

This primer centralizes poverty and economic (in)equality as part of the U.S.' historical narrative. It can be used as a reading assignment for students in grades 7 and up, or as an organizer to help integrate explorations of poverty and economic policy into standard U.S. history curricula. Included writing prompts offer a language arts connection.

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17th and 18th Centuries

ENGLAND'S "POOR LAWS" ARE PASSED.

In 1601, Parliament codified into law English welfare practices characterized by local control, with administrative units made up of parishes and select residents of each parish designated as "overseers of the poor." This approach will later inform social welfare practice in the U.S.

ENSLAVED AFRICANS BEGIN FORCED LABOR IN THE BRITISH COLONIES.

In 1619, the first recorded sale of human beings in what will become the United States occurs in Jamestown, Va., where approximately 20 captured Africans are sold to white colonists.

PURITAN BELIEFS STIGMATIZE PEOPLE IN POVERTY.

Believing in predestination, Puritans looked at poverty as a sign that a person was out of favor with God and thus doomed to suffer. Charitable acts, although part of religious practice, were not intended to lift people out of poverty. Such beliefs shaped colonial America's approach to social welfare.

19th Century

"POORHOUSES" TAKE ROOT IN THE U.S.

While the British monarchy relied on rigid class distinctions that allowed no upward mobility, and popular religion previously embraced a permanent impoverished class, newly minted Americans, armed with both an egalitarian spirit and a new religious vigor — focused on rebirth and salvation (rather than predestination) — began tackling social ills like poverty.

A decentralized system to address poverty, inspired by the British "Poor Laws," was introduced first. "Overseers of the poor" worked in local communities to collect funds and provide apprenticeships in skilled trades for youths. In some cases, overseers "auctioned off" individuals and families to the lowest bidders, who were paid the smallest fee possible to open their homes and provide care to people experiencing poverty.

Called "outdoor relief" because it occurred outside of an institution, this decentralized system was criticized both because people living in poverty were often abused and because many elites believed the system did nothing to encourage people living in poverty to "help themselves."

Reformers soon began building institutions to house people living in poverty — "poorhouses" or "poor farms" — that aimed "to reform and cure ... bad habits and character." The era of the poorhouse began.

THE SANITARY COMMISSION ILLUMINATES THE POWER OF "MACRO-LEVEL" PROGRAMS.

At the Civil War's outset, appalling numbers of troops died from disease, due largely to poor sanitation. The Sanitary Commission — staffed largely by women — was established in 1861 to educate Union soldiers about good health practices. Importantly, its successful work demonstrated that some issues required cooperation between units of government, not just work at the local level or in specific sites.

THE END OF THE CIVIL WAR BRINGS POVERTY AND THE EMANCIPATION OF AFRICAN AMERICANS.

The Civil War claimed the lives of more than 500,000 soldiers, mostly men and boys. They left behind wives, children and older relatives whom the soldiers likely would have supported financially had they lived. Many survivors returned home with disabilities that made work difficult to find and undertake.

The federal government provided pensions to Union veterans with disabilities and to women whose husbands died in the War, and post-War legislation required that all assistance to Union veterans and their families be provided as “outdoor relief,” specifically prohibiting their placement in poorhouses. For Confederate veterans and their families, financial support was orchestrated by the recovering Southern states.

Most of the Civil War was fought in the South, and the physical and economic devastation wrought by the War affected the South and its people to a much greater extent than those living in the North. Two in five Southern males died during the War, and the South’s agricultural economy was decimated — both because of physical damage and because the “free” labor force that supported it, enslaved African Americans, were emancipated.

The hundreds of thousands of African Americans emancipated at the War’s end faced a particular difficulty: finding a way to create economic security in the face of still-hostile whites, without the benefit of formal education (schooling was banned for enslaved blacks) or money. To help offset these challenges, the federal government established the Freedmen’s Bureau, a temporary agency, to provide food, clothing, and medical care to blacks in the South and also set up schools for African Americans so they could learn to read.

Unfortunately, violent opposition in the South and a retreat from the ideal of racial equality in the North ended such programs. In the coming years, Southern states would mandate racial segregation, prohibiting blacks’ entry into the mainstream (i.e., white) economy, and it would take another 100 years for these barriers to crumble.

INDUSTRIALIZATION – AND IMMIGRATION – TRANSFORM THE NATION.

With the North and South no longer at war and the East and West united by railroads, and with large swaths of land seized from Native Americans now available to settlers, the nation moved quickly into a new era of commerce, ultimately emerging as an industrial giant.

Industrialization created a new and much-needed vibrancy in the U.S. economy; it also bore a new class structure, with wealthy “industrialists” (owners of the factories, mills, mines and railroads) at the top, and workers — including 12 million newly arrived immigrants and even larger numbers of migrants from rural areas, emancipated blacks among them — at the bottom. Although a middle class emerged too, financial gains remained grossly concentrated with industrialists, rarely trickling down to the workers who made their enormous riches possible.

As workers began to form unions and engage in activism to secure better wages and working conditions, they continually had to guard against “divide and conquer” tactics executives used to diffuse their collective strength. Time and again, factory owners would use ethnic tensions to divide workers, paying some groups lower wages than others and threatening to replace laborers of one nationality with workers of another. When Chinese immigrants expressed a willingness to undertake mine work at lower wages than white laborers in 1885 Wyoming, for example, they became victims of armed attacks.

During this era, industrialists also began promoting two schools of thought that remain ingrained in the American economic psyche today. The first, “social Darwinism,” held that competitive pursuit of individual wealth is natural and right. It is “survival of the fittest,” to use Charles Darwin’s words; the wealthy profit and “survive,” because they are better and “more fit.” Just as Puritan religious beliefs promoted the permanence of an underclass in colonial days, social Darwinism justified economic dominance by the wealthy.

The second — the free market system, as envisioned by Adam Smith — held that supply and demand should shape all economic systems and that the government’s role is to stay out of the way. The market, then, has no morals. Thus began a tension between our nation’s “amoral” free market economy and competing desires to protect individuals when markets run amuck.

SETTLEMENT HOUSES FORGE A NEW MODEL FOR TACKLING POVERTY.

Post-Civil War industrialization and immigration led to enormous urban growth, and many newcomers were crowded into cramped and filthy tenements, what some today might call “slums” or “ghettos.” The settlement house movement sought to relieve the pressures in tenement communities by providing social services in an intimate, neighborly setting.

This movement marked a sharp departure from the approach of poorhouses and charitable organizations that sought to “fix the poor” through “moral improvement.” Those who worked and lived in settlement houses didn’t see those they aimed to serve as “deficient.” They offered services to help families in poverty achieve economic security. The Hull House, founded in 1889 by social reformer Jane Addams, for example, created Chicago’s first childcare and kindergarten programs.

20th Century

PROGRESSIVES SEEK REFORM.

In the early 1900s, the promise of jobs and higher wages attracted unprecedented numbers of people to cities. For the wealthy and the emerging middle class, cities offered an array of material goods stuffed onto department stores shelves. Baseball stadiums and burgeoning cultural centers met their recreational needs.

Yet, among the thousands of people living in poverty within those same cities, one in three was close to starving to death. Lured by the promise of prosperity, what most immigrants and rural migrants found was destitution — few city services, inadequate water facilities, unpaved streets, overcrowding and disease. In the best of cases, their wages provided for a subsistence living — a far cry from prosperity.

Against this backdrop, the Progressives emerged as a dominant social force that aimed to address the societal factors giving rise to such inequity. They worked to make big business more responsible, improving conditions for adults and children working in factories. They aimed to improve living conditions in tenements and factory housing, and they sought to make the U.S. more democratic — seeking voting rights for white women (not women of color) and the reform of other election practices to address widespread political corruption.

The Progressives’ work was bolstered by “muckrakers” — investigative reporters and photographers whose stories reached three million readers across the country, through magazines like *Everybody’s*, *McClure’s* and *American*. Their words and images shone a light on inequity in ways affluent Americans had never before seen.

In his book, *The Era of the Muckrakers* (1933), C. C. Regier argued: “The list of reforms accomplished between 1900 and 1915 is an impressive one ... child labour laws were adopted by many states; a federal employers’ liability act was passed in 1906, and a second one in 1908 ...; twenty states passed mothers’ pension acts between 1908 and 1913; twenty-five states had workmen’s compensation laws in 1915; ... and better insurance laws and packing-house laws were placed on the statute books.”

THE GREAT DEPRESSION DEMONSTRATES THAT ANYONE CAN BECOME SUBJECT TO POVERTY, AND A PRESIDENT MAKES A “NEW DEAL” WITH THE AMERICAN PEOPLE.

The economic expansion of the early 1900s literally crashed in 1929 when, over a period of ten weeks, the New York Stock Exchange lost 40 percent of its value. As stock prices continued their decline into the next decade, ten thousand banks failed, and the life savings of millions of Americans disappeared. The Gross National Product fell by 48% as business collapsed. One in four American workers became jobless (for black workers, the unemployment rate was 50%); those who found employment saw a 40% drop in wages. Many became homeless, and many more went hungry. In the coal regions of Illinois, Ohio, Pennsylvania and West Virginia, for example, malnutrition rates among children exceeded 90 percent.

In New York State, Governor Franklin Roosevelt viewed the crisis as a vast social problem that could only be fixed with government intervention, and he established a temporary emergency relief agency to deliver funds to local work projects and relief providers.

A Historical Primer on Economic (In)Equality

MIDDLE/UPPER GRADES ACTIVITY



As President, Roosevelt's first major act was to do the same at the federal level. Established in 1933, the Federal Emergency Relief Administration (FERA, the first of an "alphabet soup" of relief agencies) aimed to distribute \$500 million in grants to the states in order to help citizens cope with the Great Depression and end the economic downturn.

Recognizing the obvious shortcomings of a "free market economy" during the Depression, the President made a "New Deal" with the American people — leveraging the federal government's power and reach to promote greater economic security for the nation's citizenry.

Massive work programs like the CCC (Civilian Conservation Corps) and WPA (the Works Progress Administration) put millions back to work building much of the nation's infrastructure, from highways systems to iconic achievements, such as the Hoover Dam.

A lasting outcome from the New Deal era was the passage of the Social Security Act, which created entitlement programs to pay workers age 65 or older a continuing income after retirement, and provided unemployment insurance for workers, aid provisions for women with dependent children and grants to help states provide medical care to its residents.

In signing the law, Roosevelt proclaimed, "[This] law ... will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-stricken old age. ... [It] represents a cornerstone in a structure which is being built, but is by no means complete." As a result of its passage, the number of older citizens living in poverty ultimately fell by 75%.

Other New Deal reforms focused on banking, union protection and aid for tenant farmers and migrant workers.

WORLD WAR II PROVIDES AN ECONOMIC BOOM.

While the New Deal helped offset the effects of the Great Depression, it took a war for the economy to rebound completely. After so many years of widespread unemployment, millions of men and women entered military service, while the enormous needs of the national war effort created new opportunities for those left at home, mainly women. Auto plants were converted to make tanks; steel plants made airplanes. The whole economy was transformed from an economy for consumers to one built for war.

Just a few years before, the Social Security Act had created aid to support single mothers staying at home. Now, the government set very different expectations: "The more women work, the sooner we win," read one recruiting poster. With the creation of 17 million new jobs during the war, workers paid off old debts and began saving for the future.

At the end of the war, 300,000 American soldiers were dead, yet the United States was in better economic condition than any other country in the world. Its wartime production gave way to post-War prosperity.

Post-War public policy, like the GI Bill of Rights passed in 1944, provided money for veterans to attend college, purchase homes and buy farms. The financial and social impact of such policies was almost incalculable; the GI Bill alone transformed the American work force by tripling the number of Americans with college degrees. This opportunity, however, was not available to all on an equal basis.

While upward mobility was a reality, it lifted white men further than anyone else. The doors to employment that had opened so widely for women during the War slammed shut. Veterans of color returned home to find that segregation and racial discrimination still reigned. The indignity of confronting such inequity at home — particularly after the fight for justice and freedom abroad — laid the groundwork for forthcoming liberation movements for African Americans, Mexican and Pilipino farm workers and women.

SOCIAL JUSTICE MOVEMENTS TAKE ROOT, AND A PRESIDENT DECLARES A “WAR ON POVERTY.”

President John F. Kennedy, hoping to continue the prosperity of the post-War years into the 1960s, cut taxes dramatically, and, before his assassination in 1963, was on the cusp of implementing new social policies as well. He slowly came to support full civil rights for African Americans, who had been engaged in a decade-long, public struggle, now known as the Civil Rights Movement, to bring an end to social, political and economic racial segregation. And, moved by the abject poverty he had witnessed during campaign trips, Kennedy also had formed a federal-state committee to draw up “a comprehensive program for the economic development of the Appalachian Region,” where one in three people lived in poverty.

Just seven weeks after entering the Oval Office following Kennedy’s assassination, President Lyndon B. Johnson delivered his first State of the Union Address, calling for the passage of a civil rights act and declaring a “war on poverty.”

“Many Americans live on the outskirts of hope,” he declared. “Some because of their poverty, and some because of their color, and all too many because of both. Our task is to help replace their despair with opportunity. This administration today, here and now, declares unconditional war on poverty in America. I urge this Congress and all Americans to join with me in that effort.”

In July, Johnson signed the Civil Rights Act of 1964, which finally granted African Americans the freedoms they had been promised at the end of the Civil War. His Administration also prepared sweeping legislation to tackle national poverty on three fronts: through education (implementing in the Head Start Act and the Elementary and Secondary Education Act); income maintenance (expanding Social Security, strengthening the minimum wage and enacting the Food Stamp Act); and job creation (establishing the Job Corps and the College Work Study Program.) And Appalachia would receive targeted relief in 1965 with the Appalachian Regional Development Act (ARDA.)

Johnson’s programs, combined with an economic boom, nearly cut poverty in half in the 1960s. Ultimately, though, his approach will become the prototype of “Big Government” that neoconservatives will fight against, and dismantle, in the years ahead.

FEDERAL POLICY SHIFTS TO “SUPPLY SIDE” – OR “TRICKLE DOWN” – ECONOMICS.

As governor of California, Ronald Reagan criticized federal welfare programs, believing they discouraged work and promoted out-of-wedlock births. As Governor, he asserted that “nearly a million children are growing up in ... programs that reward people for *not* working, programs that separate families and doom these children to repeat the cycle in their own adulthood.” In 1971, he oversaw the passage of California’s Welfare Reform Act, which introduced the concept of “workfare,” requiring able-bodied recipients to work as a condition of receiving state aid. The program had mixed success.

Still, when Reagan became President ten years later at a time when the nation was experiencing an economic recession, he brought with him desires to reform the “welfare state” and to overhaul federal economic policy. Called “trickle-down” or “supply side” economics, the new policy held that, when those who create jobs (corporations and wealthy business owners) possess more wealth, they will create more jobs, and everyone will benefit financially.

In 1981, Reagan introduced sweeping, although lopsided, tax cuts. For the richest 1% of Americans, their tax rate fell 6%, and they got richer. Between 1983 and 1987, their mean financial wealth grew by \$1,769,000 — or by 33%.

Corporations enjoyed substantial tax reductions, too; in 1982, corporate tax receipts declined 25% compared to 1981’s numbers, as measured by the GDP. (The cuts proved too severe, however, and the Administration adjusted its plan.) After Reagan fired about 12,000 federal air traffic controllers who went on strike, business also took a cue from the Administration that it was OK to play hardball with labor unions, which — as they had during industrialization — advocated on behalf of workers for fair compensation and decent working conditions.

While wealthy citizens and corporations saw profits expand, Americans in the bottom 40% paid *more* taxes, and the Reagan Administration sliced programs supporting those in poverty — programs like school lunches and subsidized housing for families with incomes of below \$10,000. In Reagan’s first term alone, federal funding in these areas dropped 8%.

In the end, the central promise of the “trickle down” model — tax cuts would stimulate work effort, savings and investments among all Americans — failed to materialize. When mainstream economists, Barry Bosworth and Gary Burtless of the Brookings Institution, examined the effects of the 1981 tax cut, they found that men did not, in fact, work more and that, although women worked longer hours, their income failed to rise. Further, net investment declined, and savings plummeted. Overall, the economy grew much more slowly in the 1980s than during 1960s and no faster than it had in the 1970s, or later would in the 1990s.

A STEREOTYPE CHANGES PUBLIC PERCEPTION OF PEOPLE LIVING IN POVERTY.

While the promised effects of supply side economics failed to materialize, something else did. Introduced in a series of speeches given by Ronald Reagan, a new stereotype infected the public consciousness — that of the “welfare queen,” a supposed unmarried mother who lives in the ghetto and has lots and lots of children, so she can receive more and more federal aid. She lies around at home, watching TV, and doesn’t do much of anything — except maybe try to uncover ways to defraud the federal government. She is both immoral and lazy, and almost always is envisioned as a black woman.

The “welfare queen” stereotype:

- *Fueled anti-black racism and deflected attention away from the fact that a majority of single mothers receiving aid were white;*
- *Masked the true nature of poverty in America, which isn’t just an urban phenomenon, but, as suggested by the Kennedy-Johnson era’s focus on Appalachia, exists in rural areas (and suburbs), too;*
- *Denied the evolving social expectations that all parents should work — mothers once had been expected to stay home with children, as typified in the 1935 Social Security Act; and*
- *Perhaps most dangerously, gave rise yet again to the Puritan and Poorhouse beliefs that people experience poverty largely because of their own moral failings.*

In testimony before the Senate’s Committee on Labor and Human Resources in 1987, Mary Jo Bane of the John F. Kennedy School of Government at Harvard, implored Congress to be mindful of “how a misleading stereotype about the poor might distort analyses of appropriate policies.”

THE FEDERAL GOVERNMENT ADOPTS A DECENTRALIZED “WORKFARE” POLICY.

While the federal role in social welfare had expanded through the Civil War, the Progressive Era, the Depression and then Civil Rights era, the trend began its formal reversal in 1994, when the Republican Party gained control of both the Senate and the House for the first time in four decades.

The “Republican Revolution,” as it became known, was orchestrated largely by Newt Gingrich, who united his party under a “Contract with America.” The Contract listed welfare reform as a top priority: “[We must] discourage illegitimacy and teen pregnancy by prohibiting welfare to minor mothers and denying increased AFDC [Aid for Families with Dependent Children] for additional children while on welfare, cut spending for welfare programs, and enact a tough two-years-and-out provision with work requirements to promote individual responsibility.”

The Contract’s focuses on mothers with children and on work requirements harkened back to the Reagan years, and implicit in the new Republican philosophy was a belief in “devolution” — the ceding of federal power to state or local government. Local and state governments, not a federal bureaucracy, could provide the best oversight of “the poor,” they argued. This “new” approach wasn’t exactly new — it was based in principles of the Poor Laws of 1601, the original model for American social policy.

Negotiating with a Republican Congress, Democratic President William J. Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act in 1996. The Act ended a 60-year-old federal guarantee of cash aid to people living in poverty, established time limits on aid availability and required that most recipients work, be in school or job training programs in order to receive assistance. The centralized system of federal welfare was replaced by 50 decentralized “workfare” programs operated by the individual states.

The 1990s would prove a period of unprecedented economic growth for the U.S. Per capita income increased, while the poverty rate decreased — in part, because President Clinton balanced the federal budget, and the nation’s economy actually created federal surpluses.

Postscript

The economic prosperity of the 1990s crumbled as the 21st century got underway. Fueling the decline: the bust of the “dot-com” stock bubble in March 2000, the terrorist attacks of September 11, 2001, and the subsequent wars in Afghanistan and Iraq. Gone is a balanced federal budget. Gone are federal surpluses.

In 2001, President George W. Bush attempted to stimulate the economy with new tax cuts for the wealthy. Over a ten-year period, the richest Americans — the best-off one percent — are slated to receive tax cuts totaling almost half a trillion dollars.

Meanwhile, the number of people receiving welfare assistance (now “workfare”) has dropped by 58% since 1996. While some people moved on to gainful employment, many joined the ranks of the working poor. Others simply became destitute. “These families are still struggling,” said Sheri Steisel, a welfare expert at the National Conference of State Legislatures, in 2006.

At the same time, the American economy is undergoing a revolution, as globalization takes shape. Every major economic shift in U.S. history, from agriculture to industry to technology, has caused severe “creative destruction,” through which many people are thrown out of work, new skills are needed and then acquired, and new businesses flourish. The historical pattern has held that more jobs ultimately are created than destroyed.

In his 2007 memoir, *The Age of Turbulence*, often-lauded and often-maligned former chairman of the Federal Reserve, Alan Greenspan, cautions that, as the “new economy” emerges — a global economy powered by multinational corporations that embrace the free market’s “amorality,” it’s unclear how the U.S. and its workforce will remain competitive, if at all. If a job can get done just as well in another country at less cost, why not outsource it?

As the 21st century gets underway in what is still the richest nation in the world and with globalization emerging, startling statistics remain true:

- **Sixteen million:** *Number of Americans living in deep or severe poverty*
- **Forty-nine million:** *Number of Americans without health insurance*
- **Eighteen:** *Percentage of children living in poverty in the U.S.*
- **One in four:** *Proportion of immigrant children living in poverty*
- **One in three:** *Proportion of African American, Latino and Native American children living in poverty.*
- **Six:** *Percentage of children born in the bottom income quintile who will reach the top quintile as adults*
- **Last:** *America’s ranking in a UNICEF report on child well-being in developed nations*
- **A majority:** *Adolescents in the U.S. who believe economic inequality is “normal” and that poverty stems from a lack of “individual merit and effort.”*

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DISCUSSION AND WRITING PROMPTS

Use the following questions to drive classroom discussion, or as writing prompts:

1. Throughout U.S. history, a tension has existed between workers and the businesses and corporations for which they work. Why is this? What roles have unions played in navigating this tension?
2. A tension also has existed between “individual responsibility” and the government’s potential role for lifting people out of poverty. When did these ideas first emerge? Why? Which do you find more compelling, or would you advocate for a balance? Why?
3. As a result of the New Deal’s programs, the federal government provided millions of Americans with jobs. How did this undermine fundamental principles of a free market economy?
4. How did World War II help restore the American economy?
5. Who was left out of the post-War gains? Why? How might this still be relevant today?
6. Society’s expectations of women have changed dramatically. Describe these changes.
7. There were two names for the federal economic policy introduced by President Reagan. Why do you think some advocates might have preferred “trickle down” economics over “supply side” economics?
8. Do supply side economics relate to the industrialist philosophies like social Darwinism and free market capitalism? Why?
9. How did the “welfare queen” stereotype skew the nature and scope of poverty in the U.S.?
10. How did the “Contract with America” affect federal welfare policy?
11. What is globalization? How is it relevant to the ongoing battle against domestic poverty?
12. Do any of the statistics at the end of the primer surprise you? Why?