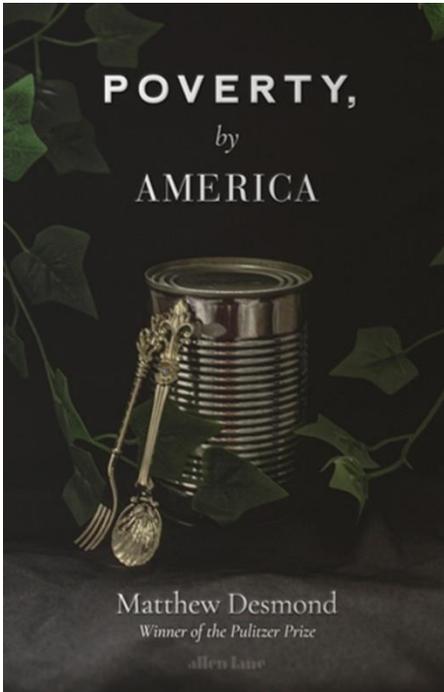


POVERTY, BY AMERICA

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Desmond, M (2023) *Poverty, By America*, London and New York: Allen Lane.



Matthew Desmond is Professor of Sociology at Princeton University and won the 2017 Pulitzer Prize for his last book, *Evicted: Poverty and Profit in the American City*, in which he followed the lives of eight families in Milwaukee, Wisconsin faced with the threat of eviction during the 2008 financial crisis. His latest book, *Poverty, By America* (2023), is a companion to *Evicted* with a broader focus on the richest country on earth which has ‘more poverty than any other advanced democracy’ (Desmond, 2023: 6). The aim of the book is to explain why there is so much poverty in the United States (US) despite having a per capita Gross Domestic Product (GDP) of over \$70,000 (The World Bank, 2021).

The answer offered by Desmond includes: racism; punishment of the poor (particularly Black and minority ethnic communities) with appalling incarceration rates; state subsidies to the rich and under-claimed welfare payments by the poor; tax evasion by corporations and the rich; zoning laws that keep the poor off the property ladder; state disinvestment in public services; lack of affordable healthcare; and the loss of labour power in the workplace. Seventy-six pages of notes suggest that Desmond has done his homework and there is a compassion to his writing that draws from his own early exposure to poverty. His family home

was taken by the bank when he was a child and he got through college with a scholarship, loan and lots of low-paying jobs. He was often in the company of the homeless and the book has an authenticity that stretches beyond secondary research into lived experience.

There are 39 million Americans unable to ‘afford basic necessities’, two million lack running water and more than one million public school children are homeless (Desmond, 2023: 6). The poverty line in America is \$13,590 a year for a single person and \$27,750 for a family of four with the poor spending a third of their income on food (Ibid.: 10) and most tenants spending half their income on rent (Ibid.: 15). Despite the passing of the Affordable Care Act in 2010 to widen access to health insurance, thirty million Americans remain uninsured (Ibid.: 14). One in four children in poverty have untreated cavities (Ibid.) and low pay combined with rising rents is driving more of the poor into slum accommodation that ‘spreads asthma, its mold and cockroach allergens seeping into young lungs and airways, and it poisons children with lead, causing irreversible damage to their tiny central nervous systems and brains’ (Ibid.: 140).

The declining quality of jobs in America in terms of pay, security and benefits is deepening poverty as 3.6 million eviction notices are served on average per annum as tenants struggle to meet rent (Ibid.: 5). A total of 5.3 million Americans live on less than \$4 a day or less (Ibid.: 18) which ludicrously leaves them above the official poverty line used by The World Bank that was increased by 13 per cent in Autumn 2022 from \$1.90 per day to \$2.15 per day (The World Bank, 2023). The legion of supporters of the Sustainable Development Goals (SDGs) should take note that the Goals use the Bank’s appallingly low poverty line to assess progress in ‘poverty eradication’.

Race and poverty

Race remains one of the leading determinants of poverty in US society. The unemployment rate for Black men is twice that of the white unemployed and the life expectancy of poor Black men is similar to that of males in Pakistan and Mongolia (Ibid.: 22, 23). In 2019, median white household income was \$188,200 compared to \$24,100 for Black median household income. In the average American city, the cost of fuel and utilities has increased by 115 per cent

(Ibid.: 26) and yet, Desmond finds that ‘a fair amount of government aid earmarked for the poor never reaches them’ (Ibid.: 28). The reason is that multiple applications are often required to access food stamps, disability support and public housing assistance and an attorney may be needed to ensure success (Ibid.: 31). And so the federal government spent \$193 billion on ‘homeowner subsidies’ benefiting the wealthy in 2020 compared to expenditure of \$53 billion on housing assistance for low income families (Ibid.: 91). Employer-sponsored health insurance is exempt from federal taxation and cost the US government \$316 billion in 2022 (Ibid.: 93). Desmond argues that this subsidy is dependent on having a decent job and income and, therefore, mostly bypasses the Black and minority communities who need it most. Government subsidies to high-income Americans in the form of tax breaks, mortgage assistance and employment-based health insurance are largely invisible whereas government support of the poor is part of the public domain. Desmond describes two Americas combining ‘private opulence and public squalor’ with gentrification through ring-fencing zoning laws and tax evasion creating ‘a barricaded, stingy, frightened kind of affluence’ (Ibid.: 180). ‘The public world’, he argues, ‘was abandoned to Blacks and the private one to whites’ (Ibid.: 111), with increasingly under-funded and failing public services blamed on the poor.

But in a failing, grossly unequal society even the very wealthy ‘feel diminished and depressed’ (Ibid.: 179). This will be a familiar reprise for readers of Wilkinson and Pickett’s (2009) *The Spirit Level* which argues that economic growth is not only a source of material inequality but social malaise. They argue:

“Not only have measures of wellbeing and happiness ceased to rise with economic growth but, as affluent societies have grown richer, there have been long-term rises in rates of anxiety, depression and numerous other social problems” (Wilkinson and Pickett, 2009: 5).

In the US, problems multiply for those on low income, particularly the poor Black population. Race and exploitation feed off each other with landlords charging extortionate rents for dilapidated properties with Black neighbourhoods described as ‘mortgage deserts’ (Desmond, 2023: 71). As the poor struggle to survive to the next pay cheque, they fall into the hands of payday lenders and cheque cashing

stores that charge between one and ten percent of the value of the cheque (Ibid.: 73). It is the poor who are most likely to overdraw their bank accounts and receive an average overdraft fee of \$33.58 (Ibid.: 71). In 2019, just nine per cent of accountholders accounted for 84 per cent of bank fees with the penalties falling on customers with average balances of \$350 (Ibid.).

The race card is also used to scapegoat immigrants to the US despite their ineligibility for federal programmes. Half of America's immigrants live in three states, California, Texas and Florida, that have prospered, not become poorer, from their arrival. That the poor are lazy, dependent on welfare, lack agency and responsibility is another stereotype skewered by Desmond. He tells the story of Julio, a permanent resident from Guatemala, who works two jobs; an overnight shift in McDonalds, and wherever he is dispatched by Aerotek, an employment agency. His combined working hours are 16 a day, seven days a week and he finally faints in the aisle of a grocery store (Ibid.: 45). 'I want to buy one hour of your time', Julio is told by his brother, as he rushes from one shift to the next (Ibid.). 'Complexity is the refuge of the powerful', argues Desmond, 'more often a reflection of our social standing than evidence of critical intelligence' (Ibid. 44). It is designed to obscure a simpler reality that corporate and political elites, property owners and lobbyists are facilitating the transfer of most of America's wealth to the already affluent. 'The ultra rich pay only 75 percent of the taxes they owe', finds Desmond, with the US losing 'more than \$1 trillion a year in un-paid taxes, most of it owing to tax avoidance by multinational corporations and wealthy families' (Ibid., 125, 126).

Neoliberalism and American poverty

Desmond challenges the idea that the ascendancy of neoliberalism has reduced spending on the poor (2023: 26). 'Neoliberalism is now part of the left's lexicon', he argues, but found no evidence of cuts to federal aid to the poor. But the evidence presented in his book suggests that the classic neoliberal playbook has been implemented in the US to disastrous effects on the poor. Like prime minister Margaret Thatcher in Britain, President Ronald Reagan set out in the early 1980s to decimate the power of trade unions and severely weaken their bargaining capacity for workers. In 1981, he sacked 13,000 unionised air traffic controllers, a signal to corporations that they 'could crush unions with minimal

blowback' (Ibid.: 49). Over ninety per cent of private sector workers are not unionised today (Ibid.) and the quality of jobs has consequently depreciated as the gig economy has flourished. The deregulation of the banking system in the 1980s has resulted in those hefty charges for overdrawn accounts (Ibid.: 71) and between 1955 and 2021, government spending on services declined from 22 per cent to 17.6 per cent (Ibid.: 108). There has also been a significant depreciation of wages since 1979 with real wages growing by 0.3 per cent per annum, while the wages of the top one per cent doubled (Ibid.: 50). Neoliberal reforms have also seen attacks on welfare programmes by successive administrations with President Clinton, for example, announcing a plan in 1996 to 'end welfare as we know it' as it creates a 'cycle of dependency' for millions of Americans (Ibid.: 85). Light touch government has also seen the decline of corporation tax to 21 per cent, its lowest level for eighty years (Ibid.: 127). It had been as high as 46 per cent between 1979 and 1986 (Ibid.).

In short, while Desmond claims that federal programmes for the poor have not declined in the period of neoliberalism from the 1980s onward, the prolonged deregulation of the American economy characterised by tax cuts, attacks on trade unions, suppressed wages and removal of social safety nets have unduly impacted the poor and middle-income Americans. This view is reinforced by the 2022 *World Inequality Report* which found that the 1950-1980s in the US were marked by rapidly rising average incomes. This is starkly contrasted by the 1980s onward when the report found:

“deregulation, privatizations, decreases in tax progressivity and a decline in union coverage all contributed to a formidable rise in the top 10% income share (from around 34% in 1980 to 45% today) and a drop in the bottom 50% (from 19% to 13%)” (Chancel et al., 2022: 225).

Finding solutions

As Desmond has ditched the systemic neoliberal source of America's social and economic ills, his solutions focus on individual policy fixes such as: the introduction of a Universal Basic Income (UBI); passing inclusionary zoning mandates to end segregationist planning laws; clawing back the national right to abortion following the Supreme Court's overturning of *Roe versus Wade*

(Desmond, 2023: 154); increasing corporation tax and closing tax loop-holes exploited by the very rich; and rebalancing the social safety net from high earners to the poor. One senses in Desmond an aversion to *isms* with redistributive ideologies like socialism or Marxism not given an airing. ‘Redistribution’, says Desmond, ‘I hate the word. It distracts and triggers, causing us to instinctively fly to our respective political corners and regurgitate the same old talking points’ (Ibid.: 131-32). Perhaps, but the polarised and polarising nature of contemporary politics in the US has accompanied the commodification of all aspects of society engendered by neoliberalism under which ‘the only obligation of citizenship is consumerism’ (Giroux, 2022: 112). The far-right authoritarianism in the US Republican Party has thrived in the neoliberal era of voter disconnection from mainstream politics as wages have flatlined and poverty accelerated. As Giroux and Paul (2023: 16) argue:

“The growing authoritarianism in the United States (US) and a number of other countries led largely by far-right politicians has revealed, in all its ugliness, the death-producing mechanisms of white supremacy, systemic inequality, censorship, a culture of cruelty, and an increasingly dangerous assault on public and higher education”.

Unless and until we name the problem and address poverty at its systemic roots, the trenchant levels of poverty identified in this fine book are likely to persist.

With the wealth share of the top ten per cent in the US amounting to more than 70 per cent, America has regressed to inequality levels last observed at the beginning of the 20th century (Chancel et al., 2022: 226). And, yet, Desmond calculates that less than one per cent of GDP or \$177 billion would be enough to eliminate poverty in the US (Desmond, 2023: 124). The folly and tragedy of the US is that a rigid adherence to neoliberalism and the tyranny of GDP-driven economics will always elevate the needs of the market above the social needs of citizens apart from an aggrandising elite grown fat from the hoarding of wealth and property. In Steinbeck’s *The Grapes of Wrath*, a bank representative tells a tenant farmer that he must vacate his land:

‘We’re sorry. It’s not us. It’s the monster. The bank isn’t like a man’.
‘Yes, but the bank is only made of men’.
‘No, you’re wrong there – quite wrong there. The bank is something else than men. It happens that every man in a bank hates what the bank does, and yet the bank does it. The bank is something more than men, I tell you. It’s the monster. Men made it, but they can’t control it’ (Steinbeck, 1992 [1939]: 35-36).

Desmond wants the rich to pay their taxes and appeals to a higher-minded civic responsibility rather than address the rigged political and economic system that breeds inequality. What we really need to do is slay the monster.

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