the economic collapse of 1929–33 and the downturn of 1937, the

...ing with the HEP of 37.8 percent, the effectiveness of other family members' income is equal to the difference between HEP and earnings poverty divided by HEP, or

$$\frac{37.8 - 32.6}{37.8} = 13.7\%$$

Thus, of the 37.8 percent of householders at risk, 13.7 percent were not poor when other family members earnings are considered.

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economy had snapped back to the 1930s image of “normalcy.” After falling from 31 to 24 million between 1928 and 1933, the number of employed workers had edged up to 30 million, still leaving the unemployment rate near 15 percent. Among those employed, average real wages had finally eclipsed their level of 1929–30.

The New Deal was in decline, but the welfare state had become part of everyday life. Even though public-works projects had been severely cut after 1937, 6 percent of employed householders worked on emergency public employment projects. The Social Security Act had brought federal dollars to public assistance for the aged, the blind, and dependent children and was on the verge of paying benefits under Old Age Insurance.

Poverty remained a pervasive phenomenon: 44 percent of householders lived in poverty in that year. Although this figure was probably 20 percentage points below that of the peak of the Depression, it shows that poverty remained a common experience. Most working-class families and a significant proportion of white-collar workers could expect to find themselves in poverty at some point in their life cycle. The aged remained the group most at risk of poverty (around two in three); but middle-aged parents often slipped into poverty because of the gap between their income and rising consumption needs. In short, in 1939, the bulk of American families lived on the edge (fig. 7.3).¹⁸

Moreover, most achieved this degree of security only through the concerted actions of the family. Over half of householders earned wages well below the poverty threshold. The earnings of other family members, more often children than spouses, lifted about one in ten families above the poverty line.

Even these figures may paint too rosy a picture, because some groups were much less likely to be at risk of poverty than others. Excluding white-collar and craft workers, the poverty rate for the remaining three-quarters of the population was 54 percent. For semiskilled workers, the rate stood at 29 percent, and for domestics, laborers, and farm laborers, 77 percent, 62 percent, and 87 percent, respectively.

Both blacks as a race and the South as a region remained distinctly poor. Indeed, Northern blacks with a poverty rate of 56 percent were much poorer than Northern whites (37 percent), but only a few percentage points higher than Southern whites (52 percent). The Southern black poverty rate in 1939 was 82 percent.

¹⁸ Unfortunately, the only data we have on incomes for 1939 are for wages and salaries. Although this is a serious omission, we must keep in mind that most nonwage sources of income probably had little impact on poverty before 1940. The social insurances had begun to collect taxes but not to pay benefits; private pensions and insurance were rare for blue-collar workers; and benefits from public-assistance programs were too low to lift many out of poverty. The most serious implication for estimating poverty was the lack of data on earnings from self-employment. Therefore, the self-employed were omitted from all estimates of poverty. Based on the 1949 data, it is likely that the poverty rates of the self-employed in 1939 were similar to those of the rest of the population. For a more detailed discussion of this issue, see Stern, “Poverty and the Life-Cycle.”

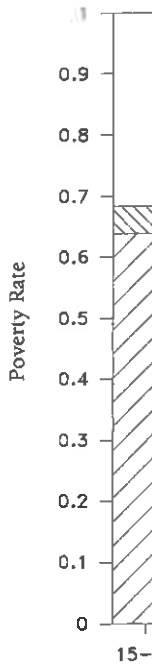


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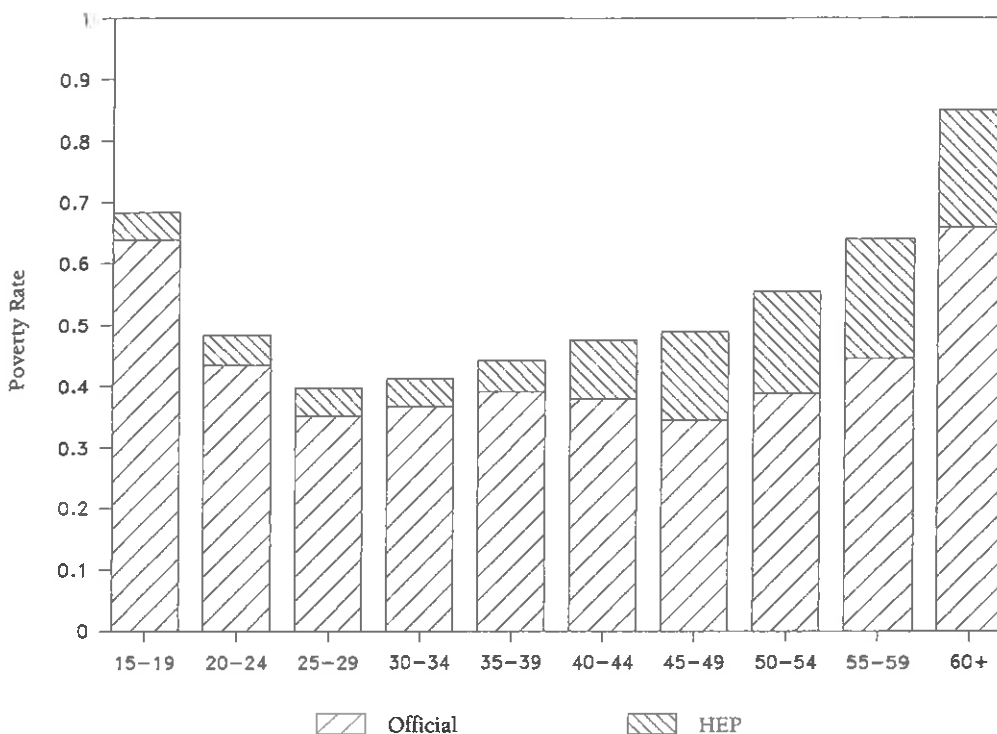


Figure 7.3. Poverty Indexes, by Woman's Age, 1939. Middle-aged household heads were less likely to earn a living wage than those who were younger. The earnings of other family members, however, pulled more families out of poverty.

The North was no crystal stair for African Americans, as Jacqueline Jones and Joe Trotter make clear. Still, there is little wonder that Northern cities attracted African-American migrants. In 1939, cities still had lower poverty rates than their suburbs or rural areas. In spite of the Depression and nascent suburbanization, the great industrial cities of the North remained the motors of economic growth and the sign of hope for those in the impoverished countryside.

In the context of widespread poverty, the urban jobless did not stand out as a unique group. Still, for the careful observer, the seeds of the underclass were present. Wedged between the Great Migrations of the 1920s and 1950s, Northern blacks, 3 percent of the population, comprised 11 percent of the urban jobless. Before World War II, the female householders, too, often found themselves among the urban jobless. At a time when female householders constituted only 14 percent of the population, they made up 34 percent of the urban jobless. In fact, the overrepresentation of female householders among the urban jobless was significantly greater in 1939 than it was forty years later.¹⁹

¹⁹ Overrepresentation is defined as the difference between the representation of a group among the chronically jobless and in the population divided by its representation in the population. For example, the overrepresentation of female householders in 1939 was

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The Forties

World War II dominated the 1940s. Unemployment was virtually eliminated by the wartime command economy, and pent-up consumer demand generated economic growth through the rest of the decade. By 1949, the poverty rate had fallen to 37 percent, and the proportion of householders who did not earn a living wage dropped from 54 to 43 percent. No other decade even comes close to the magnitude of these declines.

Most occupational and ethnic groups shared the poverty declines of the 1940s. However, blue-collar workers were the greatest beneficiaries of the new economic realities. The householder earnings poverty rate of unskilled laborers fell from 71 to 48 percent. Skilled and semiskilled workers and farm laborers recorded smaller, but still substantial, declines.

Northerners of all races and Southern whites shared in the declines of these years. Poverty declined even among the urban jobless; the proportion earning a living wage rose from 13 to 29 percent. Only Southern blacks—still mired in the twin oppressions of Jim Crow and debt peonage—failed to improve. Just over one-half of Northern blacks remained below the poverty line, but more than four in five Southern blacks were.

In short, the forties' job boom brought widespread improvements to most groups in the American population. Although the economy did little to reduce inequality, the rising tide did indeed lift all boats. Southern African Americans remained the one exception. Their horrendous poverty rates of the late 1930s persisted through the 1940s.

The Fifties

The 1950s occupy a unique position in the American collective memory as an era of widespread opportunity and affluence. Yet, like the 1890s and the 1920s, two other decades that appeared prosperous, the fifties, too, had their darker side.²⁰ In a recent collection of essays, Paul Peterson, for example, questioned the "liberal" interpretation of the persistence of poverty by noting that substantial progress was made in fighting poverty during the 1950s, although the "welfare state hardly expanded at all." Conservative analysts have made this case even more strongly, contrasting the economic growth and strong "traditional" families of the 1950s with the stagnation and permissiveness of the sixties and seventies.²¹

However, the expansion of the welfare state and the changing work patterns

²⁰ Elaine Tyler May, *Homeward Bound: American Families in the Cold War Era* (New York: Basic Books, 1988); James Gilbert, *A Cycle of Outrage: America's Reaction to the Juvenile Delinquent in the 1950s* (New York: Oxford University Press, 1986).

²¹ Paul Peterson, "The Urban Underclass and the Poverty Paradox," in Jencks and Peterson, *The Urban Underclass*, 12.

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of American women accounted for the poverty decline of the decade as much as did the increased earning power of "breadwinners." Less than half of the 10 percent decline in "official" poverty during the 1950s was the result of increased householders' earnings. Nearly half of the poverty decline of the 1950s was caused by public and private welfare benefits.

Scholars are apt to ignore the quiet welfare state of the 1950s. The best-known public program during this period, of course, was Social Security. Although benefits began to be paid under Old Age and Survivors' Insurance in the early 1940s, the amendments of 1950 liberalized the benefits of lower-income workers and raised average monthly benefits by 17 percent. By 1959, the average benefit for a retired worker had reached \$81.46, a real (inflation-adjusted) increase of 152 percent.²²

In addition, the 1950 amendments added benefits for the caretakers of dependent children and for the disabled. In 1956, disabled workers were added to the social insurance program as well. Veterans qualified for the well-known educational and housing benefits and were entitled to readjustment pay for a year after their discharge. Finally, the government compensated veterans with service-related disabilities and the survivors of those killed in the service.

During the same years, Supreme Court interpretations of the Taft-Hartley Act allowed labor and management to include fringe benefits in negotiations, and the National Labor Relations Board and the tax code strongly supported the expansion of insurance, pensions, and health care. By the end of the decade, these "private" transfer payments complemented the quiet expansion of the welfare state.²³

Wage growth alone did little to improve the economic position of workers. Only farm laborers' and farmers' family earnings poverty declined by more than 3 percentage points. Among the rest of the population, the expansion of transfer payments was the chief route for escaping poverty.

Northern blacks' poverty declined faster than that of the rest of the population, but their chance of poverty remained twice that of Northern whites. The rapid migration of Southern blacks to Northern cities fed the growth of the chronically jobless. Between 1950 and 1960, the proportion of African Americans among the urban jobless rose from 18 to 28 percent, nearly twice the increase of any other decade. Northern blacks' share of the entire population increased by over 40 percent (from 2.7 to 3.9 percent). By 1960 nearly one in five members of the urban jobless was a Northern black.

Despite the growth of the welfare state, the poverty rate of the urban jobless declined by only a few percentage points, and their share of all the poor in-

²² Martha Derthick, *Policymaking for Social Security* (Washington, D.C.: Brookings Institution, 1979); *Social Security Bulletin, Annual Statistical Supplement*.

²³ Beth Stevens, "Blurring the Boundaries: How the Federal Government Has Influenced Welfare Benefits in the Private Sector," in Margaret Weir, Ann Shola Orloff, and Theda Skocpol, eds., *The Politics of Social Policy in the United States* (Princeton: Princeton University Press, 1988), 123-49.

creased for the first time from 7 to 8 percent. Indeed, the extreme concentration of the chronically jobless among people of color became marked during these years. Whereas blacks and Hispanics had been about twice as likely as the general population to be chronically jobless in 1949, by 1959, they were three times as likely, a figure that would remain relatively stable over the next twenty years.

The Sixties

The pace of the poverty decline quickened during the 1960s, stimulated by war-induced prosperity and the expansion of welfare spending. The proportion of householders whose earnings left them below the poverty threshold fell by nearly 7 percentage points, as did the official poverty rate.

The gap between the lowest occupational groups and the rest of the population closed during the 1960s. The HEP rate of laborers fell by 17 percentage points, farmers by 14 percentage points, and farm laborers by 30 percentage points (table 7.5). For the first time in American history, full-time workers almost always avoided poverty. By 1969, less than one in twelve full-time workers failed to earn a living wage (table 7.6).

At the same time, the poverty data began to reflect the new economic strength of the Sunbelt. Southerners' poverty declines exceeded even the strong reductions among Northerners. The gap between Northern and Southern whites fell from 14 to 4 percentage points between 1949 and 1959. Although Southern blacks' risk of poverty was still three times that of Southern whites and 75 percent greater than that of Northern blacks, it had fallen by more than 30 percentage points in two decades.

The War on Poverty and liberalization of welfare eligibility combined with prosperity to reduce the poverty of the urban jobless. The poverty rate of the urban jobless fell from 44 to 35 percent. The effectiveness of transfer payments (public and private) rose from 18 percent in 1959 to 28 percent in 1969, at a time when the effectiveness rate for the rest of the nonaged population increased from 24 to 28 percent. Still, during the sixties, the overrepresentation of blacks and Hispanics among the urban jobless increased from 215 percent to 275 percent.

In the spring of 1971, Lee Rainwater and his associates went around Boston, asking people to compare their well-being with that of the recent past and future. His respondents were "less than ecstatic about whether things had changed for the better in the post-World War II period," but they were nearly unanimous that "the 1960s were hell; the decade was like a bad dream come true."²⁴

²⁴ Lee Rainwater, *What Money Buys: Inequality and the Social Meaning of Income* (New York: Basic Books, 1971), 65.

TABLE 7.5
Poverty Indexes, by Occupational Group (Percentages)

White-Collar	Self-Employed	Craft	Semiskilled	Domestic Service	Labor	Farmer	Farm Labor	No Occupation
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TABLE 7.5
Poverty Indexes, by Occupational Group (Percentages)

	White-Collar	Self-Employed	Craft	Semiskilled	Domestic Service	Labor	Farmer	Farm Labor	No Occupation
1939 HEP	16.2	59.2	28.0	40.2	88.1	70.9	92.7	90.7	96.7
Official poverty	11.9	49.7	21.6	29.4	76.8	61.9	83.3	86.8	76.6
N	2,862	1,545	1,981	3,296	212	1,623	1,332	1,436	3,057
1949 HEP	16.5	32.0	20.9	33.0	90.2	47.4	62.6	76.6	92.3
Earnings poverty	12.5	25.6	16.8	25.4	83.6	40.3	57.2	69.5	81.5
Official poverty	9.7	21.3	15.1	22.9	80.0	37.6	52.2	67.6	66.8
N	3,874	1,765	2,848	3,857	173	1,111	1,767	385	3,456
1959 HEP	18.2	47.2	18.7	34.5	90.7	46.8	64.4	73.6	76.9
Earnings poverty	14.0	37.9	13.9	26.1	81.8	36.6	52.5	65.0	66.3
Official poverty	7.6	15.7	8.8	19.6	71.5	29.2	39.4	58.3	48.2
N	838	3,532	4,817	5,471	5,915	5,566	5,051	4,371	3,768
1969 HEP	15.6	22.5	16.3	29.0	92.0	29.9	47.7	43.6	86.6
Earnings poverty	12.2	17.9	12.7	23.6	82.4	25.3	42.7	42.1	78.4
Pretransfer poverty	8.5	12.8	10.2	20.0	80.3	22.3	35.4	42.1	65.6
Official poverty	5.1	8.9	5.6	12.9	56.8	12.7	26.6	30.0	44.4
N	160,549	36,339	73,578	112,341	5,406	21,405	11,037	2,663	71,771
1979 HEP	18.3	23.0	18.4	28.8	82.2	35.1	42.8	53.2	93.3
Earnings poverty	14.6	17.1	14.8	23.0	76.2	27.5	34.8	45.9	86.5
Pretransfer poverty	9.8	11.4	10.5	18.5	71.5	23.0	24.9	38.6	64.3
Official poverty	6.3	7.1	6.2	11.7	46.7	15.5	16.1	23.3	28.6
N	107,732	20,568	28,354	79,196	1,493	11,245	5,155	3,927	63,861

TABLE 7.6
Poverty Indexes, by Work Experience, Householders, 1939–1979 (Percentages)

	Full-Time, Full-Year	Partially Employed	Did Not Work
1939 HEP	27.6	65.1	99.4
Official poverty	22.1	54.0	79.1
N	9,576	4,527	3,241
Percentage	55.2	26.1	18.7
1949 HEP	22.4	51.8	84.4
Earnings poverty	18.0	43.9	73.9
Official poverty	16.0	39.3	61.7
N	10,829	3,606	4,801
Percentage	56.3	18.7	25.0
1959 HEP	16.7	48.1	81.7
Earnings poverty	12.6	37.4	69.1
Official poverty	8.5	28.9	46.6
N	30,409	8,628	13,727
Percentage	57.6	16.4	26.0
1969 HEP	7.2	36.2	97.0
Earnings poverty	5.3	28.8	86.7
Pretransfer poverty	5.0	24.2	68.4
Official poverty	3.8	16.8	42.2
N	282,995	110,519	101,575
Percentage	57.2	22.3	20.5
1979 HEP	7.1	40.5	98.4
Earnings poverty	5.0	31.6	90.1
Pretransfer poverty	4.3	24.3	65.3
Official poverty	3.1	16.6	30.1
N	167,304	72,771	81,456
Percentage	52.0	22.6	25.3

Given the spectacular rise in wages and incomes during the 1960s, Rainwater's finding suggests either that inflation masked the real improvements in peoples' standards of living during these years or that income is a poor measure of social well-being. Of course, his respondents had no way of knowing what awaited them during the 1970s.²⁵

²⁵ In fact, one of the interesting aspects of Rainwater's book is that his respondents *assumed* that average incomes would rise, but worried that they would be offset by social and environmental decline (*ibid.*, 64–93).

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Official poverty edged lower during the 1970s. The poverty rate fell to 13.0 in 1979, 1.6 percent below the 1969 figure. Yet the decline of poverty during the 1970s occurred in spite of a marked deterioration in all areas of income, except public transfer payments.

The proportion of householders with earnings below the poverty line rose from 32 to 38 percent during the 1970s, climbing to within a percentage point of the recession-level 1959 figure. Even including other family members' earnings, one in three domestic units could not earn its way out of poverty in 1979.

Family earnings poverty rose across the occupational structure. Only farmers and domestics avoided it; laborers' family earnings poverty rate increased from 30 to 35 percent. Among ethnic groups, only Southern nonwhites escaped the poverty increases.

Transfer payments—especially the expansion of social welfare payments—counterbalanced increases in earnings poverty. Yet this expansion of welfare payments did not target the problems of the urban jobless. The aged and disabled benefited the most, thanks to the rapid expansion of Social Security. The poverty rate of householders over sixty years of age fell from 26 to 17 percent during the 1970s, a decline of 34 percent. Of the aged who were at risk of poverty in 1979, nearly two-thirds escaped poverty because of transfer payments (fig. 7.4).

The urban jobless shared the economic problems of the 1970s with the rest of the population, but were not helped as much by the expansion of public programs. The contrast in public policy could hardly have been starker. During the 1970s, the federal government liberalized eligibility for disability insurance, raised Social Security benefits by over 50 percent and then protected them against inflation, and enacted Supplemental Security Income to protect the needy aged and disabled. At the same time, it did nothing to protect the programs for the urban jobless against inflation and, in fact, led efforts to restrict eligibility. The result was a 35 percent decline in the real value of Aid for Families with Dependent Children benefits and the stagnation of state general assistance programs.²⁶ As a result, the urban jobless increased from 4.2 to 4.5 percent of the population. By 1979, the chronically jobless included 15 percent of the poor (fig. 7.5).²⁷

Imagine a waiting room shared by a number of doctors. The room is crowded with people waiting to be called out. As time passes, one person then another leaves through one door or another. But a few, for whatever reason, are never called. They sit, either resigned or impatient, hoping their time will come.

²⁶ June Axinn and Mark J. Stern, *Dependency and Poverty: Old Problems in a New World* (Lexington, Mass.: Lexington Books, 1988), 124–35.

²⁷ Although fully 54 percent of the group was nonwhite in 1979, this was about two-and-a-half times the rate for whites, a slight decline from 1969.

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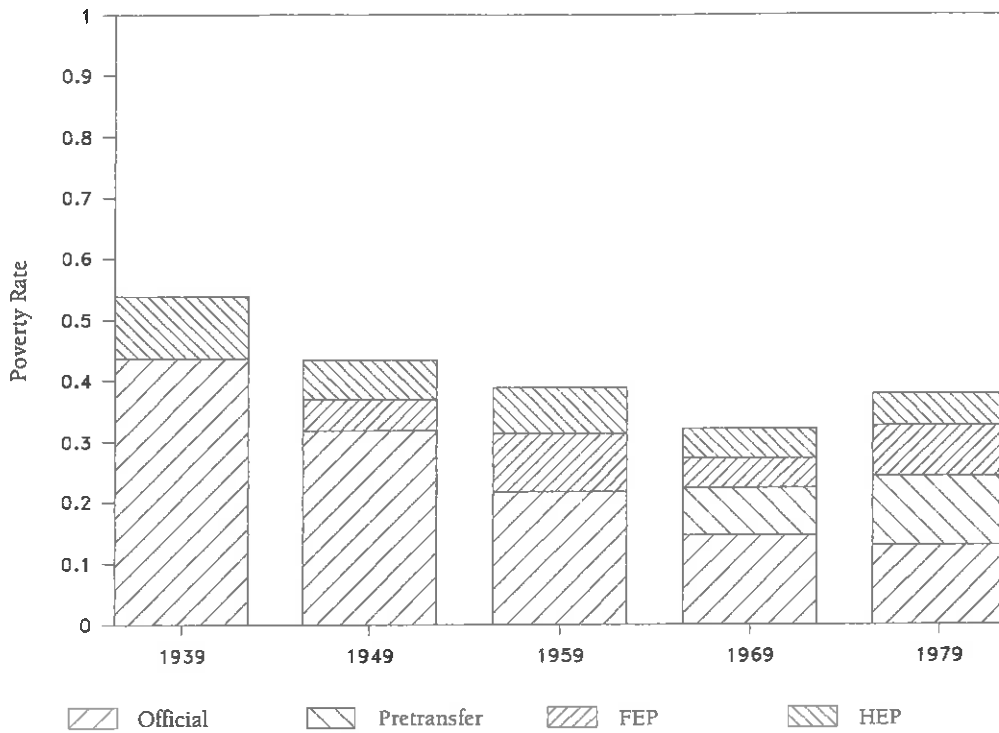


Figure 7.4. Poverty Indexes, 1939–1979. The rise in householder and family earnings poverty rates during the 1970s was hidden by the increased effectiveness of transfer payments.

In 1939, the waiting room called poverty was crowded with full-time workers, the aged, blacks and whites, Northerners and Southerners. Over time, individuals and groups slowly left. Some—blue-collar workers—benefited from the general rise in the level of wages. Others—the aged, unemployed, and disabled—were called out by the expansion of the welfare state. Others used domestic strategies—family extension, spouses’ employment—to leave the room.

But one group did not get called, at least not in numbers comparable to the rest of the population. Without job opportunities or help from the government, the urban jobless relied on their families and kin to help them survive. Yet these strategies, too, were often doomed to failure.

FAMILY AND THE PERVERSITY OF POLICY

American welfare policy has been preoccupied with the female-headed family. One parent—whether father or mother—has difficulty covering the twin duties of earning a living and rearing children. The increase in the proportion of families headed by a woman—from 14 to 26 percent between 1939 and 1979—was a legitimate reason for concern.

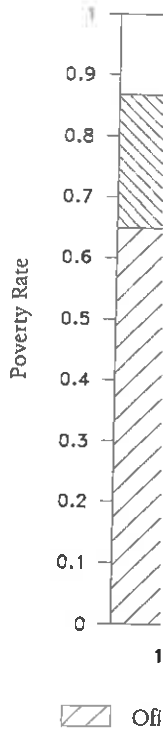


Figure 7.5. Poverty Indexes, 1939–1979. The rise in householder and family earnings poverty rates during the 1970s was hidden by the increased effectiveness of transfer payments.

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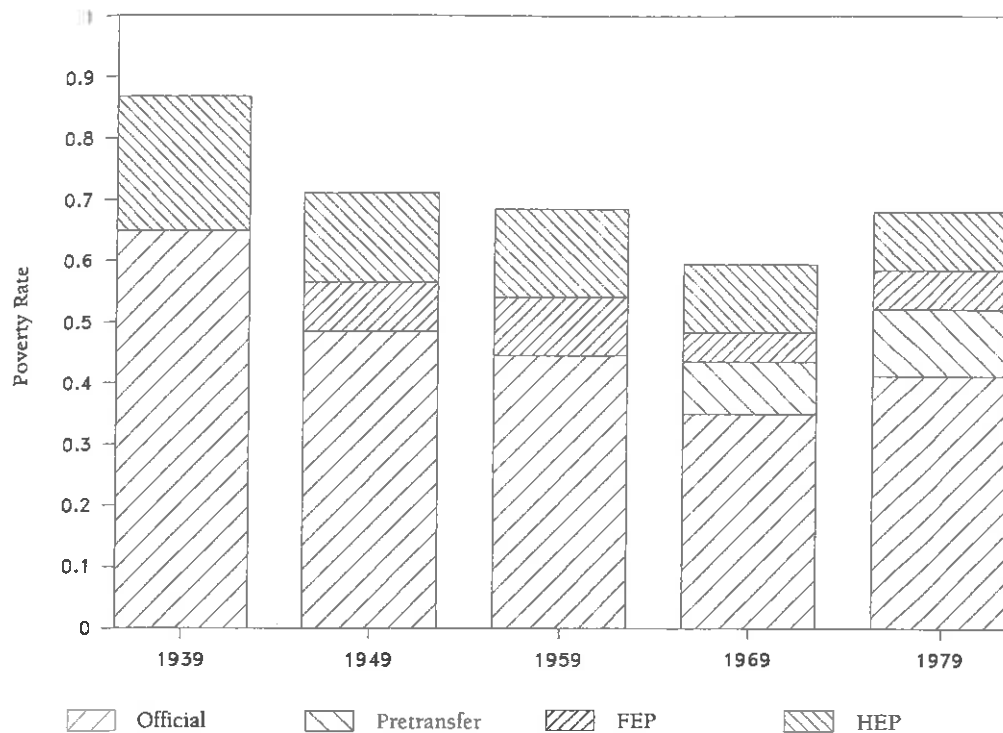


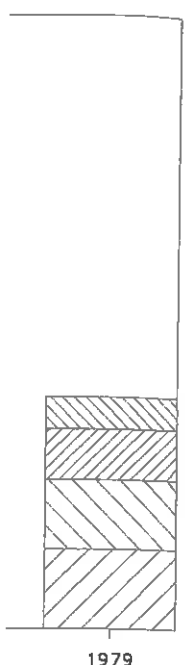
Figure 7.5. Poverty Indexes, Underclass, 1939-1979. Members of the urban jobless shared a rise in earnings poverty with the rest of the population. They did not benefit from the increased effectiveness of transfer payments, however.

Yet the preoccupation with female-headed households has obscured the breadth of strategies that the poor have used to combat poverty. For the individual, the opportunity structure and government policy are given; family strategies provide one of the few means under his or her control to address economic deprivation. An assessment of the role of family life in the poverty story must take all of these strategies—spouses’ or children’s employment, family extension—into account.

The preoccupation with female-headed families has also narrowed our understanding of family strategies and public policy. Charles Murray’s *Losing Ground* has revived an old belief that overly generous public assistance benefits create an economic incentive for a woman not to live with her children’s father. From a different perspective, Wilson and Neckerman argue that incarceration and joblessness have so reduced the number of “available” men that women have little choice but to live alone.²⁸

Although Murray’s argument has been largely refuted, it has been successful

²⁸ William Julius Wilson and Kathryn M. Neckerman, “Poverty and Family Structure: The Widening Gap between Evidence and Public Policy Issues,” in Danziger and Weinberg, *Fighting Poverty: What Works and What Doesn’t*, 232-83.



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in making the female householder the central icon in the debate over family, poverty, and public policy. Yet the variety in the poor's family strategies reflects the complexity of families' responses to public policy. Again, an account that examines female householders in isolation is bound to be flawed.

Working Children and Household Extension

Contemporary poverty studies have overlooked two family strategies with long histories: child labor and household extension. Both of these strategies remained important to urban jobless families during the postwar years. During the 1970s, each went through a precipitous decline in antipoverty effectiveness. The decline in the youth job market was responsible for the demise of child labor's effectiveness, and government policy was a major contributor to the reduced effectiveness of household extension.

Before World War II, child labor was a central means of coping with the men's low earnings, especially among immigrant and second-generation families.²⁹ As late as 1969, one in five urban jobless families relied on children's earnings, although these families were more often male headed and white. Still, in 1969, 16 percent of black urban jobless families had at least one working child present in the household.

The deterioration of the youth job market after 1959, however, weakened the effectiveness of this strategy. Although the percentage of urban jobless families with a working child increased from 15 to 20 percent between 1959 and 1969, the effectiveness of children's contribution in lifting these families out of poverty declined from 60 to 46 percent.

Working children declined both in frequency and effectiveness during the 1970s. The decline in youth employment opportunities reduced the proportion of urban jobless families with a working child from 20 to 13 percent. Among young people who found work, irregular employment limited its antipoverty effectiveness; only one in five of families at risk escaped poverty because of other family members' earnings. Thus, in two decades, the effectiveness of child labor had declined by two-thirds. Among blacks and Hispanics, the trend was even more profound. Between 1959 and 1979, the antipoverty effectiveness of working children declined from 47 to 14 percent among African Americans and from 55 to 15 percent among Latinos.

In contrast to working children, household extension remained a common strategy, especially during recessions. A larger proportion of households were extended in 1939, 1959, and 1979 than in the relatively prosperous years of 1949 and 1969. Even among the urban jobless and marginally employed, family extension was employed by the poorest families; the heads of extended households were less likely to earn a living wage than were the heads of nuclear

²⁹ Keep in mind that most of the children who worked were in their late teens and early twenties.

TABLE 7.7
Poverty Index
Householders,

1939 HEP
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TABLE 7.7
Poverty Indexes by Household Extension, Underclass and Other Nonaged
Householders, 1939–1979 (Percentages)

	Underclass		Other Non-Aged	
	Not Extended	Extended	Not Extended	Extended
1939 HEP	85.5	93.6	42.4	48.3
Official	65.0	64.5	36.5	34.7
N	791	155	8,648	1,126
1949 HEP	69.1	80.5	32.2	44.8
Earnings	54.8	64.5	27.5	34.0
Official	46.7	57.2	24.5	29.2
N	752	152	12,302	1,212
1959 HEP	67.4	72.9	23.5	37.7
Earnings	53.3	56.9	18.5	28.9
Official	45.4	40.2	14.5	19.7
N	1,750	406	31,142	5,258
1969 HEP	57.2	70.0	14.1	24.9
Earnings	49.4	43.5	11.6	15.9
Pretransfer	43.5	43.0	10.4	14.3
Official	36.5	27.3	8.4	11.0
N	17,407	3,480	290,985	40,439
1979 HEP	65.8	76.4	17.7	31.7
Earnings	57.1	64.1	13.7	25.3
Pretransfer	50.4	59.0	10.8	21.8
Official	40.4	43.7	8.6	14.8
N	11,347	3,091	186,600	29,799

households. For example, in 1959, extended families' breadwinners were 6 percentage points less likely not to earn wages above the poverty line than those of nuclear families (73 to 67 percent), but their poverty rate was five percentage points lower (40 to 45 percent) (table 7.7).³⁰

During the 1970s, the proportion of extended households among the urban

³⁰ The impact of household extension on family income is complex. If an outsider is kin and works, his or her earnings would contribute to the "other family members' earnings." If he or she pays rent, however, this income would show up as "other income." Thus, we must examine both of these sources.

Household extension helped many nonaged families escape poverty. The effectiveness rate of other family members' earnings and other income were higher for extended households in every year between 1939 and 1969 (in 1979 the effectiveness of other family earnings was slightly lower). For 1969 and 1979 (when we can differentiate between public transfers and other private income) about one extended family escaped poverty because of private income for every two who escaped through public money.

TABLE 7.8
Household Extension, by Gender and Ethnicity of Householder, Underclass Household, 1939-1979

	Not Extended												Extended Households						
	All Races			Blacks			Hispanics			All Races			Blacks			Hispanics			
	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	
1939																			
Percentage extended	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Percentage of poor	83.7	29.8	53.9	14.3	1.3	13.0	—	—	—	16.3	7.8	8.5	4.7	1.0	3.7	—	—	—	—
Percentage of underclass	83.6	27.3	56.3	10.9	0.8	10.0	—	—	—	16.4	7.9	8.5	3.8	0.6	3.2	—	—	—	—
1949																			
Percentage extended	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Percentage of poor	80.1	34.7	45.4	17.8	8.7	9.1	—	—	—	19.9	13.4	6.5	8.0	5.2	2.8	—	—	—	—
Percentage of underclass	83.2	26.4	56.8	12.4	4.7	7.7	—	—	—	16.8	8.5	8.3	5.4	3.0	2.5	—	—	—	—
1959																			
Percentage extended	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Percentage of poor	83.0	42.8	40.2	30.2	16.2	14.0	—	—	—	18.8	22.6	16.7	27.4	30.5	25.1	22.2	26.1	19.7	19.7
Percentage of underclass	81.2	28.3	52.9	20.5	8.3	12.7	4.7	1.6	2.6	17.0	9.7	7.3	9.2	5.2	4.0	1.1	0.4	0.7	0.7

jobless swelled from 17 to 21 percent. At the same time, the proportion of these families with a head making a living wage fell from 30 percent to 24 percent, and the effectiveness of other family earnings and private transfers fell sharply. Finally, the effectiveness of public transfers declined from 36 to 26 percent. All of these trends combined to force the poverty rate of extended urban jobless families to jump from 27 percent to 44 percent (table 7.8).

Throughout the postwar years approximately twice as many urban jobless female-headed families as male-headed families included outsiders.³¹ However, after thirty years of relative stability, the proportion of extended male-headed households soared from 12 percent to 19 percent during the 1970s (table 7.8). As a result, the family structure of the urban jobless altered dramatically between 1969 and 1979. The proportion that was nuclear fell from 87 to 77 percent (with the male-headed share dropping from 32 to 26 percent), while the share that was extended rose from 13 to 23 percent (with the male-headed share rising from 3 to 8 percent). Similar trends were present among black and Hispanic urban jobless households.

The startling expansion in the numbers and poverty of extended households has no simple explanation. The most likely answer is family and social obligation, perhaps stemming from the African roots discussed by Andrew Miller. Faced with an increasing number of individuals and families unable to survive on their own resources, urban jobless householders opened their homes to friends and kin even though it did nothing to improve the economic status of their immediate family.³²

Public policy proceeded to make a bad situation worse. The federal government used increased restrictions on earnings, assets, and family membership to reduce welfare costs during the late 1970s. These restrictions on Aid to Families with Dependent Children were effective; administrative reforms "tended to reduce the proportion of eligible individuals who participated in the program."³³

Extended families were more at risk of finding themselves running afoul of welfare regulations and losing benefits. Extra members made it more difficult to gather information and raised the suspicion of the authorities. As administrators tightened eligibility and compliance regulations, the entrance and exit of household members provided a rationale for refusing or delaying benefits. Reduced welfare benefits compounded the economic difficulties caused by changing

³¹ In 1939, for example, 22 percent of female-headed households and 13 percent of male-headed households were extended. In 1969, the proportions were 24 and 12 percent, respectively.

³² It seems reasonable to assume that the same forces were responsible for the increase in extended families and homelessness during these years. The biographies of many of the homeless include spells of living with a friend or kin before either voluntarily or involuntarily taking to the street.

³³ Michael R. Sosin, "Legal Rights and Welfare Change," in Danziger and Weinberg, *Fighting Poverty: What Works and What Doesn't*, 276.

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family circumstances.³⁴ The generosity that allowed the urban jobless to open their homes to others contradicts the stereotype of the anomie supposedly plaguing the underclass of the 1970s. Far from it, they were demonstrating an extraordinary degree of responsibility in the face of personal economic hardship.³⁵

Family Composition and Work

Throughout the population, women's opportunities in the labor force expanded during the postwar era. African-American women, who had been virtually excluded from all but the most marginal occupations before the 1950s, were perhaps the greatest beneficiaries of the expansion of women's work and the decline in racial and gender discrimination. During the 1960s and 1970s, African-American women's average earnings and those of black men and white women converged.

Yet the expansion of African-American women's earnings had two somewhat contradictory effects. On the one hand, women's improved earning power was a major reason for the rapid decline of poverty among two-parent urban jobless families. On the other hand, improved female opportunities reduced the comparative advantage of male householders among the urban jobless. If Kathryn Neckerman is right about the emergent gender conflict in the families of the urban poor, the rapid white-collar proletarianization of black women may have increased their willingness to escape from unsatisfactory marriages or to avoid marriage altogether. Thus, the same phenomenon—women's economic emergence—may have contributed to the strengthening of two-parent families and to the proliferation of female-headed families among the urban jobless.

The proportion of dual-earner and female-headed families increased among both urban jobless and the rest of the population. Among other nonaged families, dual earners as a proportion of all families increased from 16 to 43 percent

³⁴ In 1982, Pennsylvania Governor Richard Thornburgh succeeded in severely restricting the state's general-assistance payments to able-bodied recipients. Part of the rationale for this decline was to force unmarried men and women who were living on their own and collecting general assistance to move in with their parents. Given the strain on the family economy of the urban jobless, it is hardly surprising that Thornburgh's "welfare reform" was a contributor to the increase of homelessness during the 1980s.

³⁵ The situation during the 1970s is quite similar to that described by Steven Ruggles in *Prolonged Connections: The Rise of the Extended Family in Nineteenth-Century England and America* (Madison: University of Wisconsin Press, 1987). Ruggles argues that the evidence suggests that families were not extended strategically (i.e., for the economic benefit of the primary family) during the nineteenth century. He concludes that a normative theory explains this pattern; the Victorian glorification of family signified a cultural value that made nineteenth-century families want to be extended whether it made economic sense or not.

The history of the 1970s raises some doubts about this explanation. While Ruggles is correct to underline the complexity of family motivations, his theory seems to gloss over the considerable gap that separates wanting to accept relatives and not being able to avoid it.

between 1950 and 1980. During the same years, the proportion of female-headed households in the other nonaged population rose from 10 to 18 percent. Thus, by 1980, male-headed, single-earner families constituted only 39 percent of other nonaged households. The direction and degree of change was similar among the urban jobless. The proportion of dual-earner households increased from 8 to 19 percent, and the proportion of female-headed households from 35 to 43 percent.

The expansion of women's job opportunities provided a new degree of flexibility to two-parent families that was particularly important to the urban jobless. Because householders did not have steady work, the earnings of spouses were crucial. Yet the restriction of women's job alternatives (and wages) meant that before the 1960s, many urban jobless families with two earners remained in poverty. In 1959, for example, the poverty rate of dual-earner urban jobless families was 28 percent. The broadening of opportunities for women (particularly African-American women) improved the odds of dual-earner urban jobless families escaping poverty. By 1979, their poverty rate had fallen to 7 percent.³⁶

The proportion of both the urban jobless and other nonaged female householders who worked increased during the postwar years. Recall that the term *chronically jobless* includes both those who did not work and those who worked either part-time or for less than half the year. In 1949, about one in five chronically jobless female householders (21 percent) worked at some point during the previous year; thirty years later, this proportion had risen to 37 percent.³⁷

At the same time, the jobs they held were substantially better. By 1980, 38 percent of marginally employed female householders had professional, managerial, and clerical occupational titles, compared to fewer than 15 percent of marginally employed male householders. The increased job opportunities of marginally employed female householders provided them with a strong incentive to work. In 1959, they had virtually the same poverty rate (62 percent) as those who stayed at home (65 percent). By 1979, the poverty rate of the marginally employed had fallen to 44 percent, and the rate for urban jobless female householders at home had risen to 73 percent.

Not only did working female householders do substantially better than those

³⁶ The increase of dual-earner urban jobless families was not shared by African Americans. While the proportion of white urban jobless families that had two earners increased from 7 to 23 percent between 1939 and 1979 (with most of the increase occurring after 1959), the black rate did not increase as rapidly. Eleven percent of black urban jobless families had two earners in 1939 (3 percent more than the white rate), and the number expanded considerably between 1959 and 1969 (from 8 to 19 percent). However, during the 1970s, while the proportion held steady for whites, the percentage of black urban jobless families with two earners fell from 19 to 13 percent.

³⁷ An important change occurred in the composition of the female householder population during the 1960s and 1970s. Whereas before 1960 the bulk of female householders were widowed and divorced, during the 1960s and 1970s, the proportion that was never married increased. As a result, the female householder population became younger and had fewer older children.

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who stayed home, but they made strong gains relative to urban jobless men as well. In 1959, the household earnings poverty rates of chronically jobless male (without a working wife) and female householders were 57 and 81 percent, respectively. Twenty years later, the male rate had increased to 64 percent, and the female rate had fallen to 63 percent. In other words, in 1959 a woman who separated from a chronically jobless man and entered the labor force would see her risk of poverty increase from 57 to 81 percent. Twenty years later, her risk would hardly have changed.³⁸

The census data substantially contradict Murray's assertion that rising welfare benefits were responsible for the increased proportion of female householders. The antipoverty effectiveness of transfer payments rose for urban jobless female householders between 1949 and 1969 but stagnated during the 1970s. Compared to the powerful incentive of women's improved job opportunities and wages, welfare benefits had little demonstrable effect.

There is certainly an irony in these data. As we noted earlier, the poverty story of the 1970s was the increase in the proportion of the population with earnings below poverty. This trend was shared by dual-earner families, male-headed families with one earner, and most female-headed families. Only one group—marginally employed female householders—went against the tide. The family problems of the underclass were part and parcel of the overall decline in the economic well-being of America's families during the 1970s.

The trends in the work patterns of family members of the urban jobless and the rest of the population were substantially the same during the postwar years. For both groups, the number of dual-earner and female-headed families increased, and female householders worked more often. The key difference between the two groups was the relative improvement of the economic prospects of men and women.

Among other nonaged families, men retained a substantial economic edge over women. Although women contributed in dual-earner families, by 1969, nine in ten of these families did not need this contribution to escape poverty. The gap between the wages of male householders and female householders remained substantial throughout the period.

The improved economic status of women was much more apparent among the urban jobless. During the 1970s, more dual-earner families relied on women's wages to escape poverty. At the same time, marginally employed female householders actually improved their earnings. As a result, the earnings gap between male householders and female householders disappeared.

Women's improved economic alternatives are not pathological. Among men and women who maintained a commitment to one another—what are conven-

³⁸ Among other nonaged households, men's earnings advantage did not disappear. The household earnings poverty rate of male householders (without an employed spouse) remained substantially below that of a female householder who worked (19 to 26 percent).

tionally called “good marriages”—women’s new earning power helped urban jobless families escape poverty. For couples for which this was not the case—for “bad marriages”—the equalization of earnings removed an incentive for women to prolong the relationship. Other women may have seen the new realities as a reason to avoid “entangling alliances” and not marry. Because the equalization of wages was greater for the urban jobless than for the rest of the population, the economic incentive to stay in a bad marriage was even smaller.

Again, the changes in the urban jobless family were the same as those among the rest of the population. The divorce revolution of the 1960s established the principle that a marriage should dissolve if either partner was unwilling to maintain it. Although this revolution has had a variety of unforeseen consequences (most of which have hurt women), how could the poor be called pathological for actions consistent with dominant social norms?³⁹

The family life of the urban jobless changed for the worse during the 1970s. The percentage of householders with earnings above the poverty line fell. The decline in the youth labor market eliminated the antipoverty effectiveness of working children. Household extension often backfired because it led to reduced welfare benefits. The number of female householders increased. The urban jobless shared every one of these trends with the rest of the population, with one exception: All other groups benefited from a rapid increase in transfer payments. Public policy, not family breakdown, was the source of urban jobless families’ distinctiveness.

CONCLUSION

Theorists have made many assumptions, in the absence of historical evidence, about the origins of the underclass. This paper provides some support for contemporary “underclass” theory. Urban blacks did undergo a startling decline in their work experience. The proportion of blacks working in industrial employment stagnated during the 1970s. The families of the urban jobless showed signs of these economic stresses.

At the same time, the analysis contradicts or qualifies elements of the dominant portrait of the underclass. At least with respect to earnings and employment, there was never a golden age of the ghetto; it had always been dominated by joblessness and poverty. Certainly blacks suffered from the massive loss of industrial employment in American cities during the 1970s, but so did whites. Moreover, blacks, but not whites, were able to balance these losses against sizable gains in white-collar employment. Although joblessness afflicted the African-American community during the 1960s and 1970s, it had done so earlier, and it spread this time nearly as quickly among whites.

³⁹ Lenore J. Weitzman, *The Divorce Revolution: The Unexpected Social and Economic Consequences for Women and Children in America* (New York: Free Press, 1985).

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The accepted story not only misrepresented the economic deterioration of the black community during the postwar era, it got the story wrong for the rest of American society as well. Although the rise of wages was an important contributor to the decline of poverty, social welfare spending and women's work were equally powerful forces. The expansion of private benefits—especially insurance and pensions—and welfare entitlement removed one in seven families at risk from poverty in 1949, and three in five by 1979. During the 1970s, the declining significance of men's wages was covered up by the expansion of transfer payments.

Public and private social policy worked to disadvantage the urban jobless. Employer-provided benefits, such as disability coverage, stock ownership, and pensions, more often assisted the fully employed worker than the chronically jobless. At the same time, social insurance benefits were more generous than the public assistance benefits on which the urban jobless had to rely. After 1970 the gap between social insurance and public assistance widened, which led to a system of "reverse targeting."

Although the poor used family strategies to respond to these structural realities, the results were often contradictory. At times, family strategies and social policy produced particularly perverse results. During the 1970s, as urban jobless families scrambled to use household extension to combat economic disaster, federal and state welfare regulations restricted the benefits paid to these families.

This paper shows that the crisis of the underclass has been misunderstood; it also reveals that the economic problems of the rest of the population have been minimized. The 70 percent reduction of poverty during these years covered up a much slower expansion of the earnings capacity of household heads. Particularly during the 1940s and 1950s, when the bulk of the working class escaped poverty, the "mainstream" population required other family members' earnings and transfer payments to compensate for the slower growth of wages.

In a certain sense, then, the dominant images of the underclass and the mainstream have both been drawn in extremes. The underclass worked more and relied on family more and welfare less to escape poverty. The mainstream had less secure job histories, was more at risk of poverty, and relied on government handouts more often than we have generally believed. We might go so far as to say that these stereotypes complemented one another. If economic dislocation, irregularity of employment, and urban restructuring were taking their toll on all of us, perhaps it was reassuring to imagine that there was a class at the bottom of society worse off than the rest of us; a class whose vices made us look virtuous; a class whose poverty made us seem well off; a class whose family life made ours look stable.