

Introduction

DEEP ON THE SOUTH SIDE of Chicago, far from the ever-evolving steel skyline of America's third-largest city, sits a small, story-and-a-half white clapboard house clad in peeling paint. That's where Susan Brown lives with her husband, Devin, and their eight-month-old daughter, Lauren, the three of them sharing the home with Susan's grandmother, stepgrandfather, and uncle.*

Wooden steps lead up to the age-worn threshold of an enclosed front porch, which slumps noticeably to the left. To enter the house, visitors must sidestep a warped, mold-stained plywood board that covers a large hole in the porch floor. The front door opens into a small, dark room furnished with a worn couch, a shaky wooden coffee table, and a leatherette easy chair with stuffing escaping from the left arm. Up and to the left, you can see a dark patch where the wall meets the ceiling. It seems like the spot is at best damp and at worst crumbling.

The air is dense. It is well above ninety degrees outside, but it feels even hotter inside the house. None of the windows open, although gaps between the frames and their casings let in a little bit of air. The carpeting in the front room has been discolored by footsteps and

* To protect the individuals who are written about in this book, the names of people, organizations, places, and some minor details that do not substantively affect the stories have been changed throughout.

spills, and its matted surface feels a bit sticky. Where the carpet has worn away, there are the crumbling remains of black-and-white linoleum. Where the linoleum has worn through, there are the vestiges of once-fine hardwood floors.

At the back of the house, a giant 1980s-era refrigerator dominates a small kitchen outfitted with open shelving and a porcelain sink that may well be a century old. Inside the refrigerator, there are just a few bottles of baby formula that Susan has gotten from the Special Supplemental Nutrition Program for Women, Infants, and Children, called WIC. She says of baby Lauren, “She gets WIC, but it don’t last . . . They give her, like, seven cans, but it’s like the *little* cans.” Otherwise, she says with a shrug, “we don’t have no food in the freezer right now.” The fridge groans as it works to keep its mostly empty shelves cold.

In the heart of all the chaos that is inevitable when six people share a cramped, worn three-bedroom home, there is a small dining area sandwiched between the front room and the empty fridge in the back. In it sits a round dining table covered with a pristine white linen tablecloth, intricately embroidered around the edges. Four place settings are outfitted with gold-rimmed china and silver flatware. Four bright white napkins embellished with the same embroidery as the tablecloth have been carefully folded and placed in large crystal goblets. It is hard to imagine a more elegant table at which to share a meal. Yet here it sits — never used, never disturbed — accompanied by a single chair.

This table harks back to a different era, a better time in the life of Susan’s family, when owning this house in this part of Chicago signaled the achievement of middle-class African American respectability. Before the economic anchors of this far South Side neighborhood closed down — the steel yards in the 1960s, the historic Pullman railway car company by the early 1980s, and the mammoth Sherwin-Williams paint factory in 1995 — Roseland was a community with decent-paying, stable jobs. It was a good place to raise your kids.

As the jobs left, the drugs arrived. “It got worse, it’s changed,”

Susan says. There's "too much violence . . . unnecessary violence at that." Given what her family has been through, this is more than a bit of an understatement. Susan's brother was shot in broad daylight just one block away. Her great-grandmother, in whose house they are living, has fled for a meager retirement out west. Susan's family would like nothing more than to find another place to live, safer streets and a home that isn't crumbling around them. Yet despite all of its ills, this house is the only thing keeping Susan, Devin, and Lauren off the streets. They have spent the past few months surviving on cash income so low that it adds up to less than \$2 per person, per day. With hardly a cent to their names, they have nowhere else to go.

Two dollars is less than the cost of a gallon of gas, roughly equivalent to that of a half gallon of milk. Many Americans have spent more than that before they get to work or school in the morning. Yet in 2011, more than 4 percent of all households with children in the world's wealthiest nation were living in a poverty so deep that most Americans don't believe it even exists in this country.

Devin has a high school diploma. A clean record. Some work history. He spent most of the past year working construction gigs off the books for an uncle, until he got a temp job up in the northern suburbs. But that job lasted only a few months, and now he's gone half a year without finding another. After two months at home following the birth of baby Lauren, Susan began a frantic search for work, but it hasn't been going well. "I've been looking for jobs for forever," she says, clearly demoralized. "It's gonna drive me crazy!" Before she became pregnant with Lauren, Susan earned her GED and spent more than a year in community college, completing the remedial courses that would allow her to finally begin earning credits toward a certification in early childhood education. Yet she can't afford to return to college right now. Somebody has to find work.

Devin speaks with more confidence than Susan. He believes that any day now, things are bound to turn around. On his way to apply for a position at the Save-A-Lot grocery store nearby, his blue jeans are clean and crisp, his short-sleeved button-down shirt pressed. He

has heard that there is an opening for part-time work in the produce department, paying \$8.50 an hour. Despite six months of rejections, he is confident that he's got this one. At only twenty hours a week, it won't get his family above the poverty line, but it's a start. Now if only Susan can find something. At least child care isn't a worry. Susan's grandmother has had to leave her job to care for her husband, just home after a long hospitalization. She says that while she's nursing him at home, she can babysit Lauren if Susan finds a job.

Susan is sick of going hungry, sick of eating instant noodles morning, noon, and night. She's tired of falling further and further behind on her bills, tired of being a freeloader in her own home. With no cash coming in, the whole family is in hock to Susan's absentee landlord, her great-grandmother, who charges each of her tenants a modest rent to cover the property taxes and supplement her Social Security check. Susan's uncle has been scraping together just enough to pay the utilities with his slim earnings from the occasional side job fixing cars in the backyard. The whole household depends on Susan and Devin's food stamp benefits in order to eat. So as Susan goes about the work of caring for her baby and searching for a job, she is also learning another skill — the art of surviving on virtually nothing.

The Rise of \$2-a-Day Poverty

By 2010, Kathryn Edin had spent more than twenty years canvassing poor communities all over the country, sitting with low-income parents at their kitchen tables or as they went about their work, talking about their economic lives. Beginning in the early 1990s, she and her colleague Laura Lein detailed the budgets of hundreds of the nation's welfare recipients. They showed how, despite receiving a few hundred dollars in welfare benefits each month, these families still struggled to survive. Typically, they were able to cover only about three-fifths of their expenses with the cash and in-kind assistance they received from the welfare office. Each month, they had to scramble to bridge

the large gap in their budgets. Yet on the whole, Edin and Lein found that by deploying grit and ingenuity, these families were usually able to stave off the most severe forms of material deprivation.

In the summer of 2010, Edin returned to the field to update her work on the very poor. She was struck by how markedly different things appeared from just fifteen years before. In the course of her interviews, she began to encounter many families living in conditions similar to those she would find when she met Susan and Devin Brown in 2012—with no visible means of cash income from any source. These families weren't just poor by American standards. They were the poorest of the poor. Some claimed food stamps, now called SNAP, for the Supplemental Nutrition Assistance Program. A few had a housing subsidy. Most had at least one household member covered by some form of government-funded health insurance. Some received an occasional bag of groceries from a food pantry. But what was so strikingly different from a decade and a half earlier was that there was virtually no cash coming into these homes. Not only were there no earnings, there was no welfare check either. These families didn't just have too little cash to survive on, as was true for the welfare recipients Edin and Lein had met in the early 1990s. They often had no cash at all. And the absence of cash permeated every aspect of their lives. It seemed as though not only cash was missing, but hope as well.

The question that began to keep Edin up at night was whether something had changed at the very bottom of the bottom of American society. Her observations could have been a fluke. To know for sure, she had to find a survey representative of the U.S. population that asked just the right questions. And it had to have asked them over many years so she could see whether extreme destitution had been growing, especially since the mid-1990s, when the country's main welfare program, Aid to Families with Dependent Children (AFDC), was replaced by a system of temporary, time-limited aid.

It was entirely a coincidence that in the fall of 2011, Luke Shaefer came to Harvard, where Edin was teaching, for a semester. Shaefer

is a leading expert on the Survey of Income and Program Participation (SIPP), the only survey that could answer Edin's question. The SIPP, administered by the U.S. Census Bureau, is based on survey interviews with tens of thousands of American households each year. Census Bureau employees ask detailed questions about every possible source of income, including gifts from family and friends and cash from odd jobs. A key goal of the survey is to get the most accurate accounting possible of the incomes of the poor and the degree to which they participate in government programs. No one claims these data are perfect: people may not want to tell a stranger "from the government" about the intimate details of their finances, especially if they think it could get them in trouble with the law. But the SIPP can tell us more about the economic lives of the poorest Americans than any other source. And because it has asked the same questions over many years, it is the only tool that can reveal if, and how much, the number of the virtually cashless poor has grown in the years since welfare reform.

That fall, during an early morning meeting in her office in Cambridge, Edin shared with Shaefer what she had been seeing on the ground. Shaefer immediately went to work to see if he could detect a trend in the SIPP data that matched Edin's observations. First, though, he needed to determine what income threshold would capture people who were experiencing a level of destitution so deep as to be unthought-of in America. Accordingly, he borrowed inspiration from one of the World Bank's metrics of global poverty in the developing world — \$2 per person, per day. At the time, the official poverty line for a family of three in the United States worked out to about \$16.50 per person, per day over the course of a year. The government's designation of "deep poverty" — set at half the poverty line — equated to about \$8.30 per person, per day. As far as Shaefer and Edin could tell, no one had ever looked to see whether any slice of the American poor fell below the even lower threshold of \$2 a day for even part of a year. With the SIPP, it was fairly easy to estimate how many American

families with children were reporting cash incomes below this very low threshold in any given month.

Like any good social scientist, Shaefer tried hard to prove Edin's observations wrong. He wouldn't just focus on family income (as our official poverty measure does). Instead, any cash coming to anyone in the household—related or not—would be included. He would include any government benefits that came in the form of cash. He'd add private pensions. Gifts from family and friends would be counted as well. Even cash from occasional odd jobs would be added in. In short, any dollar that made it into the house—no matter what the source—would be counted toward a family's income. And after he made his initial calculations, he'd do another set of calculations, adding in the value of tax credits plus some of the nation's biggest in-kind assistance programs for the poor, particularly SNAP. SNAP is more like cash than any of the government's noncash programs aimed at helping the poor.

The results of Shaefer's analysis were staggering. In early 2011, 1.5 million households with roughly 3 million children were surviving on cash incomes of no more than \$2 per person, per day in any given month. That's about one out of every twenty-five families with children in America. What's more, not only were these figures astoundingly high, but the phenomenon of \$2-a-day poverty among households with children had been on the rise since the nation's landmark welfare reform legislation was passed in 1996—and at a distressingly fast pace. As of 2011, the number of families in \$2-a-day poverty had more than doubled in just a decade and a half.

It further appeared that the experience of living below the \$2-a-day threshold didn't discriminate by family type or race. While single-mother families were most at risk of falling into a spell of extreme destitution, more than a third of the households in \$2-a-day poverty were headed by a married couple. And although the rate of growth was highest among African Americans and Hispanics, nearly half of the \$2-a-day poor were white.

One piece of good news in these findings was that the government safety net was helping at least some households. When Shaefer added in SNAP as if it were cash — a problematic assumption because SNAP cannot legally be converted to cash, so it can't be used to pay the light bill, the rent, or buy a bus pass — the number of families living in \$2-a-day poverty fell by about half. This vital in-kind government program was clearly reaching many, though not all, of the poorest of the poor. Even counting SNAP as cash, though, Shaefer found that the increase in the number of families with children living in \$2-a-day poverty remained large — up 70 percent in fifteen years. And even after throwing in any tax credits the household could have claimed for the year, plus the cash value of housing subsidies, the data still showed a 50 percent increase. Clearly, the nation was headed in the wrong direction.

Reflecting on these numbers, we, Shaefer and Edin, sought out even more confirmation that what we had found represented a real shift in the circumstances of families at the very bottom. With this in mind, we began to look for other evidence, beyond the SIPP, of the rise of \$2-a-day poverty. Reports from the nation's food banks showed a sizable rise in the number of households seeking emergency food assistance since the late 1990s. A look at government data on those receiving SNAP revealed a large increase in the number of families with no other source of income. And reports from the nation's public schools showed that more and more children were facing homelessness. Taken together, these findings seemed to confirm the rise of a new form of poverty that defies every assumption about economic, political, and social progress made over the past three decades.

Trends Meet Real Lives

Statistics can help identify troubling trends like these, but they can't tell us much about what's going on beneath the numbers. In fact, these

statistics led to more questions than answers. What had caused the rise in \$2-a-day poverty among households with children? Was the landmark welfare reform of 1996 partly to blame? Were these families completely detached from the world of work? Or were they enmeshed in a low-wage labor market that was itself somehow prompting spells of extreme destitution? How was it even possible to live without cash in modern America? What were families in \$2-a-day poverty doing to survive? And were these strategies different from those poor families had been using prior to welfare reform, when AFDC still offered such families a cash cushion against extreme destitution? What was so indispensable about cash — as opposed to in-kind resources such as SNAP — for families trying to survive in twenty-first-century America?

To better understand the lives being lived beneath the numbers, we needed to return to where this exploration started — to the homes of people like those Edin had met in 2010. Only families who were themselves living in \$2-a-day poverty could tell the story of how they had ended up in such straits. Only their stories could reveal what it actually takes to survive with virtually no cash in the world's most advanced capitalist economy.

In the summer of 2012, we launched in-depth ethnographic studies in locations across the country. If the \$2-a-day poor truly constituted more than 4 percent of all households with children — about a fifth of all families living below the poverty line — then it wouldn't exactly be easy to find families in such circumstances. But it shouldn't be impossible either. The first question was where to start the search.

We wanted one of our sites to represent the “typical” American city. Another site would be chosen because it represented “old poverty” — a rural locale that had been deeply poor for half a century or more. We also wanted to explore the lives of the \$2-a-day poor in a place where widespread poverty was a somewhat more recent phenomenon. With that in mind, we looked for a city that had, up until the 1970s, been characterized by widespread affluence but had

experienced severe economic decline in the decades since. Finally, we wanted to include a place that had been very poor in prior decades but had recovered in recent years.

With these criteria in mind, we set up field sites in Chicago; in a collection of small, rural hamlets in the Mississippi Delta; in Cleveland; and in a midsize city in the Appalachian region — Johnson City, Tennessee. As we spent time in each locale, we began by reaching out to local nonprofits, especially those with deep roots in the communities they served. We hung flyers in their lobbies, volunteered in their programs, and approached the most destitute of families who walked through their doors. Because many among the \$2-a-day poor are isolated from such sources of aid, we also enlisted the help of trusted community members embedded in neighborhoods where we knew many families were struggling.

Our work began in Chicago, the “City of the Big Shoulders,” according to the poet Carl Sandburg. We were attracted to Chicago for our first site because of the research of the eminent sociologist William Julius Wilson, who used Chicago as his case study for *The Truly Disadvantaged*, the most important book written about poverty in the past three decades. It was Wilson who first observed, famously, that a poor child fared worse when she grew up among only poor neighbors than she would have if she’d been raised in a neighborhood that included members of the middle class, too. Wilson argued that the reason poverty had persisted in America even in the face of the War on Poverty declared by President Lyndon Johnson in 1964 was that in the 1970s and 1980s, poor African Americans had become increasingly isolated, relegated to sections of the city where their neighbors were more and more likely to be poor, and less and less likely to find gainful employment. For Wilson, it was the rise of joblessness among a black “ghetto underclass” that had left poverty rates so stubbornly high despite billions spent on antipoverty efforts.

As we started looking for families who were living below the \$2-a-day threshold — walking the streets of some of the very same

neighborhoods that Wilson had studied — we worried that our efforts might be something akin to looking for a needle in a haystack. But, in fact, it turned out that the extreme poor were surprisingly easy to find. Within just a few weeks in Chicago, we had identified multiple families who qualified. The same would prove true in each of our other sites.

Cleveland's precipitous fall from grace over the past half century is an emblem of the decline of America's once-great manufacturing economy. With industry booming in the 1950s, the city was dubbed by its businesses "the best location in the nation." But the jobs in the steel factories that had driven that wealth disappeared over the decades that followed. The city's Cuyahoga River caught on fire (a couple of times). The glory days of Cleveland Indians baseball and Browns football gave way to decades of losing sports teams, adding to the impression that Cleveland was a place in decline, a "mistake on the lake." The city still boasts world-class cultural institutions such as the Cleveland Museum of Art and a national leader in health care, the Cleveland Clinic. Even so, in 2010 Cleveland was ranked number one in *Forbes's* list of "America's Most Miserable Cities."

Several hundred miles south, in the foothills of the Appalachian Mountains, lies Johnson City, Tennessee. Due to the collapse of coal mining and the prevalence of subsistence farming, the Appalachian region as a whole numbered among America's very poorest places by 1965, with fully a third of its populace below the poverty line. Now, due to economic diversification, current figures put the poverty rate at half that level — a rate that is now in line with the rest of the nation's. Yet the central portion of the Appalachian region, where Johnson City lies, still has pockets of deep need. Just to the north and west of Johnson City, on the Kentucky side of this tristate region, are six of the nation's ten "hardest places to live," according to the *New York Times*. Johnson City thrives due to its "eds and meds" — education and health care — plus the ongoing strength of manufacturing in nearby Kingsport. Elderly migrants from the North are attracted by

its very low cost of living. Yet economic need is readily apparent in the city's trailer parks, cheap apartments, and government housing developments.

Even farther south, the Mississippi Delta has long been among America's poorest places, dubbed "the most southern place on earth" by the historian James C. Cobb, due to the fact that its cultural and economic history is so characteristic of the region. Once dependent on generations of black laborers to plant and harvest its highly profitable cash crop, cotton, the Delta's economy has been largely given over to production agriculture—more often corn and soybeans now—which does very little to support local employment. In many of the region's small cities and towns, some with populations of only a few thousand, or even a few hundred, child poverty can top 60 percent or even higher, more than three times the national average. In some of these towns—including the hamlets of Jefferson and Percy, in the central Delta's Sunshine County—you can pretty much throw a stone in any direction and strike the home of someone who is living among the \$2-a-day poor.

In each of these places, we looked for families with children who had spent at least three months living on a cash income of less than \$2 per person, per day. In most cases, these spells of such dire poverty proved to be much longer. We visited with these families over the course of many months—and, in some cases, years—talking with them frequently, sharing meals, and observing their daily lives. As common themes emerged from their stories—such as their surprisingly high level of attachment to the formal labor market and the frequency with which doubling up with family or friends precipitated a spell of \$2-a-day poverty—we looked back to the SIPP and to other sources of data to see if we could see them there as well.

In the end, we followed eighteen families, eight of them featured here. As had been true of those Edin first encountered in the summer of 2010, some of these households received SNAP or lived in subsidized housing. But others weren't getting even those benefits. During the course of our fieldwork, some of these families escaped \$2-a-day

poverty; others did not. Most escaped only to fall back into extreme destitution again.

Recent public discussions of rising inequality in the United States have largely focused on the biggest winners of the past decade, the top one percent. But there is a different inequality at work at the other end of the income scale.

In 1995, Senator Daniel Patrick Moynihan famously predicted that the proposed welfare reform would result in children “sleeping on grates.” Most observers think history proved him wrong. But does the rise in the number of the \$2-a-day poor represent the (until now unexamined) great failure of welfare reform? Perhaps Moynihan was not so far off after all. Perhaps his only mistake was in assuming that this failure at the very bottom of the economic distribution would be visible and obvious, when in fact, throughout history, American poverty has generally been hidden far from most Americans’ view.

America’s cash welfare program — the main government program that caught people when they fell — was not merely replaced with the 1996 welfare reform; it was very nearly destroyed. In its place arose a different kind of safety net, one that provides a powerful hand up to some — the working poor — but offers much less to others, those who can’t manage to find or keep a job. This book is about what happens when a government safety net that is built on the assumption of full-time, stable employment at a living wage combines with a low-wage labor market that fails to deliver on any of the above. It is this toxic alchemy, we argue, that is spurring the increasing numbers of \$2-a-day poor in America. A hidden but growing landscape of survival strategies among those who experience this level of destitution has been the result. At the community level, these strategies can pull families into a web of exploitation and illegality that turns conventional morality upside down.

None of the people whose stories appear in this book see a hand-out from the government — the kind that the old system provided prior to welfare reform — as a solution to their plight. Instead, what

they want more than anything else is the chance to work. They would like nothing better than to have a full-time job paying \$12 or \$13 an hour, a modest dwelling in a safe neighborhood, and some stability above all else. In the 1990s, we, as a country, began a transformation of the social safety net that serves poor families with children. More aid has been rendered to a group that was previously without much in the way of government assistance—the working poor. Extending the nation's safety net in this way has improved the lives of millions of Americans. But there are simply not enough jobs, much less good jobs, to go around. And for those without work, there is no longer a guarantee of cash assistance.

\$2.00 a Day shows that the transformation of the social safety net is incomplete, with dire consequences. We believe the time has come to finish the job. Doing something more to help these families won't be easy; it will require a commitment by all of us. The government's emphasis on personal responsibility must be matched by bold action to expand access to, and improve the quality of, jobs. But there will always be circumstances in which work as a primary approach to alleviating poverty won't work. In those cases, we need a system that truly acts as a safety net for families in crisis, catching them when they fall.