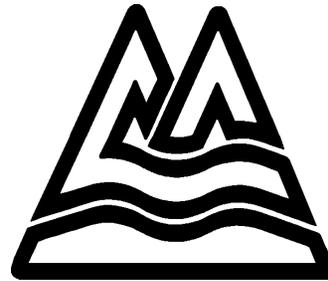


# **Why Does Poverty Continue? Initial Research Results**

Poverty Benchmark Analysis  
Multnomah County Oregon



Department of Support Services

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*[www.multnomah.lib.or.us/budget/eru/](http://www.multnomah.lib.or.us/budget/eru/)*

# Why does poverty continue?

Factor	Evidence
Racism	<ul style="list-style-type: none"> <li>▪ <b>Employment:</b> Paired job seekers looking for the same job in San Diego and Chicago. Hispanic male testers were offered 39% fewer jobs than Anglo counterparts. (See Galster p. 195)</li> <li>▪ <b>Housing:</b> Paired housing seekers looking for real estate in 25 metropolitan areas. Blacks and Hispanics were offered 21% fewer homes than Anglo counterparts. They were also offered 25% less apartments to rent. (See Galster p.197)</li> <li>▪ <b>Lending:</b> Blacks and Hispanics were 60% more likely to be rejected than comparable Anglo applicants. This is a Federal Reserve of Boston study. (See Galster p.197)</li> <li>▪ <b>Education:</b> abysmal inequality in level of resources across schools (See Galster p. 195)</li> </ul>
Spatial mismatch	<ul style="list-style-type: none"> <li>▪ <b>Mismatch</b> between low skill jobs and low-skill workers. Minorities confined in central city had less access to jobs in the suburbs. (See Galster p.195)</li> </ul>
Poor government cooperation	<ul style="list-style-type: none"> <li>▪ <b>Intergovernmental paralysis</b> in the face of incredible mixture of programs. Categorical grants designed in Washington proved unworkable at the local level. Grants administration was overwhelming. Number of grants skyrocketed and neither federal nor local actors could keep a coherent overview. Galster p.211</li> <li>▪ <b>Supply and demand imbalance</b> between the fast growing size of problems in cities and the slow growing revenue sources. Moynihan noted that "Every 1% of GNP is 1.5% for federal government revenue and .5% to .75% growth for city governments. This lead to the growth of revenue sharing or block grants. But cities did not spend this money on urban problems and used them towards capital purchases, wage increases and traditional spending. Galster p.212.</li> <li>▪ <b>Devolution in capped block grants created 50 new experiments</b> in bureaucracies. Policymakers cannot make use of the programs they designed. (Dunkel)</li> </ul>

Decrease in cash transfers	<ul style="list-style-type: none"> <li>▪ <b>There is less money for kids.</b> 70-80 federal program expenditures targeted for children decreased by 4% whereas those for the elderly increased 52%. Public assistance declined in the 80s and state taxes continue to reduce disposable income of working poor families. Bianchi 103.</li> </ul>
Macroeconomic conditions	<ul style="list-style-type: none"> <li>▪ <b>The failure of 80s economic growth to reach poor</b> can be attributed to decline in earnings of less skilled people. There is a shift out of low tech and basic manufacturing into professional and business services does not favor those who do not have minimum education. Jobs moved overseas. Decline in unions,</li> <li>▪ In 1939 70% of child poverty due to depression. 27% in 59, 14% in 69 due to economic expansion, 17% in 70 due to economic growth. 1983 23% in the recessions. And, economy began to expand again but poverty only dropped to 19% in 88. <b>POOR ECONOMIC PERFORMANCE CONTINUED TO MOVE MORE CHILDREN INTO POVERTY BUT GOOD MACROECONOMIC PERFORMANCE SEEMS LESS ABLE TO DO THE OPPOSITE.</b> Chafel, p.95</li> </ul>
Complexity of the problem	<ul style="list-style-type: none"> <li>▪ The bad news is that there do not seem to be any programs that reduce poverty in a cheap and effective way. There seems to be some programs that do not work. Others seem modestly successful at meeting limited objectives in a cost-effective way. Most observers would say that those programs are well worth pursuing or even enlarging. But no programs seem to be on the horizon that will fundamentally and dramatically reduce the incidence of poverty in the United States. Darby, p.7</li> <li>▪ Growth in single parent families and never married families. Most children lived with their mothers who tended to have lower levels of education. Growth in mother child families accounts for 1/3 to 1/4 of the children in poverty. Poverty in two parent families also increased. Chafel, p.101</li> </ul>
<b>Factors that have stayed the rise in poverty</b>	<ul style="list-style-type: none"> <li>▪ Rising parental educational attainment</li> <li>▪ Number of children per family has decreased</li> <li>▪ Two income earners</li> </ul>