

APN Statewide Poverty Report
History of Poverty Chapter
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There are as many ways to think about what poverty is as there are to chronicle its historical roots. For many of the 47 million Americans currently living with incomes below the federal poverty line, being poor is working poverty – they manage low-wage, often contingent work, or see their incomes fall temporarily below the official line while struggling through a career transition, a divorce or a serious illness. For every poor person or family, poverty represents a deprivation of key resources that is accompanied by a loss of power over how to reclaim them. For persistently poor families and individuals, however, poverty is steeper, more prolonged, a territorial trap. The lack of resources and sense of disempowerment manifests itself as a chronic lack of opportunity amid virtually every institution with which they interact – labor markets, schools, hospitals, social services, landlords, stores, police. At the extreme end of American poverty, being poor means living in a marginalized status, a walking negation of the American Dream.

While the full spectrum of poverty is important to our understanding of poverty, this chapter will focus on the history that has given rise to the most persistent poverty in New Jersey and across the country. Why? Because most poverty is family poverty, and very high proportions of poor people are children under the age of 18. Because persistent poverty reflects an accumulation of resource deficits, what’s missing in a child’s life is much harder to make up for later. Children feel the imprint of powerlessness only indirectly when measured in income. But when measured by opportunity, persistently poor children directly experience poor schools, poor public safety, poor health, poor recreational outlets, poor diets and so forth. And these experiences are formative – that is, they affect cognitive functioning, patterns of wellness, social capital, career readiness and relationships. Therefore, we look at the history of persistent poverty because for every child in its grip it threatens to become their life prospects.

Since World War II, the forces that have contributed to persistent poverty have formed a triangle: **industrial restructuring, discrimination and residential status**. Being middle class has typically meant working consistently in a good-paying job with benefits, experiencing little or no discrimination and owning a home in a neighborhood with desirable amenities and appreciating home values. Being poor has usually meant that one, two or all three of these legs of a stool – job, access or housing – have collapsed. As the national ranks of America’s poor continue to swell, more and more people have struggled to keep one or another

leg stable. Their grip on the middle class has weakened, and the traditional pathways to economic mobility have narrowed.

For members of some groups, this reflects a longstanding pattern. Large segments of the African-American and Native American communities remain mired in persistent poverty, resulting from the peculiar interaction of aggressive overt and covert forms of racial discrimination, labor transformations and residential exclusion from housing wealth. In New Jersey, this toxic mix has led to a concentration of African Americans in surprisingly few parts of the state. They are overrepresented in post-industrial central cities, disproportionately renters rather than homeowners, excluded from the job, tax base and household wealth growth of recent suburban economic development corridors. The massive influx of immigrants, principally from Latino America from 1990-2010, made these newcomers 15% of the state's population in two decades. Many were recruited by businesses to work in agriculture and manufacturing in the suburbs, so they were spread around the state. The first immigrants became magnets for others so many often by choice went into post-industrial cities to create communities where they could find support and take economic advantage of their growing numbers. The majority, however, entered into the existing mix of poverty and soon faced the same dynamics. Compounding the marginalization, our negative perceptions of the poor engendered a pattern of punitive legal rules – things like school disciplinary policies that criminalize poor children's disruptive behavior, zero-tolerance welfare policies and a criminal justice system that often profited from mass incarceration – made mobility for millions an improbable future. Let's examine some of these factors more closely.

Ghettoization, Civil Rights and Structural Change

Although industrialization produced economic casualties across many parts of rural America, urban neighborhoods in the North had been sites of intense poverty since the arrival of European immigrants at the beginning of the industrial era.

Urbanization of African Americans

By the post-War period, however, several factors created the African-American ghetto – the most chronic form of concentrated, persistent poverty. First, Southern blacks became an urbanized people when they left the South in waves during the approximately sixty years of **the Great Migration**. Abandoning Jim Crow segregation, convict leasing, peonage, sharecropping and, perhaps most of all, lynching, African Americans migrated to Northern cities, such as Camden and Newark, in search of factory work, education and political participation. What they found was a mixed bag, economic opportunity for

many yet confounded by discriminatory housing markets, exploitation of their labor, overcrowded, unsanitary housing conditions, exclusion from unions and race riots.

State-sponsored Racial Discrimination

A second factor in the origin of ghetto poverty were **the myriad forms of state-sponsored racial discrimination**. Institutional racism was built into many New Deal responses to the high rates of poverty accompanying the Great Depression. Through various government agencies and several pieces of national legislation, the federal government set out to create a broad American middle class. The National Housing Act facilitated homeownership for ordinary workers. The Federal Housing Authority guaranteed terms that made it less expensive to buy a home in the suburbs than to rent an apartment in the city. The GI Bill of rights opened up higher education to a generation of returning servicemen. And the National Highway Act produced the roads that facilitated the commute.

From a poverty perspective, the problem was the starkly discriminatory terms on which household progress was subsidized for the many at the expense of the few – blacks, recent immigrants, Hispanics. For instance, the “redlining” rules created by the Chicago Realtors Association created maps and manuals that helped systematize home appraisals while promoting exclusion of blacks and others from lending markets. These guidelines were adopted nationally by the Home Owner Loan Corporation in 1938, institutionalizing a practice that locked black buyers into segregated housing markets while opening wealth acquisition to millions of whites in subsidized suburbia. The very presence of black neighbors signaled an area’s decline, and bank lending was mostly denied.

Much of this history is known. Less understood, however, is that each step in the process of racial marginalization normalized the way black people were thought of. State-sanctioned devaluation of minority groups helped to socialize successive generations of Americans to the belief that non-whites (and those who could never assimilate as “white”) *deserved* lesser schools, mortgages, health care and criminal justice. In other words, the threads of white supremacy that ran through public policy stitched together the fabric of social exclusions, with consistent separatist and materialist consequences. Blacks were consigned to live in impoverished environments or struggle twice as hard to leave them.

Civil Rights modified but did not radically alter this arrangement. Although the legislative achievements around employment, voting and fair housing of the 1960s Civil Rights Acts were landmarks, they contained the seeds of their own local compromises and resistance, especially concerning the

interests of poor people. Many marginalized groups have seen huge gains as a result of the rights-based movement for equality of access. Yet the gains for many others were limited, and many more were left behind to contend with the impoverishing effects of segregation. The policy of urban renewal that razed black neighborhoods and businesses, highway construction that divided them and public housing policies together worked to concentrate millions of urban blacks into the least wanted inner-city neighborhoods. There they suffered the early signs of what scholars would later call “neighborhood effects” – crime and violence, joblessness, drug and welfare dependency, weakening family bonds, police brutality, slum conditions and public health crises.

Those who could often left. Those who couldn’t sometimes rioted. As more and more whites exited cities for more prosperous and homogenous suburbia, the fiscal and political strength of cities was depleted. Those living in the ghetto experienced life as the negation of middle-class civic norms – limited democratic control, deficient consumer markets, disconnected social networks, depleted institutions and a distinct lack of personal safety.

Scholars often refer to these inner-city neighborhoods now as “hypersegregated” areas of “concentrated poverty.” What is sometimes lost in this analysis is the stark complicity of the suburban communities from which they were decoupled. In fact, this is the essence of poverty in New Jersey, a suburbanized state with little regard for the cities many of its residents fled and the third highest rate of racial segregation in the country. The hoarding of resources that characterize suburban segregation in our state is carried out on colorblind terms, often in the name of local control. Yet our history clearly demonstrates a causal relationship between the organized exclusion of unwanted people and the repudiation of the places to which the unwanted were consigned.

Racial and economic segregation remains a central feature of residential organization here, even as population growth is driven by immigrants – most from Latin America, many undocumented. In general, their prospects for mobility are limited by the political impasse over immigration policy, wage-depressing economic change and acute barriers to health care. In fact, much of the national increase in hypersegregation is its spread into heavily Latino neighborhoods.

Criminalizing Poverty

The last factor is **criminalization of socioeconomic disadvantage** by most of the public institutions with which the segregated poor interact. The poor have always been overrepresented among the United States prison population, especially blacks. Yet beginning in the 1970s, tough-on-crime movements like

New York’s Rockefeller drug laws that transformed prison sentencing for convicted drug dealers *and* users or California’s “three strikes” laws heralded a federal response, with the 1996 crime bill. None of these laws viewed heroin or cocaine addiction outside of a penal response (in stark contrast to current characterizations of heroin and opioid addiction as a public health matter). As the varied triggers of mass incarceration targeted generations of young men of color, tough policing strategies like stop-and-frisk ensnared many more with criminal records. In many urban school districts, children in poor schools are arrested by uniform police officers on the premises, making the “school-to-prison pipeline” more than a metaphor. The result is a brain drain from poor communities, with fewer adults eligible for employment, experienced in relationship building and participating in the independence of citizenship.

Meanwhile, poor women, who along with children represent the vast majority of poor people, face increasing suspicion in their dealings with public rules. Zero-tolerance housing rules, drug testing for welfare recipients and the greater availability and use of credit information for creditors demonstrate the suspect position poor women occupy, a position from which it’s easier to fall behind or fail. Local governments have also targeted the poor. As the Department of Justice found in its investigation of Ferguson, Missouri, suburbs can seek to balance their budgets with higher traffic and court fees enforced by policing strategies that deliberately target poor residents.

The Effects of Economic Restructuring

The third factor in the origin of ghettos – a word rarely used anymore – has been a devastating cause persistent poverty: **the transformation of the economy from manufacturing to services work**. Until the late 1970s, the resources necessary to enjoy a middle-class life in the United States did not require a college degree. The strength of the manufacturing sector and the bargaining power of unions ensured that many workers – albeit, not enough women – could own homes, pay for children’s college and retire on a pension with only a high school education. In the 1950s, however, deindustrialization had already begun. Manufacturing decamped first from cities to suburbs – as in the Detroit experience – then dried up altogether, as much of the country’s manufacturing moved to plants overseas. What remained for lower-skilled workers without more than a high school degree? Not much, especially in cities, where fast food employment (or drug dealing) dominated the options available to young people of color – and their out-of-work parents.

This economic restructuring did more than reduce incomes and career prospects for workers at the bottom of the employment ladder. It created two ladders – one for the working class and one for more educated and connected

people in service professions, such as finance. The two ladders became two worlds. People identified with the world of low-wage service work saw their wages fall, their benefits and bargaining power evaporate and their vulnerability escalate. Since the Great Recession, many people in the professional world have seen their security challenged, but nothing like their regional neighbors grasping on a few rungs of a ladder occupied by single moms, high school graduates, out-of-work manufacturing workers and new immigrant laborers.

The spaces occupied by people in each world also changed during the 1980s, 90s and early 2000s. They inhabited different classrooms, workplaces, doctors offices, neighborhoods, tax bases and voting districts. The distance between these worlds became greater than it's been in modern history. The way from here to there for America's poor is now greater than most can remember.

New Jersey's Segregation and Poverty on the Move

Most of this history describes patterns of income and wealth inequality in the Garden State. Few states produced greater disparities in opportunity between suburbs and cities. Few states erected such distance between the two economic worlds. This is attributable to several factors. First, our cities were manufacturing hubs hit hard by deindustrialization. Second, white flight from Newark, Camden, Trenton and Paterson was significant and nearly total, diminishing the community of interests that still holds in states where cities retain economic and cultural relevance for whites. Third, profoundly segregated suburbs in our state are the cumulative result of multiple forms of racial discrimination – much of it now institutionalized and colorblind. Lastly, those processes of exclusion have complemented the state's political culture – fragmentation and local control – without a centralizing force to counteract parochial decision making. As much as any state in the country, New Jersey is governed by localism.

The Supreme Court Cases

As the state's Supreme Court found in the famous *Mt. Laurel* cases launched 45 years ago, localism both kills the incentives for more economically inclusive living patterns (by creating mechanisms for fiscal zoning of local services) and makes opposition to it nearly impervious to attack (by regulating without reference to race). Brought by the town's NAACP to counter exclusionary zoning ordinances that were sweeping the state after passage of the federal Fair Housing Act, *Mt. Laurel I* held that the state's constitution required all municipalities to provide their "fair share" of the regional need for affordable housing. A decade later, the doctrine moved to the legislature, which passed the state's own fair housing act and created an agency to oversee its local obligations,

the Council on Affordable Housing (COAH). Until deadlock set in around 2000 and halted progress, the fair share process produced nearly 60,000 units of new or renovated affordable housing. Fair share as a doctrine and COAH as a machinery has been stuck in the courts for most of this century. Hostility towards the doctrine remains a rallying cry for many New Jerseyans. From the standpoint of the poor, however, the doctrine's biggest weakness was its failure to recognize the interaction between racism and economic segregation. *Mt. Laurel* produced some, but limited, affordable housing. It did *not* produce many racially integrated towns in suburbia. This has helped fuel poverty in the state, as job growth moved away from cities and deeper into the suburban periphery, exacerbating the “spatial mismatch” characteristic of wage poverty in a service economy.

New Jersey is also known for landmark educational finance litigation, which held the promise of ameliorating the problems facing poor children in resource-poor neighborhood schools, primarily in the state's cities. Both *Robinson v. Cahill* and *Abbott v. Burke* are nationally renowned cases that demonstrate how state constitutional norms can overturn separate but unequal educational funding based on a student's race, class and zip code.

Abbott demanded that children in the state's poorest schools not suffer the lack of educational inputs compared to students in property tax-rich districts. Nevertheless, *Abbott* suffers from two significant shortcomings. First, the state refuses to fund its mandates. Second, it leaves segregated schooling alone. Segregated education locks students into whatever non-economic resources are available in their separate economic worlds, denying mobility in some and nurturing it in others. It does little to upset the separate in separate but equal. That is, neither *Abbott* nor *Mt. Laurel* do much to overcome the racial segregation that sustains so much poverty in New Jersey.

The Suburbanization of Poverty

Once concentrated in the state's central cities, that poverty is now on the move into inner-ring suburbs. The Brookings Institution recently analyzed trends in the overall growth of U.S. poverty since 2000, the stunning increase in extreme poverty (neighborhoods where at least 40 percent of residents have incomes below poverty) and where most of this growth in concentrated poverty is occurring: suburbs. Suburban poverty has been steadily rising for at least two decades, shredding the myth of monolithic suburbs. Newark, Camden and Trenton have close neighbors – “inner-ring suburbs” – whose poverty rates mirror, if not exceed, their own. Maps of municipal opportunity in New Jersey have demonstrated that – in terms of median income, tax base, job growth, employment and transportation access – our state is a patchwork of have and

have-not places. Ironically, this growing phenomenon is fed by a desire among inner-city residents, recent immigrants from abroad and economic refugees from higher-priced housing markets in New York City and Philadelphia to seek the purported benefits of the American Dream in the suburbs.

On the ground, the emergence of New Jersey's suburban poverty reveals how our fragmented, suburbanized landscape compounds poverty. Suburbs were not originally built for social services. They tend to have a limited public sector and attract little interest among non-profits. Suburbs often know little about their municipal neighbors and compete for resources and tax base more often than they share them. Cities, on the other hand, became the default centers of public and private social services – everything from courthouses to services for needy families and housing assistance. Thanks to the state's notorious resistance to building affordable housing more broadly, cities have tended to have most of the housing stock affordable to poor families – along with the proximity to necessary social services that can cushion the effects of poverty. Therefore, life for poor families in New Jersey's suburbs can bring enormous daily challenges in the form of higher costs, limited institutional supports and expensive, balkanized mass transportation options. Moreover, poor suburban municipalities, unable to raise funds for a new symphony hall or attract unmarried professionals, have very few methods of reversing their fiscal fate. With struggling budgets and newly-discovered needs, many lack the professional capacity to leverage their way out of their problems.

Conclusion

What this brief history shows are the devastating results of Americans' combined stereotypes about poor people and poor places. As the model of thinking about the country's poor moved from a focus on rural whites and immigrant Europeans to African Americans, the poor became stubbornly pathologized as people, who, despite ingenious forms of discrimination, were unmotivated, unreliable, unstable, undeserving, non-law abiding and incompatible with middle-class life. This crippling depiction of the black poor influences how many Americans think about *all* poor people. The taint may easily be transposed to how people view the places where America's poor live. Disdain for these communities contributes to widespread avoidance, blame narratives, casual derision and, most importantly, withdrawals of support. These constituencies – poor people and poor places – become truly marginalized – irrelevant, powerless, left out.

The immigrant poor, particularly Latinos, present some additional challenges. Culturally, some resist total integration. Many feel that a certain level of segregation is advantageous, so they can maintain family and nationality

ties. Language essential for most to rise out of poverty has come slowly for many. As efforts to enact Immigration Reform failed to modify the punitive laws Congress passed in the 1990s, people face discrimination because of being unable to legalize their status. About 20% of Hispanics are in this morass and since many families are mixed status, legal spouses and children also face seeming insurmountable obstacles to get out of poverty. Since Latinos are largely racially mixed they face all the structural problems that the rest of New Jersey's poor confront, but the growing xenophobia in the country is intensifying marginalization, which could move the country toward the creation of permanent second class citizens.

What this brief history reveals is two broad choices for change, where some combination of both will be necessary: Either New Jersey's poor have greater access to the resources available in more affluent parts of the state, or the places where New Jersey's poor live must receive more resources from the areas that have benefited from excluding them. Because of its lack of dominant cities, no state presents this choice more starkly. Because of its fragmented boundaries in a global world, no state represents the truth that scholars of inequality have known for some time: Regions with lower rates of racial segregation and income inequality excel while those that don't falter. We can do better.