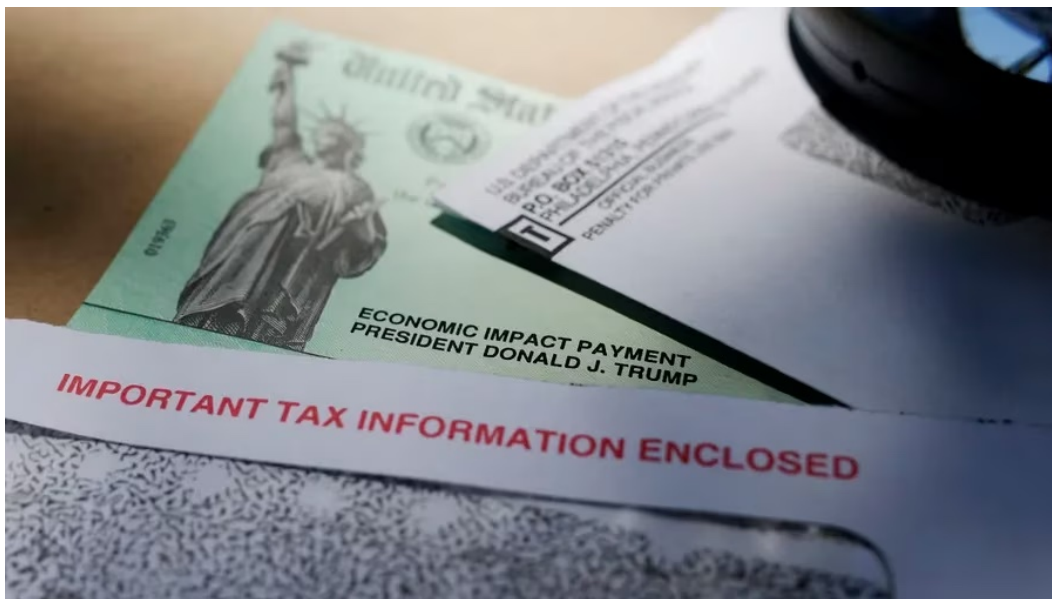




BY WILLIAM F. FELICE
Guest Columnist

If America's poor founded a nation, it would outnumber Australia

Here's how COVID taught a lesson in how to fight poverty.



Former President Donald Trump's name is seen on a stimulus check issued by the IRS in 2020 to help combat the adverse economic effects of the COVID-19 outbreak. [ERIC GAY | AP]

In his remarkable new book “Poverty, By America,” Matthew Desmond seeks to rattle our cage and challenge our acceptance of preventable human suffering. Desmond’s analysis of poverty in America should jolt those of us who live in relative comfort out of our complacency. We are the richest country on earth, “with more poverty than any other advanced democracy.” Desmond documents the following:

- If America’s poor founded a country, that country would have a bigger population than Australia or Venezuela.
- Almost 1 in 9 Americans — including 1 in 8 children — live in poverty.
- There are more than 38 million people living in the United States who cannot afford basic necessities.
- More than a million of our public schoolchildren are homeless, living in motels, cars, shelters and abandoned buildings.
- More than two million Americans don’t have running water or a flushing toilet at home.

Ending extreme poverty in our lifetime may seem like a utopian fantasy. Yet a realistic pathway forward does exist. We can strengthen recent government programs that successfully alleviated oppressive poverty for millions of Americans.

After the COVID-19 pandemic sent the U.S. economy into freefall in 2020, the government launched an enormous relief effort to offset the worst economic contraction since the Great Depression. The government increased unemployment benefits, provided stimulus checks, rental assistance and expanded the Child Tax Credit. All of these efforts meant that not only did poverty not increase during this economic downturn, it actually fell by a significant amount.

As Desmond summarizes: “The U.S. economy lost millions of jobs during the COVID-19 pandemic, but there were roughly 16 million fewer Americans in poverty in 2021 than in 2018. Poverty fell for all racial and ethnic groups. It fell for people who lived in cities and those who lived in rural areas. It fell for the

young and old. It fell the most for children. Swift government action didn't just prevent economic disaster, it helped to cut child poverty by more than half."

Further evidence confirms that poverty and hunger fell dramatically due to these governmental actions. The Census Bureau reports that 9.1% of Americans were living below the poverty line in 2020, down from 11.8% in 2019. According to a New York Times analysis, direct checks alone lifted 11.7 million people out of poverty in 2020, and unemployment benefits and nutrition assistance prevented an additional 10.3 million people from falling into poverty.

President Joe Biden's budget proposal before Congress will build on this success. Biden would reinstate an expanded Child Tax Credit for three years which has helped to significantly reduce child poverty. The president's budget includes \$400 billion for affordable child care for parents, \$150 billion for home care for older Americans and disabled people, nearly \$400 billion to make permanent expanded health coverage assistance, and \$100 billion in additional assistance to lower housing costs for homeowners and renters. These costs are to be offset through closing tax loopholes, strengthening the IRS, rolling-back of Trump's tax cuts for high earners and raising the corporate income tax rate.

Unfortunately, instead of closing the tax benefits for the rich, House Republicans have targeted cutting aid to the poor to demonstrate their concern for the federal deficit. The "welfare queen" debates of the Reagan era have reemerged. For example, Florida Republican Rep. Matt Gaetz said: "I don't think hard-working Americans should be paying for all the social services for people who could make a broader contribution and instead are couch potatoes." And House Speaker Kevin McCarthy wrote that unemployment insurance "had demonized work so Americans would become dependent on big government." The GOP focus is on cutting major anti-poverty programs like Medicaid and food stamps. Yet experts note that the majority of Medicaid recipients either work or live in working households. And those who are not working are all either chronically disabled, ill, caring for a parent or are in school full time.

Desmond shows how the federal aid to the poor during the COVID crisis did not create lazy people who avoided work. A series of studies found no evidence that unemployment benefits were causing workers to become slothful idlers. For

example, during June and July 2021, 25 states stopped some or all the emergency benefits that had been rolled out during the pandemic, including expanded unemployment insurance. “This created an opportunity to see whether those states enjoyed a significant jump in employment rates. It’s what you’d expect if the benefits were discouraging Americans from returning to work. But there was no jump ... states that had cut unemployment benefits did not experience significant job growth.” Further studies have confirmed the lack of evidence that unemployment benefits were causing workers to become lazy and stay home. In fact, the opposite is the case. The protection of public goods — food, housing, health care, etc. — opens up pathways for poor people, often for the first time, to fully develop their capabilities as productive, tax-paying citizens.

Desmond argues that we could effectively “end poverty in America tomorrow without increasing the deficit” if we “cracked down on corporations and families who cheat on their taxes.” The price tag for programs to protect children’s health and the poor’s access to food is large. But it is dishonest to say that “we can’t afford it.” As Desmond writes: “We could afford it if we allowed the IRS to do its job. We could afford it if the well-off among us took less from the government. We could afford it if we designed our welfare state to expand opportunity and not guard fortunes.”



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